

**EFFECT OF PERFORMANCE MANAGEMENT SYSTEM ON
EMPLOYEE PERFORMANCE: A STUDY OF FOOD AND
AGRICULTURE ORGANIZATION**

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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Partial Fulfillment of the Requirement for the Degree of Executive Master of
Science in Organizational Development (EMOD)**

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2015

STUDENT'S DECLARATION

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

Signed: _____

Date: _____

Judy Muthoni Maina (ID 644157)

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

Signed: _____

Date: _____

Stephen M. Nyambegera, PhD

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Date: _____

Dean, Chandaria School of Business

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ABSTRACT

The purpose of this study is to analyze the impact of Performance Management system on employee performance. The study is guided by three research questions which seek answers for a suitable performance management system in FAO that is linked to the strategic objectives of FAO. The research questions are: How do employees interpret their experiences with the Performance Management System? What are the challenges of performance management system? What are the performance review processes?

The study adopted a descriptive research design. The population of interest consisted of 94 staff members of Food and Agriculture Organization. A census was undertaken to interview the entire population. Data was collected using structured questionnaires. The data was analysed using the Statistical Package for Social Sciences (SPSS) into frequency distribution and percentages. The data was presented using tables and charts.

The major findings of this study is that employees feel there is a great need for a performance management system in FAO. The system should have inputs from the staff members through staff involvement, it should have fair monitoring structures and reward staff who are high performers. It should also have stronger emphasis on proper communication and reporting.

Employees also felt that there was limited transparency and minimal communication. The revised performance management should close the missing gaps. It should also reward high performers and correct the low performers.

The study recommends that 360 degree feedback was deemed to be the best performance management system for FAO. It involves employees receiving feedback from people whose views are considered helpful and relevant.

The study concludes that the perception of employees towards performance management practices is very critical in all organizations as this motivates them to achieve the goals set by the organization and the respondents pointed out to the various aspects of performance management practices in line with the planning and employee expectation, observing performance management practices, developing the capacity of performance

management practices to perform and evaluate performance management practices which are crucial to managing the output given by the employees.

The study concludes that FAO should enhance the various parameters mentioned on the employee's perception towards performance management practices in FAO and widen the scope on other parameters that may be used to gauge the levels of performance management practices in FAO by the employees. Transparency should be encouraged, performance management to be carried out regularly, perform job design in order to match staff qualifications to the right job, boost staff morale by giving them longer contracts, create job growth path for staff and orient new staff on performance management and engrave it to the organization policy.

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DEDICATION

This document is dedicated to my family and friends for their encouragement and support throughout this paper.

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ABBREVIATION

PMS	Performance Management System
MBO	Management by Objectives
BSC	Balance Score Card
PEMS	Performance Management System
GRMS	Global Resource Management System
FAO	Food and Agriculture Organization
QAR	Quality Assessment Report

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

In a broader sense, the practice of appraisal is ancient; it starts in the early 20th century by Taylor. In the scale of things historical, it might well lay claim to being the world's second oldest profession. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured management system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. Performance management systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified. As a result, the traditional emphasis on reward outcomes was progressively rejected (Clardy, 2013).

Performance appraisal or performance review is a process for individual employees and those concerned with their performance, typically line managers, to engage in a dialogue about their performance and development and the support they need in their role. It is used to both assess recent performance and focus on future objectives, opportunities and resources needed.

While performance appraisal is an important part of performance management, in itself it is not performance management: rather, it is one of a range of tools that can be used to manage performance (Greenberg & Haviland, 2008).

Performance management is a holistic process bringing together many activities that collectively contribute to the effective management of individuals and teams in order to achieve high levels of organizational performance. The process is strategic, in that it is about broader issues and long-term goals, and integrated in that it links various aspects of the business, people management, individuals and teams (Julnes, 2008)

One of the most challenging components of Human Resource is performance appraisal. All involved parties supervisors, employees, and Human Resource administrators typically are dissatisfied with their organization's performance management system and view the appraisal process as either a bureaucratic exercise or a destructive influence of the relationship between the employee and the supervisors. This is certainly true of most

organizations, at least in the USA, wherein surveys typically reveal widespread dissatisfaction with the appraisal process (Huber & Walsh, 1986). Despite this outcome, managers are hesitant to abandon performance appraisal which they still regard as an essential tool of Human Resource management

Appraisal, according to (Drewitt, 2013) involves the identification of cause and effect relationships on which employment and labor policies are based or can be based and are a routine process that organizations use to evaluate their employees. It is a systematic assessment that is as objective as possible of an ongoing programs me or policy, its design, implementation and results. Its aim is to appraise the relevance and fulfillment of objectives, efficiency, effectiveness, impact and sustainability.

Performance appraisal traditionally involved documentation and communication of performance between staff members and their supervisors (Foss, 2007). Informal approach was used and at times less record keeping. Currently, the process has been formalized and there is some seriousness that accompanies the procedures including record keeping for future reference.

Today's organizations implement recognition programs to bring out cultural change. They create budgets for employee incentives in the attempt to win their loyalty. Performance management is a strategic approach to delivering successful results in organizations. This is done through improving performance and developing talents as well as building capacity of staff. Performance Management is supposed to be a continuous process between supervisors and employees. This is important as it helps to review the previous findings and encourage gradual improvement (Bruce, 2014).

A performance management system rewards excellence. It helps to align employee achievements with the organizations objectives. Others maintain that to encourage knowledge sharing, organizations should design reward and recognition systems that stimulate sharing of all kinds: goals, tasks, vision as well as knowledge. This will help to bring cohesiveness between team members. One factor that contributes to an effective performance management system entails ensuring that the system focuses on performance variables as opposed to personal traits (Lawrie, 2004). Whereas experts disagree about whether performance should be measured in terms of the results produced by employees (Garber, 2011) or in terms of work-related behaviors (Sparrow, 2012), they agree that personal traits has several drawbacks. The validity and reliability of trait-based

performance appraisals is highly suspect because the rater's perceptions of the traits being assessed are affected by their opinions, biases, and experiences that may have little to do with the particular employee (Varma et al, 2008).

In addition, appraisals based on personal traits have little value for providing diagnostic feedback to employees or for designing training and development programs to ameliorate identified skill deficiencies (Trakoli, 2011). Furthermore, based on his review of the findings from several court cases involving performance appraisal, (Wellington, 2011) concluded that, to be legally sound, appraisals should be job-related and based on behaviors rather than traits.

For a management system to be effective, employees must believe that they have an opportunity for meaningful input into the appraisal process (Berry, 2004). They should have the freedom to challenge the evaluation they get especially when it's contrary to how they appraise themselves. It is important to allow employees to share their opinion in order to encourage fairness in the appraisal procedure. When this is adhered to, staff members will agree with the management system that has been put in place as a legitimate and productive way of assessing their performance. As noted by (Cooper, 2005) without the perception of fairness, "a system that is designed to appraise, reward, motivate, and develop can actually have the opposite effect and create frustration and resentment".

The organization should set up clear performance expectations to be communicated to employees. The expectations include results, actions and employee behaviors. Employees will then understand what output is required from them when their terms of reference are clearly stipulated. It also helps to set out standards and outcomes. According to Aguinis, (2009), continuous communication between supervisors and the employees helps to diagnose problems as and when they arise as well as taking remedial actions.

Performance management can be considered as a proactive and positive system of managing employee performance for guiding the employees and the organization in the direction of desired performance and results. It's about striking a harmonious alignment between employee and organizational objectives in order to achieve excellence in performance. The Performance Evaluation and Management System (PEMS) is Food Agricultural Organization (FAO)'s performance management process for all staff on fixed-term upon successful completion of the probationary period and continuing

contracts. PEMS and effective performance management, embraced by the Organization, its managers and staff leads to the following outcomes: Effective partnerships between team members and their supervisor, Focusing on results, Planning jointly for success, Coaching and supporting the staff member to achieve their objectives, Gaining feedback to continually improve what and how tasks are undertaken.

The performance cycle is annual and consists of three phases: Performance Planning, Mid-Year Progress Review and Year-End Appraisal: The Performance Planning is the first phase of the PEMS cycle, when staff and supervisors meet, discuss and agree upon the work for the coming year. This is then documented in a PEMS that has three sections: work plan objectives, competencies and developmental objectives.

The Mid-Year Progress Review phase is a formal meeting between supervisor and staff member to review and discuss challenges and successes to date and outline how to make further progress towards achieving the established objectives over the remainder of the year as outlined by (Lee, 2006). The Mid-Year phase is also an opportunity to revise work plan objectives to reflect any changes that may have arisen. The Year-End Appraisal is the last phase of the PEMS cycle. It is an opportunity to provide feedback and discuss strengths and identify areas for improvement.

Feedback is received from multiple sources on objectives and competencies. This includes the self-evaluation from the staff member and feedback from multi-raters. Staff and supervisor then meet, discuss staff performance and the supervisor completes the supervisor evaluation in GRMS based on this discussion.

The other category of staff in FAO is the Non staff (Consultant, Personal Service Agreement Personnel and National Project Personnel). Non staffs are required to complete the Quality Assessment Report (QAR) at the end of their assignment.

1.2 Statement of the Problem

Currently, FAO exercises Performance Appraisal and Not performance management. Performance Management is used to ensure that employees' activities and outcomes are congruent with the organization's objectives and entails specifying those activities and outcomes that will result in the firm successfully implementing the strategy (Gold et al, 2010).

Previous research has been silent on the implementation of performance management systems and how the influence of organizational culture can affect the performance of an organization. The relationship of organizational culture and the performance appraisal process and their impact on the organizational citizenship behavior of academic staff was explored by (Bogetoft, 2012). The role of HR in performance management processes was examined by (Hetty et al, 2008). It included the importance of the appraisal process, the different types of appraisals and their effectiveness. Performance management was an important basis for corporate personnel decisions. Omboi and Shadrack (2011) investigated the effectiveness of performance appraisal systems in Kenya Tea Development Agency with special focus on, Githongo, Imenti Tea Factory, Kiegoi and Miciimikuru Tea factories in Meru County in Kenya. Richard Bitange Nyaoga, (2010) evaluated the effectiveness of performance appraisal system at private universities in Kenya. Their study evaluated the purpose of performance management in private universities and identified relevant factors for achieving an effective performance management (Lee, 2006) presented the generic model for not only human resource performance management system, but also other business domains. The model could be extended and adapted to constant changes of appraisal policies. Gilmore & Williams, (2009) examined the relationship between open reporting system of performance evaluation and teachers' perceived productivity in Lagos State, and suggested that teacher's performance appraisal system should be based on objectivity and be devoid of prejudices and biases. Martin, (2009) examined the employee satisfaction regarding the performance appraisal, which had a large bearing on the overall performance of the employees in South Central Railways. Longo & Cristofoli, (2007), investigated the influence of partnering and financial support on the functions of performance management system. The capacity of the system to align its functions to help achieve an organization's strategic goals was also examined

Thus, by way of examining the employee attitude, this research would find the internal factors that affect the performance of an organization. Past literature on the effects of organizational culture and the implementation of performance management systems on employee attitudes was missing, and thus, this research wants to fill this gap.

This research specifies the gaps in performance management systems and organizational culture in the studied organization. This research also observes the situational constraints and

Influences that affect the performance management process in the government's organization, including the challenges faced by organizational culture and the workers' attitude by using the Noe, Hollenbeck, Gerhart and Wright model, in order to clarify the gap between PMS and Organizational Culture (Martin, 2009)

Performance planning, coaching, and review are the foundation of any well designed performance management system as outlined by (Reynolds, 2009). The studies conducted in the past have identified the need to have a good performance management system in place. According to Cook, (2003), Supervisors and employees are falling short in meeting the expectations of the organization. There are gaps on how to execute the performance management system to benefit both the organization and the employees.

An effective Performance Management process establishes the groundwork for excellence by linking individual employee objectives with the organization's mission and strategic plans or outcomes (Drewitt, 2013). The employee has a clear concept on how they contribute to the achievement the overall business objective. Supervisors need to conduct regular discussions throughout the performance cycle which include coaching, mentoring, feedback and assessment (Lee, 2006)

Performance appraisal properly describes a process of judging past performance and not measuring that performance against clear and agreed objectives. Performance Management shifts the focus away from just an annual event to an on-going process (Bruce, 2014)

Therefore, the focus of this study is centered on employees' cognitions of the performance management system used by FAO to find out how employees see, make

sense of and interpret their everyday experiences with such a system and its values to FAO with the aim of developing a suitable improved performance management system.

1.3 Purpose of the Study

The purpose of this study was to investigate the effect of performance management system on employee performance in Food and Agriculture Organization.

1.4 Research Questions

The study was guided by the following research questions:

- 1.4.1 How do employees see and interpret their experiences with the performance Management System?
- 1.4.2 What are the challenges of Performance Management System?
- 1.4.3 What are the types of Performance Management System?

1.5 Significance of the Study

1.5.1 The Food and Agriculture Organization

This study will help the organization in implementing the most appropriate and effective performance management system. Employees will be made to understand the role they will play in order to achieve organizations objectives. The benefit is that the system will help employees and supervisors to have a cordial relationship and address the outcomes of performance management. It is paramount to tighten the link between strategic organization objectives and the daily tasks in an organization. Proper goal setting should include turnaround times and put in place a system to track progress and identify hurdles. Progress should be monitored against performance. This is a sure and clear way to recognize and reward employees who meet and exceed the organizations expectations.

1.5.2 Human Resource Practitioners

Human Resource Practitioners from other Non-Governmental Agencies would benefit through provision of information that will assist in understanding the role of employees in improving performance and providing a frame work by which they can incorporate the aspects of employee contributions in managing performance.

1.5.3 Institutions of Higher Learning

Institutions of higher learning would benefit from this study through contributions to the body of knowledge with regards to performance management initiatives. It would also form the basis for further studies in employee perception, performance management initiatives and how these aspects affect outcomes of work.

1.6 Scope of the Study

The respondents of this study are staff members of FAO Kenya. The population is 94 staff members. They are located in FAO office based in United Nations Complex in Gigiri. The study was conducted between September 2014 and July 2015.

1.7 Definition of terms

1.7.1 Performance management

Performance Management is defined by Armstrong, (2006) as “a means of getting better results from a whole organization by understanding and managing within an agreed framework, performance of planned goals, standards and competence requirements”.

1.7.2 Performance appraisal/evaluation

Performance evaluation is “a systematic process of measuring a person’s performance in the job, based on predetermined performance criteria” (Clake, 2011).

1.7.3 Performance measurement

A quantifiable indicator used to assess how well an organization or business is achieving its desired objectives. Many business managers routinely review various performance measure types to assess such things as results, production, demand and operating efficiency in order to get a more objective sense of how their business is operating and whether improvement is required (Liu, 2014)

1.8 Chapter Summary

Performance management is a strategic approach to delivering results in organizations. Building staff capacity and developing talents is part of improving staff performance. This is done on a continuous basis as managers interact with the employees on a regular basis. Performance appraisal records staff performance on paper.

Currently the process for appraisal is formalized and certain procedures have been put in place when appraising staff. FAO exercises Performance Appraisal and Not performance management. Performance Management is used to ensure that employees' activities match the organizations objectives. The employees should have concept on how they will contribute towards the success of the organization. This study will help the organization in implementing the most appropriate and effective performance management system. The study aimed at giving an understanding of employees thought process in relation to appraisal.

In this era, organizations are taking steps to successfully address the negative view of performance management. They put into operation innovative solutions that ensure processes deliver real results and improve performance

Chapter two presents literature review on the three research questions that are probing the existing information on performance management.

Chapter three presents the research methodology and analysis approach that was used in this study. Whereas Chapter four presents study findings, Chapter five presents the discussion, key conclusions and the recommendations for further consideration for future research on this subject.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This literature review has three important aims. It purposes to gain a full insight of the existing literature on the research area. First, it will identify the key research areas on the perception and experiences that employees have concerning performance management, second, to fully understand the challenges of performance management system and to identify the types of performance management system.

The differences in national cultures would contribute to the differences in the ways the Performance Management Systems are implemented in organizations worldwide (Palethorpe, 2011). Moreover, Parker, (2013) stated that the major setback of evaluating the work performance of organizations around the world has been to determine the performance criteria in relation to the objective set by their organizations. According to Slavin et al., (2014) it was justifiable to take a broad view or make assumption that PMS measures for productivity would suit in all organizations worldwide. This was because the decision-makers were not aware of the repercussion of the objectives until considerable and careful examination was performed.

2.2 How employees see and interpret experiences with the performance management system

2.2.1 Employee Perceptions of Performance Management

There is a negative perception the employees have concerning Performance Management System. They believe that the system is influenced by subjectivity, according to the investigation done by (Newel, 2000) concerning the perception that employees have of performance management system. There is very little employee involvement in formulating criteria, agreeing performance standards and objectives when designing performance systems. Management selects a few top representatives to develop the system in the absence of staff.

According to Makori, (2014) on a study that he carried out on employee perceptions of performance management, the employees in the hotel industry believed that they performed better in their daily tasks but there was no significant relationship between their individual performance and the perception they had of the initiatives that the hotel had put in place for performance appraisal. The study therefore concluded that employee perception on performance management was not necessarily influencing individual performance in the hotel industry.

2.2.2 Clarity in Tasks and Duties

Perceptions principally relate to social contacts rather than to procedures. In order to develop positive perceptions organizations should ensure that their processes are clear in relation to the key performance indicators and rewards, consistent feedback and clear explanations about performance management processes by Managers (Palethorpe, 2011). Recognition and rewards are one of the primary objectives that need to be aligned with the overall organizational strategy. In order for a performance management to be successful, there need to be a collaborative process between supervisors and employees. A performance management cycle should begin with a discussion of employee and supervisor to discuss results, the expected behaviors and developmental aspects for better future performance (Aguinis, 2009). This collaborative aspect of performance management process lets supervisors understand the story from a subordinate's perspective (Robbins, 2007). This will therefore provide a forum to elaborate the expectations for employees. It also provides information for future decisions about promotion or rewards as well as providing a platform to attain the desired employee behaviors for better performance. Human Resource tasks such as performance management impact and include employees as well as supervisors. This inclusion will influence the quality of the relationship and also improve on perceptions as pointed out by (Manville & Greatbanks, 2013). The organization perceptions that are possessed by an employee are largely contributed by supervisors as researched by (Greenberg & Haviland, 2008). This can be a key factor in transmitting an organization's perceptions to outsiders as well as stakeholders (Reynolds, 2009).

2.2.3 Lack of Proper Performance Management Systems

Performance management system as referred to by (Cook, 2003) is the process of achieving organizational objectives by making productive use of people. Other scholars say that performance management includes the process of designing formal systems that ensure the efficient and effective use of human talent to achieve organizational objectives (Burgess et al., 2007). One of the key functions in Human Resource Management is performance evaluation. According to Baker, (2013) performance evaluation is the key difference between organizations just managing to survive and high performing organizations. Performance evaluation aligns itself to the organization strategies and also provides a lively link to general and specific human resource functions (Vukotich, 2014). However, performance evaluation is casually done in organizations where the business strategies are not properly aligned. Tobin & Pettingell, (2008) emphasize that HR as a function should not impose the idea of performance evaluation because it is everyone's responsibility in an organization.

2.2.4 Evaluation of Previous Performance Management and Organization Objectives

The concept of management emphasizes the need for getting things done right through people efficiently and effectively (Robbins & Judge, 2007). This also raises the question of what systems the businesses use to evaluate whether things are heading in the right direction or not. In order to solve this puzzle, organizations are highly encouraged to evaluate their previous performance and align it to their future objectives. The process of this evaluation does not end with the good performance of an organization. The process needs to trickle down to individual levels. According to the findings by Van Soelen, (2013). Organizations use performance management systems for all business drivers from individual to functional, shareholders and customers. However, Aguinis (2009) believes that there is a substantial gap that lies between practical orientation of performance management and the literature. This gap exists because researchers target other researchers as their audience rather than organizations (Wong & Shi, 2014).

Performance Management, as defined by Armstrong (2009) is a process designed to improve organizational, team and individual performance and this is owned and driven by the line manager. While Aunis (2009) views performance management as a continuous

process of identifying, measuring and developing performance of individuals and teams and aligning performance with the strategic goals of the organization. It also evaluates the improvement being made towards the achievement of organizational strategic business objectives (Bridger, 2014). Performance Management will not provide the desired outcomes if an individual's performance and objectives are not aligned with the strategic objectives of the organizations. In addition, in cases where the individual or functional objectives are aligned and not rewarded properly, the end result is a disconnect syndrome, swaying an organization away from its objectives. In order to avoid the disconnect syndrome, synchronization in objectives should be ascertained.

2.2.5 Integration between Organization Objectives and Individual objectives

A good and functional performance management system should be able to exhibit integration between organizational, functional and individual evaluation systems. The views of Cooper, (2005) are that integration can be achieved in an organization through agreement on performance objectives and performance definitions at all functional levels in the organization. Moreover, performance management system should facilitate an individual in an organization to visualize how their individual objectives and evaluation measures lock into organizational perspective. Manville & Greatbanks, (2013) emphasizes that if the measurement systems in an organization are unable to meet conclusions and facilitate decision making it becomes a futile exercise and a redundant process of no value. In the ideal state, performance management should be able to deliver an overall performance evaluation being based on individual or functional numbers contribution in the organization. This will also enable an organization in future decision making and planning. Well executed and setup performance measurement frameworks facilitate an organization to enjoy vertical and horizontal functional collaboration to achieve organizational excellence (Longo & Cristofoli, 2007).

Performance Management System provides feedback to an organization about its functional and individual achievements. These qualitative or quantitative substitute measures further provide a roadmap for how future organizational objectives can be attained. Van Soelen, (2013) argues that past performances do not ensure better or similar future outcomes.

2.2.6 Performance Management for Career Growth

According to changing nature of career and unstable employment, there is an increasing idea that individuals' career progression is the responsibility of themselves, not the organization's responsibility (Greiner & Sakdapolrak, 2013). Predominantly, highly educated people are capable and able to manage their own career (Abston & Kupritz, 2011). Individual employees who are graduates can encourage themselves to remain employable and marketable, not only for developing a career in a particular organization, but also for developing lifelong transferable skills in job market (Boyatzis, 2008). Based on the concept of individual career management employees are the central actors in managing their own careers (Cooper, 2005). They determine which career direction they will take. ICM enhances individuals' perceptions of control over their careers, which in turn leads to career satisfaction (Garber, 2011) Career satisfaction has been regarded as a key factor for individual and organizational success (Lee, 2006).

A study that was carried out by Abston & Kuritz, (2011) shows that proactive personality and self-control are the predictors of a successful career. Studies conducted by Bridger, (2014) and Clardy, (2013) found that individuals proactive personality can promote their career success. Employees who are proactive are more likely to engage in improvement opportunities and innovative behaviors that are significantly related to career success (Greiner, 2013).

2.2.7 Employee Engagement

Employee engagement in Performance Management is vital. Promotion of employee engagement can be used as a means to increase the performance (Byrd, 2013). The engagement management model has three arms. These are Performance agreement, engagement facilitation and performance management and feedback to the employee which will lead to improved performance (Cook, 2008). However, since this model has not been tested empirically, there is a lack of conceptual and empirical work on how Performance management systems can enhance performance by fostering employee engagement.

2.2.8 Evaluation on Pre-determined Parameters

Evaluating employee's performance on pre-defined parameters as stipulated by (Armstrong, 2009) has been highlighted as a differentiating factor among the market leaders and survivors (Lawler & Garber, 2007). This difference emanates from evaluation processes and their results as these influence employee satisfaction and talent retention in an organization. The evaluation process needs to be in sync with organizational objectives and reward systems along with strategic direction (Hirsh, 2004) Synchronization feedback mechanisms will address developmental gaps so as to improve future performance according to (Aguinis, 2009).

Today, the business environment is dynamic and very volatile. Organizations have become contented with their performance management practices leading to failure. Consequently strategies need to be revamped as the changes in the environment are quite dynamic.

2.3 Challenges of performance management system

Performance appraisals have always been carried out in a retrospective manner. The traditional appraisal in many organizations occurs once a year with a few conducting it semiannually or annually. There is usually a gap in months between establishing goals and reviewing them and also the objectives that have been set when the year begins are usually referred to at the appraisal time. According to Lee, (2006), performance appraisal gives a chance to both the employee and the supervisor to review the goals and targets that they set together and also to confirm whether the employee is on course, how far they are from accomplishing their goals and also to identify any possible challenges that the employee may face. According to Bridger, (2014) the appraisal process may be open to biased ratings.

2.3.1 Feedback System

Employee's engagement behavior should be included in the performance management (Armstrong, 2012) the behaviors of the employee include persistence, the ability to be proactive, role expansion and adaptability. The main activities of this component are performance appraisals and feedback from supervisor. However, in order to enhance

feedback, Julnes, (2008) argues that it is important that the employee feels that there is trust and justice in the system.

Competence based performance appraisal system was designed for higher education institutions by (Gilmore & Williams, 2009). He found out that there were three competencies, namely core competency, managerial competency, and technical competency. According to Parker, (2013) appraisal is "the process of periodically reviewing one's performance against the various elements of one's job". His study described the purpose and developmental criteria of a performance management program that assessed the performance of hospital employees on a regular basis. Slavin, (2014), examined the effect of performance appraisal politics on job satisfaction. The results confirmed that performance appraisal politics acted as important predictors of job satisfaction in the studied organization. Martin, (2009) examined the effect of performance appraisal on individual as well as on the organizations. The findings of the research showed that there was a noticeable effect of the performance appraisal on the organizations as well as on the individuals.

The emphasis by (Trakoli, 2011) shows the need for maximum prosperity of employees ultimately resulting in maximum prosperity of the organization. Taylor believes that proper remuneration keep workers motivated and lead to better job performance.

2.3.2 Leadership Commitment

Top management should strive for servant leadership. This is virtuous, highly ethical and based on the premise that service to followers is at the heart of leadership (Greiner, 2013) Servant leaders exhibit the qualities of vision, caring for other people, selflessness, integrity, humility, trustworthiness and interpersonal acceptance (Clardy, 2013). It can be realized from different conceptualisations of servant leadership that service to followers and valuing followers are the basic principles of a servant leader. When members of a team perceive that their leader is concerned about their welfare, they will become more committed to the organization.

Organisations have a need for leadership styles that create favourable environments for teams to function optimally. According to the findings of Palethorpe, (2011), team leadership is a fundamental process, focusing around the satisfaction of critical needs of a team with the goal of enhancing team effectiveness. Clear performance by increasing

resilience and productive time reduce the negative factors such as exhaustion and absenteeism.

In the context of performance contracting, commitment is at two levels; top management and the level of employees. Top management commitment may be viewed from willingness to be loyal and focus all the energies to implementation process. Expectancy theory by Victor Vroom tells us that employee commitment to organizational goals depends on the strength of expectation that doing so will be followed by favorable outcome and the value that the individual attach to the reward. According to Muthaura, (2010) in a presentation on the role of Kenya's public service in a changing environment argued that people will oppose change if they do not see clear and reliable gains. They look at what is in it for me? This means that the commitment of the employees is dependent on their perceived gains from implementing the system. Trakoli, (2011) argues that unless performance management system gain acceptance through encouraging people to collaborate because they want to not because they have to, performance management system may actually lead to suboptimal performance by making figures look appealing only on paper.

2.3.3 Bias in Performance Appraisal

One of the most difficult requirements of an effective performance management system is that it should be as free as possible from bias. People cannot deny the involvement of bias in their decision making on performance of theaters. The only thing that the raters can do is to minimize the level of unfairness as much as possible. Work professionalism plays an important role for the reliability of the assessment process. There are many types of bias that creep into performance management system according to (Tobin, 2008) and the most reported are recently effect, halo effect, central tendency and prejudice. The main issue in the practice of performance appraisal activity is the fairness of the evaluation decision by supervisors. Raters have problems evaluating the performance appraisal in a proper way. Performance of individual employees that is not measured accurately can lead to dissatisfaction with the system.

One of the factors that contribute to employee's dissatisfaction is that raters do not have the required skills to appraise staff. This will affect the process of evaluation because bias, unfairness and unreliability may happen. As much as there is a formal evaluation

form and a set of rules and standards to be followed, employees often do not trust the tools of evaluation. Subjectivity in the performance evaluation in the public and private sector is quite common. Managers are encouraged to be as objective as possible but during the implementation of performance appraisal, the evaluation becomes subjective. The subjectivity of the evaluation discourages employees on supporting the measurement of performance management system and this reduces the objectivity of the performance appraisal (Sparrow, 2012). The quota system that is practiced in some organizations creates dissatisfaction among employees. A small fraction of the employees get salary increment either vertically or diagonally. Therefore, although the employees may perform well, they might not be rewarded because salary increment depends on the quota system. This will therefore lead to decrease in work performance, self-esteem and loyalty. The appraisal decision is confronted with a great deal of criticisms and comments from the employees. There are several issues that have been brought forward such as the rater's ability to conduct performance appraisal, accuracy of the system, fairness, discrimination and quota system.

Performance management should suit the organization's culture. Research findings strongly suggest that multinational company's manager should carefully design the appropriate performance management system for foreign operation based on the different cultural factors of the country.

2.3.4 Objective and Fair Standard of Evaluation

Performance standard is the measuring tool for determining the outcomes of employee's performance. All necessary standard need to be followed and spelt out to the staff. Stipulation of standards is important because it helps the organization to achieve its goals; to motivate individuals, teams and groups to a higher level of personal work behavior. Standards reinforce behavior, promotes the consistency of employee's performance and it can also be used to weigh and measure the impact of employee's performance (Greiner, 2013)

For employees to be productive optimally there must be knowledge and training to carry out a particular job. Training and development enables employees to provide optimum output and also reduce the chances of their being infected by soldiering and deliberately working slow to avoid working full hours as highlighted by (Julnes, 2008).

2.3.5 User Friendliness of Performance Appraisal Form

Previous studies have indicated that performance appraisal needs to be user friendly to both the supervisors and employees. Gold, (2010) there are several factors to be considered to ensure that the performance appraisal instrument is user friendly. The content should be properly rated on the usability of the system, easy to answer questions, consistent document layout and free from unnecessary questions. It should be time rated on the amount of time required to answer all the questions, less questions means less time is needed to complete the form. It should be clear and not ambiguous, the questions should be direct and be straightforward. The layout or format of the form should be economical. The usage of ICT tools and devices may help to replace the traditional format of the forms. There are systems that can be used to assist supervisors and managers with situation assessment and long range planning as argued by Bridger, (2014)

2.3.6 Regular Review of Performance Management

Lack of constant review of performance management system to align with changes in the organization is a common phenomenon in many organizations. The performance management system can be a good mechanism for quality assurance if implemented in the right manner and enabling environment. According to Newstrom, (2011) study, though limited in scope, clearly showed that performance management systems need to be reviewed on a regular basis to make them compatible with international trends of making businesses more responsive to the needs of the clients. Most performance management systems, while well-intentioned, are fraught with numerous challenges that impact on its implementation. This range from lack of regular system review, lack of training on performance management, shortage of resources in organizations, abuse of the system as well as lack of reward. These impediments need to be addressed with a sense of urgency if at all the performance management system is to remain credible in the eyes of the stakeholders (Robbins, 2007).

2.3.7 Top Management Commitment

Commitment or leadership has been one of the challenges that have been found to be critical for successful implementation of performance metrics. Top management involvement would help to promote the restructuring of the business organization and to accelerate the management of change and employee buy in (Martin, 2009).

2.3.8 Training and Awareness

Another element of challenges in performance metrics implementation has been training and awareness, because not all employees accept the changes that have occurred in their workplace. Therefore communication between supervisors and subordinates must be good in order to enable the organization to realize the desired mission of the organization. Training and awareness have been found to play an important role in ensuring the success in the performance management implementation (Tobin, 2008)

2.3.9 Cultural Change Aspect

The cultural change aspect is also a major element that has requires the attention from the management of the organization. Most literature reviews have stated that cultural changes could have major impact on any implementation of performance metrics as argued by (Vukotich, 2014). The organizational understanding of the work processes is an important characteristic in the Balance Score Card (BSC) implementation as well as the ultimately customer satisfaction that has been the main priority for most organizations. Therefore, the PMS used should be capable of tracking the customer needs and wants according to (Bogetoft, 2012). In addition, Berry, (2004) stated that organizations should attach the success of any performance metrics implementation to the financial benefits accrued. This is because it has been one of the four critical perspectives in the BSC framework. However, Clardy, (2013) proposed that clear performance metrics is an equally important characteristic because quite often, the difficulty and problems in identifying what to measure has created problems in the implementation of the performance metrics.

2.3.10 Agreement on Performance Metrics

Management and employees depend heavily on the agreement of the performance metrics to be used. Therefore, it has been found to be quite paramount for the employees especially at the managerial level in organizations to understand the metrics before involving themselves in the implementation processes. According to Aguinis, (2009), one

of the critical success factors in the performance metrics implementation has to be the satisfaction of the customers and the quality characteristics have been found to be emphasized upon. Therefore, organizations should give priority to the clients by way of increasing the level of service quality and improving work related attitude among the employees. According to Sparrow, (2012), there are a number of reasons for the failure of Performance management systems. More often than not, systems are used and supported by top management. Supervisors view the system as an administrative burden and do not see the benefits of energy invested in making the system work. Performance objectives are written so subjectively that measurement is not possible. Performance objectives set at the beginning of the year appear to be less important by end of the year if linked to certain projects that were not deemed to be critical success factors. Managers are unable to give feedback and deal effectively and constructively with the conflict generated by the assessment of employees' performance. During the last two decades, an increasing number of organizations have implemented Performance Management Systems that are based on Critical Success Factors and Balanced Scorecards. Hetty, (2008) describe the results of a study that confirms organizations that balance financial and non-financial measurements, but also link strategic measures to operational ones, they update their strategic scorecard regularly and also communicate measures and progress to all employees, are better performers. Armstrong, (2003) stated that, 'Performance management is not static. It will change as performance issues vary, as marketing strategy changes, technologies and the means to measure and record performance change over time.' Thus, the statement asserts that the knowledge of BSC needs to be disseminated to Top management because they are responsible for planning and organizing the company's strategy. Hence, once the top management is familiar with the BSC concept, only then are they able to utilize the company's financial and operational information to link its mission, vision, objectives and goals to develop the organization's KPIs (Drewitt, 2013). This is one of the practical problems that have been raised in this research.

2.4 Types of Performance Management System

2.4.1 360 Degree Feedback Appraisals

360 degree feedback appraisal is a powerful developmental method and is quite different compared to the traditional manager-subordinate appraisals. This method does not replace the traditional one-to-one process and can be used as a stand-alone developmental method. This method involves the appraisee receiving feedback from people whose views are considered helpful and relevant. The feedback is typically provided on a form showing job and skills criteria and scoring or value judgment system. The appraisee should also assess himself or herself using the same feedback instrument or form (Gold, 2010)

2.4.2 Balance Score Card

Balanced scorecard is increasingly being used as a strategic performance management tool in both public and private sectors. This adoption has encouraged evolution of the balanced scorecard methodology over the last two decades. Although, the available generations of this methodology are readily adoptable for private sector organizations, public sector organizations present diverse challenges for balanced scorecard. This is further complicated by the fact that scholarly works on strategic performance management have predominantly focused on private sector organizations (Foss, 2007)

The model for performance evaluation and control known as Balance Score Card came to collaborate with SI and continuous improvement of processes, enabling organizations to establish actions aligned to their strategy aiming to create value. BSC contributed to meet shareholder, employee and customer expectations, to the achievement of strategies and, still, to improvement in services, internal processes, learning and innovation. Such model can help to disseminate the strategic plans of an organization at all levels, aiming to guide people's actions towards improvement of present and future performance (Julnes, 2008).

2.4.3 Management by Objectives

Management by Objectives, or MBO, is a management strategy that uses the S.M.A.R.T. goals method--setting objectives that are specific, measurable, achievable, realistic, and

time-based. This article discusses the first steps toward implementing this management method in your department (Tobin, 2008)

As a practical implication, this study supports MBO at team level. It shows that, if group members are committed to their goals, both group productivity and job satisfaction of team members can be improved. Group effort and collective planning seem partially to mediate this effect on job satisfaction. These results show that MBO can be an effective tool for leading self-regulating teams (Sparrow, 2012).

2.4.4 Self-Appraisal

Employees should consider their strengths and weaknesses when conducting self-appraisal as found out by (Raattama, 2003). They should brainstorm a list of strengths and the tasks or skills they enjoy the most. They should then take an honest look at areas where you could improve. Improvement areas might include time management skills, speaking in front of groups, leading projects or even improving processes. Consider feedback you've received from others during the year and think about any areas where you've struggled or felt you could have done better.

The correlation between self-appraisal and appraisal of others had three outcomes (Robbins, 2007) the respondents displayed a "self-other bias such". Positive attributes were more descriptive of self than others. Negative attributes were rated less descriptive of self than others. For those with high self-esteem, they had a similar regard for others. They also evaluated themselves favorably than other people. Self-evaluations were more favorable than evaluations of friends. People with high self-esteem appraised their friends more positively than they appraised the average person. It was also found that the tendency for those with high self-esteem to favorably judge themselves and their friends showing a high need for social approval. The findings shed light on motivation to enhance self-worth and are integrated with current evidence that the use of self-enhancing strategies promotes psychological wellbeing

2.4.5 The Critical Incidents Method

It is a performance appraisal method in which a manager keeps a written record of positive and negative performance of employees throughout the performance period. There is no standard form used, so it is a method. Most formal reviews take place only once or twice a year. Do you want to wait for formal reviews to talk to employees about

what they are doing well and when they are not performing up to expectations? According to Varma, (2008), it is important to let them know how they are doing on an ongoing basis. Also, let's say we are a manager with 12 employees. Can we remember everything each of them did well, and when they messed up, and on what dates, so we can evaluate their total performance for the past 6–12 months? Very few, if any, of us can say yes. According to the findings of Piskurich, (2006), many managers don't keep a record of critical incidents, which leads to problems of accurate measures during the formal review meeting. We use critical incidents to do a good assessment of the entire review period, and we coach when needed during the entire review period for developmental decisions. We need to continually conduct informal coaching and disciplining when needed as we make notes of critical incidents to use during the formal review. With clear standards and coaching, you can minimize disagreements over performance during the formal performance appraisal because there are no surprises, because employees know what is coming.

2.4.6 Peers

Peers in an organization are involved in the appraisal of their colleagues. Peer evaluation can be used when the supervisors are frequently absent or as an additional review to confirm the findings of the supervisors (Reynolds, 2009). Employees also interact with other members of the staff frequently. At times, peers may have a better and clear understanding of what their colleagues are doing since they interact on a daily basis. They are also more directly affected by the employees' actions either in a positive manner or negative manner. In addition peers can also evaluate the ability of their colleagues since they interact individually or in groups.

There are setbacks that come up in peer evaluations. At times fellow colleague may not be objective and they become biased (Vukotich, 2014). There is no clear research evidence concerning the validity of peer evaluations. Personality conflicts can also affect how peers evaluate each other (Abston, 2011).

2.5 Summary

In summary, the studies reviewed above emphasized the importance of performance management. Implementation of performance management system is still a problem in almost all organizations. It is therefore easy to understand how the correct

implementation of the performance management system facilitates growth and health in the organization. It is imperative that the managers implementing the system have the right perception and attitude towards it and understand the benefits entrenched in it. Continuous training of both supervisors and employees is important so that quality of service is provided. Policy review on performance management is also required. Chapter three describes the research methodology which was used to conduct this study.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology. The chapter covers research design, population and sampling design, data collection methods, research procedures, data analysis methods and chapter summary. The validity and reliability tests are also discussed.

Performance management entails monitoring vital performance aspects that are aimed at checking if an organization is achieving its overarching strategies and objectives. Since employees are an integral part of an organization, hence performance management is seen as the method that can be used to tap the full capabilities of employees. The basis of the study was to look into details the aspects of performance management that are not being utilized and recommend to senior management of for adoption or further research.

The chapter describes the methodology that was being applied in this study. The chapter gives highlights on the research design and details of the research approach that was used during the study. Data was collected by use of questionnaires, which were being implemented after conducting pre-testing on samples of employees. The data entry and analysis was being processed using a statistical analysis package of SPSS software.

3.2 Research Design

The study adopted a descriptive approach. Use of descriptive statistics was applied because of its capability to summarize large quantities of data using understood measures in form of graphical and numerical techniques (Burns, 2000). Descriptive studies are said to be a type of survey design that can give specific or group characteristics for a sampled population (Kothari, 2006). It determines the frequency with which something occurs or its association or correlation with something else. It also minimizes bias and maximizes reliability of the evidence collected if designed within precise objectives and on relevant data. This research approach was chosen because of its relevance to this project study, more particularly it could answer research questions in this study which described

behavior/attitudes and as well as answer the “what”, “who”, “when” and “where” questions (Michell & Jolley, 2007).

Because the descriptive methods cannot help researchers answer the “whys” i.e. test of “cause-effect” hypothesis, there is always a need to apply scientific data from descriptive research to establish the degree of relationships/correlation among different variables so that inferential conclusions can be made on the population (Cooper & Schindler, 2008).

3.3 Population and Sampling Design

3.3.1 Population

The population of FAO is 94 staff members in Nairobi Office. The employees were being selected from the various units in FAO.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sampling frame is a list of population units or elements from which to select elements to be sample (McDaniel & Gates, 2001). A sample can be defined as a smaller group or sub group obtained from the accessible population (Mugenda and Mugenda, 1999). Food and Agriculture Organization in Kenya constituted the Sample. As there are other FAO offices in Kenya namely: FAO Kenya, FAO Somalia, and FAO Regional. The Units/Sectors were the sampling units. The sample elements were the employees of FAO. This study sample frame involved different Sectors at FAO Kenya. These included the Corporate Sector, Natural Resource Management, Livestock, Fisheries and Crops. Thus the target population defines those units for which the findings of the survey are meant to generalize. In this study, the sampling frame consisted of all the 94 staff working at FAO Kenya.

Sampling is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Orodho and Kombo, 2002). A sample can be defined as a smaller group or sub group obtained from the accessible population (Mugenda and Mugenda, 1999).

3.3.2.2 Sampling Technique

For quantitative studies sampling is extremely important because sampling saves costs and reduces time of including all units/population (Grauri & Grønhaug, 2010). Each Sector depending on size has a number of employees. Each Sector is headed by a Sector Head who overlooks/supervises the activities of the sector. Sample of responding staff was drawn from the five Sectors where census sampling technique was used (Mugenda and Mugenda, 2003). The study employed stratified sampling to sample the five sectors; Corporate, Livestock, Fisheries, Natural Resource Management and Crops sector. The study sampled all the staff in the sectors.

Since the population is small data was collected from the entire population in FAO. The populations within the clusters are heterogeneous. There is homogeneity between clusters. Each cluster is a small scale representation of the total population. The clusters are mutually exclusive and collectively exhaustive. This will be single stage cluster sampling where all the elements from each of the selected clusters are used. Neuman (2003) indicated that 50% - 60% is an adequate sample in a descriptive study.

3.3.2.3 Sample Size

The sample size is a smaller set of the larger population (Cooper and Schindler, 2006). Determining sample size is a very important issue for collecting an accurate result within a quantitative survey design. One of the real advantages of quantitative methods is their ability to use smaller groups of people to make inferences about larger groups that would be expensive to study (Fisher, 2007). Mugenda and Mugenda, (2003) argues that the sample must be carefully selected to be representative of the population. According to Hussey and Hussy (1997) no survey can ever be free from error or provide 100 % surety and error limits of less than 5% and confidence levels of higher than 95% can be regarded as acceptable to produce results among variables that are significantly different and it broadens the range of possible data and forms a better picture for analysis. FAO has 3 offices in Kenya and Head Quarters in Italy. The offices in Kenya are FAO Kenya, FAO Somalia and FAO Regional.

3.4 Data Collection Methods

Data was collected using structured questionnaires and analysis was through descriptive statistics. Results have been presented in form of tables. Participants were being asked to indicate their level of agreement with each statement/item from 1(Agree), 2(Strongly Agree), 3(Disagree), 4(Strongly Disagree)

The main advantage of scaled-responses is that it permits the measurement of intensity of respondents' answers compared to multiple choice responses. The scaled responses incorporate numbers which can be used directly as codes (McDaniel & Gates, 2001). The scaling procedure determines quantitative measures of subjective and abstract concepts (Chin et al., 2003). The study will aim to gather primary data; collected for the first time and thus "original in character" Kothari, (2006). The advantage of close-ended choices ensures that the respondent simply places a tick in a box by the selected answer(s) and reduces the potential for respondent variability and thus facilitating the processing of collected data (Bryan, 2012). The questionnaire had sufficient questions for collection of relevant information required to achieve the purpose of the study. Questions were being organized on issue-based structured pattern following the sub-elements of the stated research questions, so as to ensure completeness. The questionnaires were being dispatched through monkey survey.

3.5 Research Procedures

The questionnaire was being developed by the researcher based on research questions, in Chapter two. Prior to launching of the study survey, a pre-testing on randomly selected 5 employees was carried out in FAO. Reactions coming from the employees necessitated slight changes on some questions and inclusion of some more general information. Besides the questions in the questionnaire, a one paragraph preamble introduction letter, addressed to the respondents, was being included to briefly state the purpose of this study and its significance to FAO. Respondents were equally being assured that the information provided will be kept confidential. To ensure high response feedback and corporation, the following strategies were put in place. (1) Short questions and short length of questionnaire; (2) To ensure all categories of respondents can respond to questions with ease, the English words used will greatly be simplified and the questions and answers options will be easy to understand. The final questionnaire was then being printed after internal approval for its clarity and for being a good instrument for the intended objectives and appropriate in data collection.

3.6 Data Analysis Methods

Prior to data analysis using statistical software package, the SPSS, the questionnaires were coded, then responses keyed and data cleaning processes carried out. The data cleaning ensures that errors during data entry could be detected before final analysis. Descriptive statistics were performed and data has been presented in form of tables and charts.

3.7 Chapter Summary

The chapter has detailed the research methodology that was used in carrying out the study. The chapter covered research design, population and sampling design, data collection methods, and research procedures and data analysis.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This Chapter presents the demographic characteristics of the respondents and the research findings from the study. It analyses the data systematically focusing on the study objective: effect of the performance management system on employee performance.

Response Rate

Data was collected by use of structured questionnaires, and analysis done using SPSS and excel. Questionnaires were sent to all the 94 staff members of FAO Kenya. Only 48 responded. This translated to 51% response rate. According to Babbie (2002), any response rate of 50% and above is adequate for analysis and therefore, the response rate of 51% is satisfactory.

4.2 General Information

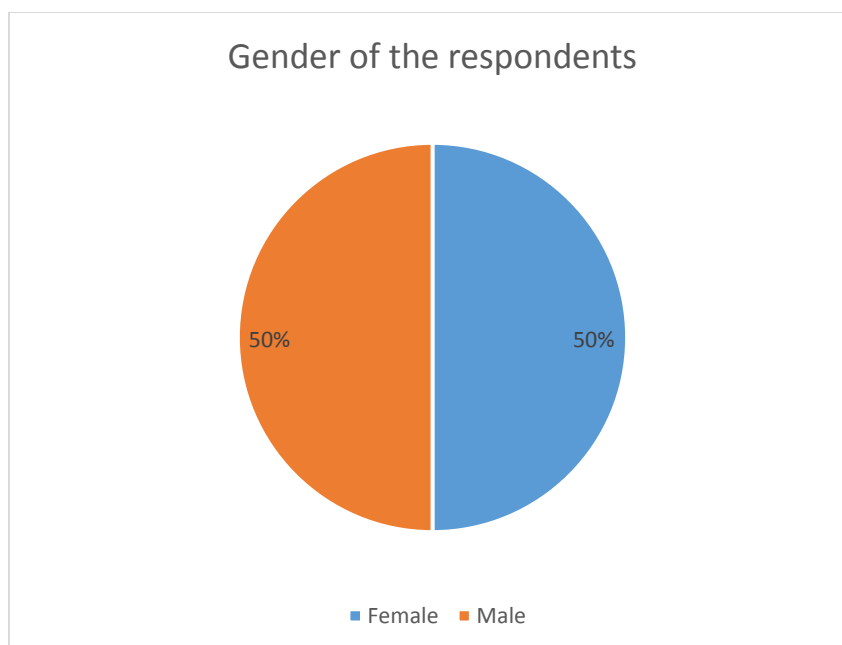


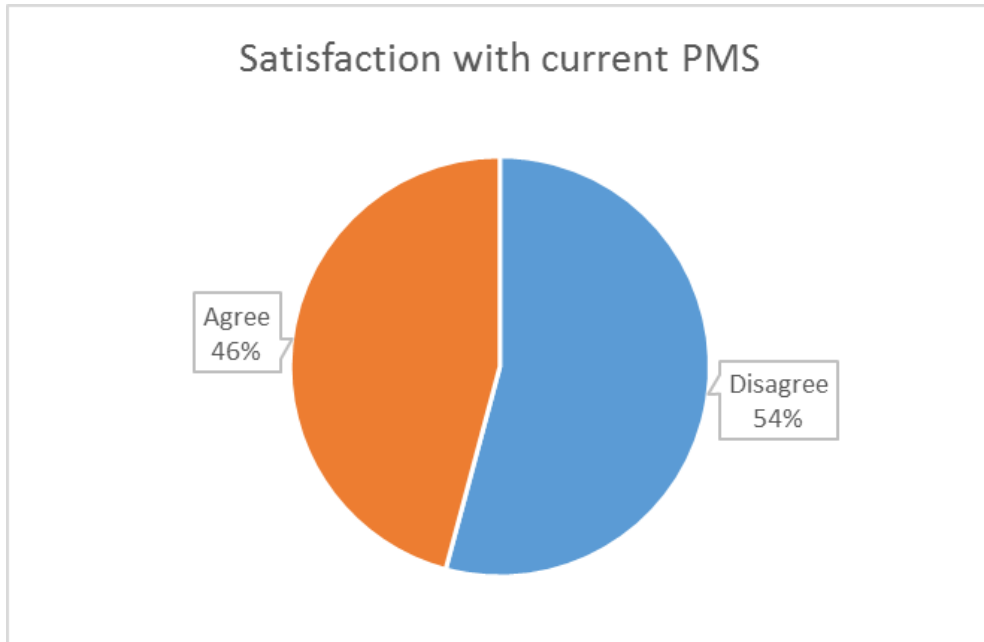
Figure 4.2.1: Respondent Gender

Figure 4.21 shows that the total no. of questionnaire administered was Ninety Four. Twenty four of the respondents were female and the other half was male.

Table 4.1: Unit of work

	Frequency	Percent	Valid Percent	Cumulative Percent
Cross cutting Units	14	29.2	29.2	29.2
Corporate	9	18.8	18.8	47.9
Conservation Agriculture	7	14.6	14.6	62.5
Natural Resource Management	7	14.6	14.6	77.1
Livestock	6	12.5	12.5	89.6
PMU	3	6.3	6.3	95.8
Crops	2	4.2	4.2	100.0
Total	48	100.0	100.0	

In the above table 4.1 illustrates that most of the respondents (29.2%) were from crossing cuts units, 18.8% were from the corporate unit, 14.6% were from the conservation agriculture unit, another 14.6% from the natural resource management unit, 12.5% from the livestock unit, 6.3% from the PMU unit and lastly 4.2% from the crops unit.



4.3 Employee experiences with performance management system

Figure 4.3.1 : Satisfaction with current PMS

Figure 4.3.1 shows that most of the employees (54%), are not satisfied with the current Performance Management System while 46% of the respondents are satisfied with it.

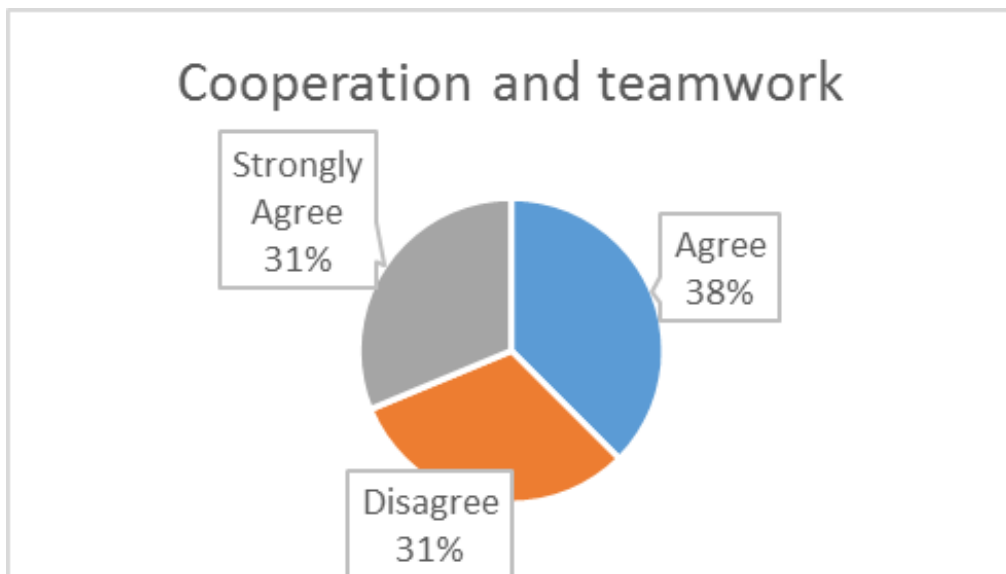


Figure 4.3.2 Cooperation and teamwork

Figure 4.3.2 on cooperation and teamwork shows that performance Management System helps to win cooperation and teamwork in the organization as expressed by 38% of the respondents. Another 31% of the respondents strongly agree that the Performance Management System indeed helps to win cooperation and teamwork in the organization. Only 31% of the respondents disagree that the system does help.

Table 4.2: Competencies

	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	22	45.8	45.8	45.8
Strongly Agree	17	35.4	35.4	81.3
Disagree	9	18.8	18.8	100.0
Total	48	100.0	100.0	

Table 4.2 Illustrates majority of the respondents (45.8%) agree that Performance Management System helps identify competencies that require personal improvement. 35.4% of the respondents strongly agreed while only 18.8% of the respondents disagreed that it does not help identify competencies that require personal improvement.

Table 4.3: Training Programs

	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	25	52.1	52.1	52.1
Disagree	19	39.6	39.6	91.7
Strongly Disagree	4	8.3	8.3	100.0
Total	48	100.0	100.0	

Table 4.3 shows that majority of the respondents (52.1%) agree that Food and Organization of the United Nations (FAO) develops interventions training programs that are tied to the gaps identified in the process. 39.6% of the respondents disagree with

another 8.3% of the respondents strongly disagreeing that FAO develops interventions training programs that are tied to the gaps identified in the process.

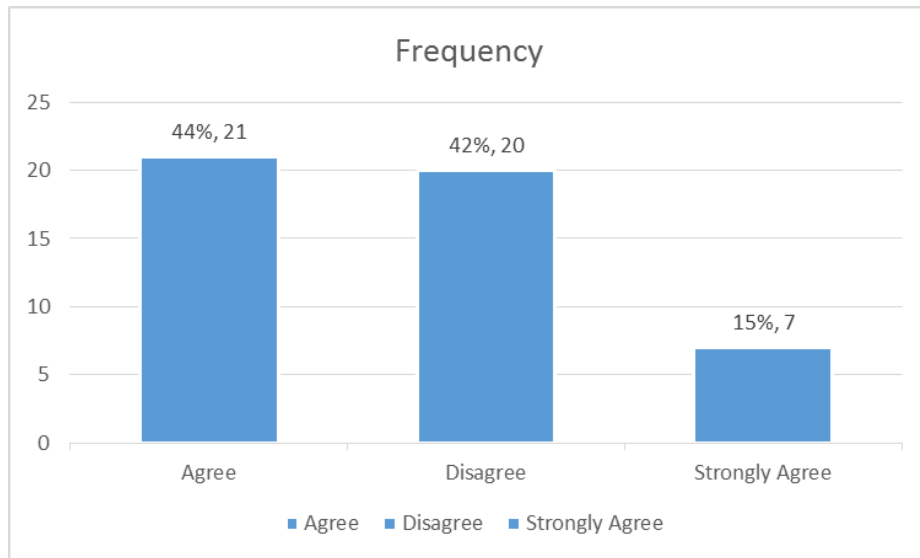


Figure 4.2.5: Periodic Performance ratings

Figure 4.2.5 shows that the majority of the respondents (44%) agree that performance ratings were being done periodically. Another 15% of the respondents strongly agree to this while 42% of the respondents disagree that they're being done periodically.

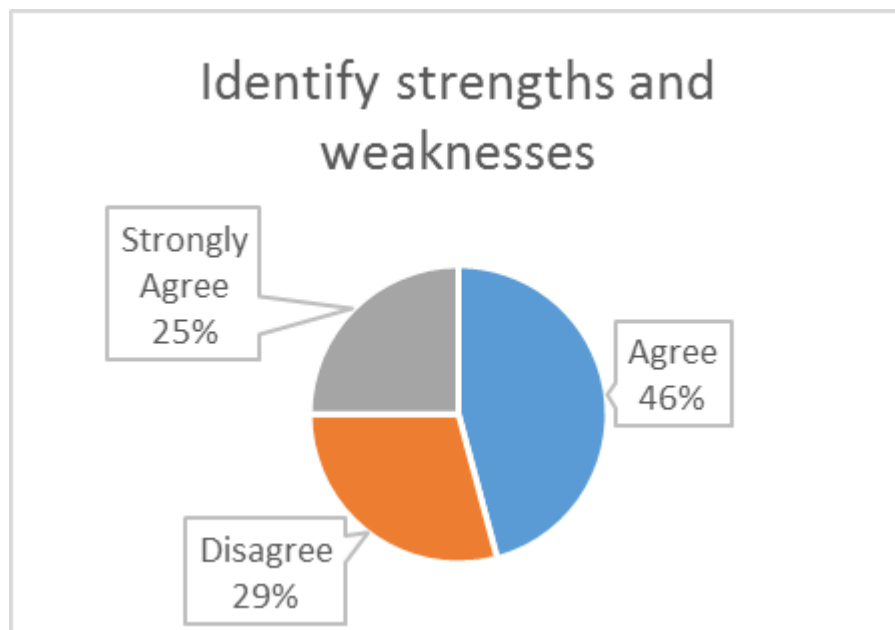


Figure 4.2.6: Strengths and weaknesses

Figure 4.2.6 indicates the Performance Management System helps to identify strengths and weaknesses according to 46% of the respondents, 29% disagree while another 25% strongly agree.

Table 4.4: Recognizes employee efforts

	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	26	54.2	54.2	54.2
Disagree	11	22.9	22.9	77.1
Strongly Agree	11	22.9	22.9	100.0
Total	48	100.0	100.0	

Table 4.4 shows that according to 54.2% of the respondents the Performance Management System recognizes employee efforts to organizational goals. 22.9% of the respondents disagree to this while another 22.9% of the respondents strongly agree to this.

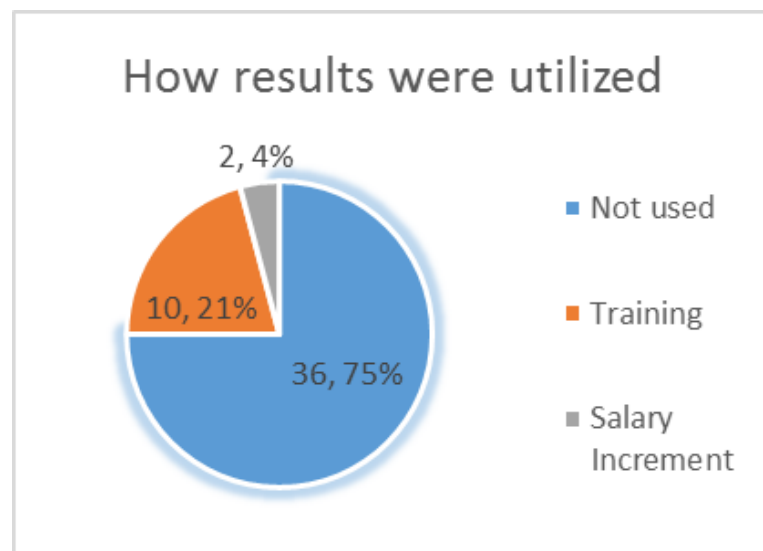


Figure 4.2.7: Utilization of results

Figure 4.2.7 points out that when the staff were asked on how the results of the performance used the organization, majority (75%) said that the results are not used by the organization, 21% said that the results are used to organize for trainings and only 4%

said that the results are used for salary increment. None of the respondents mentioned whether the results are being used for promotion, incentives or for rotation.

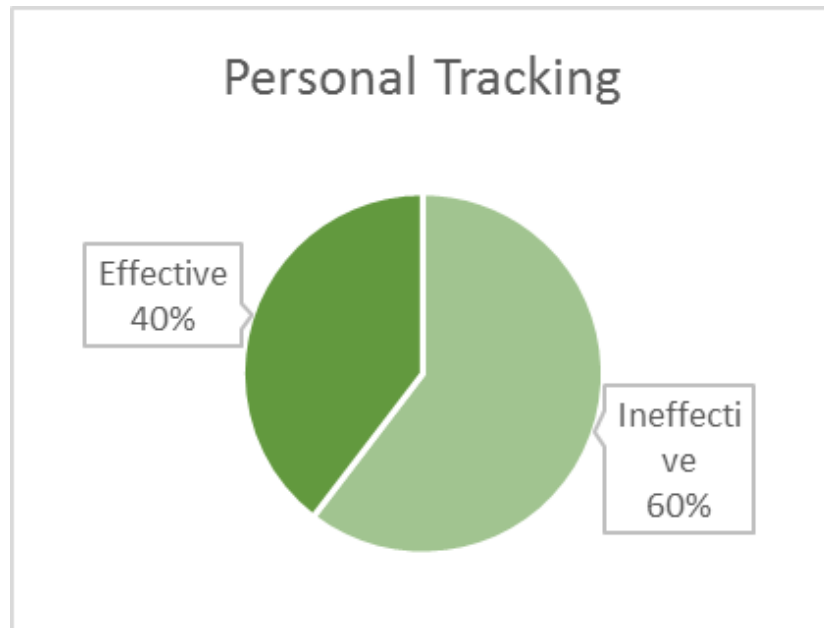


Figure 4.2.8: Rate personnel tracking

Figure 4.2.8 illustrates that when staff were asked to rate the management of FAO in tackling personnel work performance as very effective, effective, ineffective or very ineffective, majority (60%) said that it was ineffective while 40% said it was effective in tackling personnel work performance. None said whether it was very effective or very ineffective.

4.4 Challenges of Performance Management System

Table 4.5: Challenges of PMS

	Frequency	Percent	Valid Percent	Cumulative Percent
Limited transparency	6	12.5	12.5	12.5
Minimal communication	6	12.5	12.5	25.0
Not updated regularly	5	10.4	10.4	35.4
Roles don't match profession	5	10.4	10.4	45.8
Complexity different sectors	4	8.3	8.3	54.2
Don't understand PMS	3	6.3	6.3	60.4
Low staff morale	3	6.3	6.3	66.7
No assurance of extension	3	6.3	6.3	72.9
No consideration of staff members growth	3	6.3	6.3	79.2
No improving organizational goals	3	6.3	6.3	85.4
Not addressing demotivated staff	2	4.2	4.2	89.6
Only done as a formality	2	4.2	4.2	93.8
Does not cut across all types of contracts	1	2.1	2.1	95.8
No involvement of staff	1	2.1	2.1	97.9
Not tied to merit basis	1	2.1	2.1	100.0
Total	48	100.0	100.0	

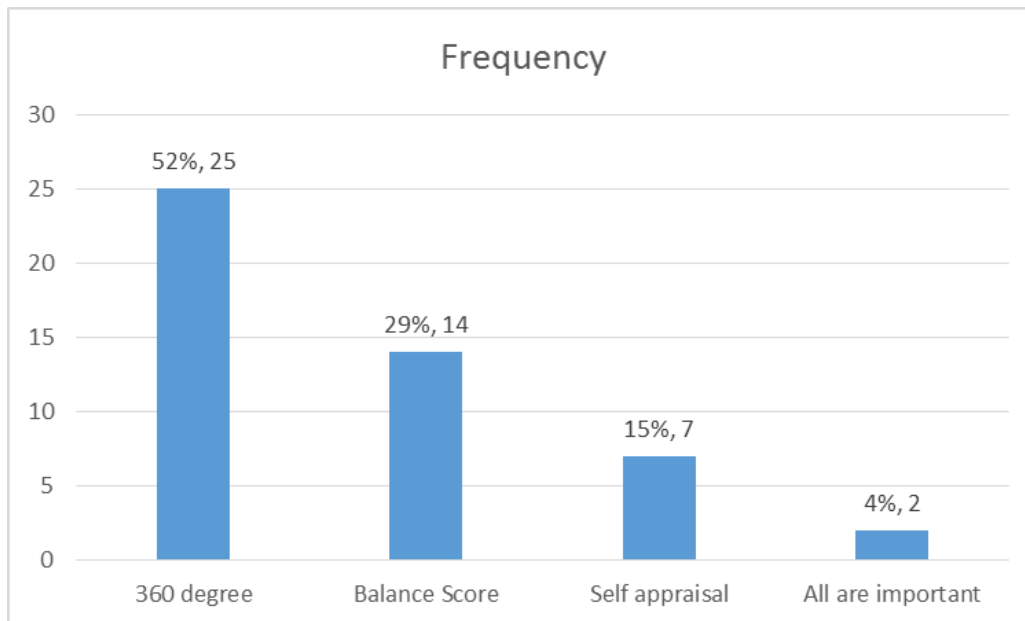
Table 4.5 shows that the most common challenge facing the current Performance Management System according to the respondents was limited transparency and minimal to no communication at all at 12.5% respectively. Some staff expressed that they were not being updated regularly and being assigned roles that do not match their profession and complexity at 10.4% respectively. There were other common challenges facing the current Performance Management System. Other challenges facing the current Performance Management System were low staff morale, most staff being on short term contracts with no assurance of extension or termination, it does not put into consideration staff members growth on the job, not focused in improving organizational goals and not addressing demotivated staff all at 6.3%. The system was also accused of not being given the serious that it deserves but only being done as a formality. Other short comings were that it does not cut across all types of employment contracts but focusing only on in fixed term type of contracts, no involvement of staff in decisions made that affect them and finally, that the current performance management system is not tied to the merit system at 2.1% where there is reward for good performance and reprimand for non-performance. 6% of the respondents however didn't state any challenges, stating that they did not understand the meaning of the term Performance Management System.

Table 4.6: Suggestions for improvement

	Frequency	Percent	Valid Percent	Cumulative Percent
Management tied on merit basis	14	29.2	29.2	29.2
Communication on performance	9	18.8	18.8	47.9
Build more strong team work spirit	3	6.3	6.3	54.2
Constant feedback	3	6.3	6.3	60.4
Focuses not only on fixed term contracts	3	6.3	6.3	66.7
Regular updates	3	6.3	6.3	72.9
Trainings for capacity building	3	6.3	6.3	79.2
Carry out job evaluation exercise	2	4.2	4.2	83.3

Establish a continuous assessment system	2	4.2	4.2	87.5
Set up a PMS unit	2	4.2	4.2	91.7
Streamline appraisal processes and procedures	2	4.2	4.2	95.8
Give promotion	1	2.1	2.1	97.9
Involvement of staff in decision making	1	2.1	2.1	100.0
Total	48	100.0	100.0	

Table 4.6 shows that when asked on what they think the management of FAO should do to improve the performance management, majority (29.2%) said that it should have its management tied on merit basis and give incentives to the best staff. 18.8% suggested that the management of FAO should embrace communication on performance. Other common suggestions (6.3% each) were that they should build more teamwork spirit, provide constant feedback, focus not only in fixed term contracts but also on all also in all other employment contracts, provide constant feedback to employees in order for employee to know which areas to improve and to provide trainings for capacity building. Other suggestions (4.2% each) were that the management should carry out a job evaluation exercise, establish a continuous assessment system, set up a Performance Management System unit and streamline appraisal processes and procedures. Finally, it was suggested that the management of FAO should give promotions and have staff representatives in discussions that affect them enormously.



4.5 Type of performance management system suitable for FAO

Figure 4.2.10: Performance Review Process suitable for FAO

Figure 4.2.10 shows the 360 degree feedback appraisal is best suitable for FAO as outlined by 52% of FAO employees. This method involves the appraise receiving feedback from people (named or anonymous) whose views are considered helpful and relevant. The feedback is typically provided on a form showing job skills/ abilities/ attitudinal/ behavioral criteria and scoring or value judgment system. The appraise should also assess himself or herself using the same feedback instrument or form.

The performance review process suitable for FAO is the balance score card as stipulated by 29% of the employees. The balanced scorecard is a strategic planning and management system that is used to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals.

Self-appraisal is the best suitable type of performance review process for FAO according to 15% of the respondents. This is where employees consider their strengths and weaknesses when conducting self-appraisal.

The other employees (4% each) believe that the performance review process suitable for FAO is the Management by objectives and the peer review. Management by Objectives, or MBO, is a management strategy that uses the S.M.A.R.T. goals method--setting

objectives that are specific, measurable, achievable, realistic, and time-based whereas in Peer review, peers in an organization are involved in the appraisal of their colleagues.

None of the employees suggested the critical incident method which is a performance appraisal method in which a supervisor keeps a written record of positive and negative performance of employees throughout the performance period.

Table 4.5: Period before carrying out a review process

	Frequency	Percent	Valid Percent	Cumulative Percent
Continuous Review	14	29.2	29.2	29.2
Quarterly	11	22.9	22.9	52.1
Semi-annual	11	22.9	22.9	75.0
Balance Score	6	12.5	12.5	87.5
Annually	5	10.4	10.4	97.9
peer review	1	2.1	2.1	100.0
Total	48	100.0	100.0	

Table 4.5 illustrates that majority of the FAO employees believe that a continuous review process is best suited for FAO at 29.2%. The quarterly review process and a semi-annually process were also preferred by 22.9% of the FAO employees. They added comments such as, “The review process should be done as often as possible and that the minimum no of times should be twice in a year.” Only few employees believe that the review process should be done annually at 10.4% whereas 2.1% recommended peer review process.

Table 4.6: Effectiveness of the current Performance Management System

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	8	16.7	18.2	18.2
No	20	41.7	45.5	63.6
No, it is not tied on merit	5	10.4	11.4	75.0
No, due to lack of commitment by management	3	6.3	6.8	81.8
No, due to monotony	3	6.3	6.8	88.6
No, lacks provision of training	3	6.3	6.8	95.5
No, no human based PM	2	4.2	4.5	100.0
Total	44	91.7	100.0	
No response	4	8.3		
Total	48	100.0		

Table 4.6 indicates that only 18.2% of the employees think that current Performance Management System is effective. Majority (82%) think that the system is ineffective. 45.5% of the respondents said it was ineffective without giving any reason. 11.4% of the respondents said no said it is because it because the current system is not tied on merit basis. 6.8% said no because the system lacks commitment, another 6.8% because they feel the system is monotonous, and another 6.8% because they feel the current system lacks provision of training. 5% said no because there are no human-based PM in place other than result delivery by PMU. 8.3% of the respondents didn't answer this question.

CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents discussions of the key findings presented in chapter four, conclusions drawn based on such findings and recommendations on performance management systems on staff performance. This chapter is, thus, structured into discussions, conclusions, recommendations and areas for further research.

5.2 Summary

The purpose of this study was to investigate the effect of performance management system on employee performance in Food and Agriculture Organization. Therefore the study was aimed at providing a better understanding of employees' thoughts and attitudes towards performance appraisal which could contribute to the tailoring of a suitable performance management system that would have buy in from all employee as well as to provide concrete guidelines and practical steps that can be used to improve the performance management processes in FAO. In this era, organizations are taking steps to successfully address the negative view of performance management. They put into operation innovative solutions that ensure processes deliver real results and improve performance.

The study adopted a descriptive research design. The population of interest consists of 94 staff members of Food and Agriculture Organization. A census was undertaken to interview the entire population. Data will be collected using structured questionnaires. The data will be analysed using the Statistical Package for Social Sciences (SPSS) into frequency distribution and percentages. The data will be presented using tables and charts.

The findings on how the employees interpret their experiences with the Performance Management System are that there was openness of expression. As for the attitude of the participants towards the system, all of the sectors felt that a performance management system was needed, but should include the components of staff involvement, fair monitoring, rewarding high performers and correcting low performers.

On the challenges of performance management system, there was limited transparency and minimal communication. The findings concluded that a revised performance management system should close the missing gaps and have a stronger emphasis on proper communication, managing, monitoring and reporting, as well as rewarding or correcting high or low performance respectively. According to Schneier et al. (2013), a performance management system is classified into a development, planning, managing, reviewing and rewarding phase.

The performance review process suitable for FAO is the 360 degree feedback. It is a powerful developmental method and is quite different compared to the traditional manager-subordinate appraisals. This method does not replace the traditional one-to-one process and can be used as a stand-alone developmental method. This method involves the appraisee receiving feedback from people whose views are considered helpful and relevant. The feedback is typically provided on a form showing job and skills criteria and scoring or value judgment system. The appraisee should also assess himself or herself using the same feedback instrument or form (Gold, 2010)

5.3 Discussion

5.3.1 How do employees see and interpret their experiences with the performance Management System?

The findings on how the employees interpret their experiences with the Performance Management System are that there was openness of expression. As for the attitude of the participants towards the system, all of the sectors felt that a performance management system was needed, but should include the components of staff involvement, fair monitoring, rewarding high performers and correcting low performers. High performers get a big reward in form of bonus or salary increment whereas the middle performers get some reward, but the low performers are often laid off or given a clear signal that their job is on the line (Lawrie, 2004).

There is a negative perception the employees have concerning Performance Management System. They believe that the system is influenced by subjectivity, according to the investigation done by (Newel, 2000) concerning the perception that employees have of performance management system. There is very little employee involvement in

formulating criteria, agreeing performance standards and objectives when designing performance systems. Management selects a few top representatives to develop the system in the absence of staff.

Performance management is a process that requires integration, mobilization and harmonization of various resources, systems, strategy, structure and culture. The major challenge lies in the implementation of performance management processes (Clake, 2011). Lack of knowledge and skills to implement successful performance management systems remain a major constraint. Performance management requires commitment from top management and leadership. It requires the development of an organizational culture characterized by trust, a sense of belonging to the organization, commitment to a higher cause, a strong work ethic and courage to follow the truth.

According to (Makori, 2014) on a study that he carried out on employee perceptions of performance management, the employees in the hotel industry believed that they performed better in their daily tasks but there was no significant relationship between their individual performance and the perception they had of the initiatives that the hotel had put in place for performance appraisal. The study therefore concluded that employee perception on performance management was not necessarily influencing individual performance in the hotel industry.

Perceptions principally relate to social contacts rather than to procedures. In order to develop positive perceptions organizations should ensure that their processes are clear in relation to the key performance indicators and rewards, consistent feedback and clear explanations about performance management processes by Managers (Palethorpe, 2011). Recognition and rewards are one of the primary objectives that need to be aligned with the overall organizational strategy. In order for a performance management to be successful, there need to be a collaborative process between supervisors and employees. A performance management cycle should begin with a discussion of employee and supervisor to discuss results, the expected behaviors and developmental aspects for better future performance (Aguinis, 2009). This collaborative aspect of performance management process lets supervisors understand the story from a subordinate's perspective (Robbins, 2007). This will therefore provide a forum to elaborate the expectations for employees. It also provides information for future decisions about promotion or rewards as well as providing a platform to attain the desired employee behaviors for better performance.

Human Resource tasks such as performance management impact and include employees as well as supervisors. This inclusion will influence the quality of the relationship and also improve on perceptions as pointed out by (Manville & Greatbanks, 2013). The organization perceptions that are possessed by an employee are largely contributed by supervisors as researched by (Greenberg & Haviland, 2008). This can be a key factor in transmitting an organization's perceptions to outsiders as well as stakeholders (Reynolds, 2009).

5.3.2 What are the challenges of Performance Management System?

On the challenges of performance management system, there was limited transparency and minimal communication. The findings concluded that a revised performance management system should close the missing gaps and have a stronger emphasis on proper communication, managing, monitoring and reporting, as well as rewarding or correcting high or low performance respectively. According to Schneier et al. (2013), a performance management system is classified into a development, planning, managing, reviewing and rewarding phase.

Performance standard is the measuring tool for determining the outcomes of employee's performance. All necessary standard need to be followed and spelt out to the staff. Stipulation of standards is important because it helps the organization to achieve its goals; to motivate individuals, teams and groups to a higher level of personal work behavior. Standards reinforce behavior, promotes the consistency of employee's performance and it can also be used to weigh and measure the impact of employee's performance (Greiner, 2013)

For employees to be productive optimally there must be knowledge and training to carry out a particular job. Training and development enables employees to provide optimum output and also reduce the chances of their being infected by soldiering and deliberately working slow to avoid working full hours as highlighted by (Julnes, 2008).

Employee's engagement behavior should be included in the performance management (Armstrong, 2012) the behaviors of the employee include persistence, the ability to be proactive, role expansion and adaptability. The main activities of this component are performance appraisals and feedback from supervisor. However, in order to enhance

feedback, Julnes, (2008) argues that it is important that the employee feels that there is trust and justice in the system.

Competence based performance appraisal system was designed for higher education institutions by (Gilmore & Williams, 2009). He found out that there were three competencies, namely core competency, managerial competency, and technical competency. According to Parker, (2013) appraisal is "the process of periodically reviewing one's performance against the various elements of one's job". His study described the purpose and developmental criteria of a performance management program that assessed the performance of hospital employees on a regular basis. Slavin, (2014) examined the effect of performance appraisal politics on job satisfaction. The results confirmed that performance appraisal politics acted as important predictors of job satisfaction in the studied organization. Martin, (2009) examined the effect of performance appraisal on individual as well as on the organizations. The findings of the research showed that there was a noticeable effect of the performance appraisal on the organizations as well as on the individuals.

Trakoli, (2011) emphasizes the need for maximum prosperity of employees ultimately resulting in maximum prosperity of the organization. Taylor believes that proper remuneration keep workers motivated and lead to better job performance.

5.3.3 What are the types of Performance Management System?

The performance review process suitable for FAO is the 360 degree feedback. It is a powerful developmental method and is quite different compared to the traditional manager-subordinate appraisals. This method does not replace the traditional one-to-one process and can be used as a stand-alone developmental method. This method involves the appraisee receiving feedback from people whose views are considered helpful and relevant. The feedback is typically provided on a form showing job and skills criteria and scoring or value judgment system. The appraisee should also assess himself or herself using the same feedback instrument or form (Gold, 2010)

5.4 Conclusions

5.4.1 How do employees see and interpret their experiences with the performance Management System?

From the study it can be concluded that the perception of employees towards performance management practices is very critical in all organizations as this motivates them to achieve the goals set by the organization and the respondents pointed out to the various aspects of performance management practices in line with the planning and employee expectation, observing performance management practices, developing the capacity of performance management practices to perform and evaluate performance management practices which are crucial to managing the output given by the employees.

In conclusion, it has been argued that high performing organizations should strive for excellence and not mediocrity with regard to the performance management systems they utilize. However, results indicate that respondents have identified a number of areas that require significant improvements. The current system is ineffective, it lacks commitment and there is need for training of staff and management on performance management system.

A good and functional performance management system should be able to exhibit integration between organizational, functional and individual evaluation systems. Integration can be achieved in an organization through agreement on performance objectives and performance definitions at all functional levels in the organization. Moreover, performance management system should facilitate an individual in an organization to visualize how their individual objectives and evaluation measures lock into organizational perspective. Where the measurement systems in an organization are unable to meet conclusions and facilitate decision making it becomes a futile exercise and a redundant process of no value. In the ideal state, performance management should be able to deliver an overall performance evaluation being based on individual or functional numbers contribution in the organization. This will also enable an organization in future decision making and planning. Well executed and setup performance measurement frameworks facilitate an organization to enjoy vertical and horizontal functional collaboration to achieve organizational excellence.

Performance Management System provides feedback to an organization about its functional and individual achievements. These qualitative or quantitative substitute measures further provide a roadmap for how future organizational objectives can be attained. Past performances do not ensure better or similar future outcomes.

According to changing nature of career and unstable employment, there is an increasing idea that individuals' career progression is the responsibility of themselves, not the organization's responsibility. Predominantly, highly educated people are capable and able to manage their own career. Individual employees who are graduates can encourage themselves to remain employable and marketable, not only for developing a career in a particular organization, but also for developing lifelong transferable skills in job market. Based on the concept of individual career management employees are the central actors in managing their own careers. They determine which career direction they will take. ICM enhances individuals' perceptions of control over their careers, which in turn leads to career satisfaction which has been regarded as a key factor for individual and organizational success.

Proactive personality and self-control are the predictors of a successful career. Individuals proactive personality can promote their career success. Employees who are proactive are more likely to engage in improvement opportunities and innovative behaviors that are significantly related to career success.

5.4.2 What are the challenges of Performance Management System?

Improving a performance management system requires better design, higher commitment for implementation, enhanced skills and knowledge, capable leadership, regular monitoring and evaluations. Performance management is not an event it is a continuous process, which requires continuous learning and improvement. There is no performance management recipe or magic formula for success. There should be balance and emphasis on both the technical and human aspects of performance management. Organizations must align individual, team and organizational objectives, needs and aspirations.

Top management should strive for servant leadership. This is virtuous, highly ethical and based on the premise that service to followers is at the heart of leadership. Servant leaders exhibit the qualities of vision, caring for other people, selflessness, integrity, humility,

trustworthiness and interpersonal acceptance. It can be realized from different conceptualisations of servant leadership that service to followers and valuing followers are the basic principles of a servant leader. When members of a team perceive that their leader is concerned about their welfare, they will become more committed to the organization.

Organisations have a need for leadership styles that create favourable environments for teams to function optimally. Team leadership is a fundamental process, focusing around the satisfaction of critical needs of a team with the goal of enhancing team effectiveness. Clear performance by increasing resilience and productive time reduce the negative factors such as exhaustion and absenteeism.

In the context of performance contracting, commitment is at two levels; top management and the level of employees. Top management commitment may be viewed from willingness to be loyal and focus all the energies to implementation process. Expectancy theory by Victor Vroom tells us that employee commitment to organizational goals depends on the strength of expectation that doing so will be followed by favorable outcome and the value that the individual attach to the reward. People will oppose change if they do not see clear and reliable gains. They look at what is in it for me? This means that the commitment of the employees is dependent on their perceived gains from implementing the system. Unless performance management system gain acceptance through encouraging people to collaborate because they want to not because they have to, performance management system may actually lead to suboptimal performance by making figures look appealing only on paper.

Lack of constant review of performance management system to align with changes in the organization is a common phenomenon in many organizations. The performance management system can be a good mechanism for quality assurance if implemented in the right manner and enabling environment. Performance management systems need to be reviewed on a regular basis to make them compatible with international trends of making businesses more responsive to the needs of the clients. Most performance management systems, while well-intentioned, are fraught with numerous challenges that impact on its implementation. This range from lack of regular system review, lack of training on performance management, shortage of resources in organizations, abuse of the system as well as lack of reward. These impediments need to be addressed with a sense of

urgency if at all the performance management system is to remain credible in the eyes of the stakeholders.

5.3.3 What are the types of Performance Management System?

Performance management success requires continuous reflection and improvement. In an increasingly global and competitive world, improving performance is an enormous challenge. High performance is the only way to achieve the sustainable success of any individual, organization or society. It is my hope that the findings and knowledge developed in this study will help FAO to improve their performance. A better performing organization will make a greater contribution to the millennium development goals, and hunger eradication. I am inspired by the thought that this study will play a part in realizing the goals of FAO. The study focused on various types of performance management systems.

360 degree feedback appraisal is a powerful developmental method and is quite different compared to the traditional manager-subordinate appraisals. This method does not replace the traditional one-to-one process and can be used as a stand-alone developmental method. This method involves the appraisee receiving feedback from people whose views are considered helpful and relevant. The feedback is typically provided on a form showing job and skills criteria and scoring or value judgment system. The appraisee should also assess himself or herself using the same feedback instrument or form.

Balanced scorecard is increasingly being used as a strategic performance management tool in both public and private sectors. This adoption has encouraged evolution of the balanced scorecard methodology over the last two decades. This is further complicated by the fact that scholarly works on strategic performance management have predominantly focused on private sector organizations.

Management by Objectives, or MBO, is a management strategy that uses the S.M.A.R.T. goals method--setting objectives that are specific, measurable, achievable, realistic, and time-based. This article discusses the first steps toward implementing this management method in your department.

employees should consider their strengths and weaknesses when conducting self-appraisal. They should brainstorm a list of strengths and the tasks or skills they enjoy the most. They should then take an honest look at areas where you could improve. Improvement areas might include time management skills, speaking in front of groups, leading projects or even improving processes.

It is a performance appraisal method in which a manager keeps a written record of positive and negative performance of employees throughout the performance period. There is no standard form used, so it is a method. Most formal reviews take place only once or twice a year. It is important to let employees know how they are doing on an ongoing basis.

Peers in an organization are involved in the appraisal of their colleagues. Peer evaluation can be used when the supervisors are frequently absent or as an additional review to confirm the findings of the supervisors. Employees also interact with other members of the staff frequently. At times, peers may have a better and clear understanding of what their colleagues are doing since they interact on a daily basis. They are also more directly affected by the employees' actions either in a positive manner or negative manner.

5.5 Recommendations

5.5.1 How do employees see and interpret their experiences with the performance Management System?

It can be recommended from the study that FAO should enhance the various parameters mentioned on the employee's perception towards performance management practices in FAO and widen the scope on other parameters that may be used to gauge the levels of performance management practices in FAO by the employees. Transparency should be encouraged, performance management to be carried out regularly, perform job design in order to match staff qualifications to the right job, boost staff morale by giving them longer contracts, create job growth path for staff and orient new staff on performance management and engrave it to the organization policy. FAO needs to highlight the organization objectives which will contain clear criteria and standards of expected performance from all the sectors and each employee. Evaluating employee's performance

on pre-defined parameters has been highlighted as a differentiating factor among the market leaders and survivors. The performance management tool should be negotiated and agreed with the staff and management. The performance measures or key performance indicators should be agreed upfront with all employees, irrespective of their level in the organization.

Performance management system is the process of achieving organizational objectives by making productive use of people. Other scholars say that performance management includes the process of designing formal systems that ensure the efficient and effective use of human talent to achieve organizational objectives. One of the key functions in Human Resource Management is performance evaluation. Performance evaluation is the key difference between organizations just managing to survive and high performing organizations. Performance evaluation aligns itself to the organization strategies and also provides a lively link to general and specific human resource functions. However, performance evaluation is casually done in organizations where the business strategies are not properly aligned. Human Resource as a function should not impose the idea of performance evaluation because it is everyone's responsibility in an organization.

The concept of management emphasizes the need for getting things done right through people efficiently and effectively. This also raises the question of what systems the businesses use to evaluate whether things are heading in the right direction or not. In order to solve this puzzle, organizations are highly encouraged to evaluate their previous performance and align it to their future objectives. The process of this evaluation does not end with the good performance of an organization. The process needs to trickle down to individual levels. Organizations use performance management systems for all business drivers from individual to functional, shareholders and customers. There is a substantial gap that lies between practical orientation of performance management and the literature. This gap exists because researchers target other researchers as their audience rather than organizations.

Performance Management, is a process designed to improve organizational, team and individual performance and this is owned and driven by the line manager. Performance management is viewed as a continuous process of identifying, measuring and developing performance of individuals and teams and aligning performance with the strategic goals of the organization. It also evaluates the improvement being made towards the achievement of organizational strategic business objectives. Performance Management

will not provide the desired outcomes if an individual's performance and objectives are not aligned with the strategic objectives of the organisations. In addition, in cases where the individual or functional objectives are aligned and not rewarded properly, the end result is a disconnect syndrome, swaying an organization away from its objectives. In order to avoid the disconnect syndrome, synchronization in objectives should be ascertained.

5.5.2 What are the challenges of Performance Management System?

On the challenges of performance management system, FAO will also need to develop a performance management system comprising planning, managing, reviewing and rewarding stages. A system of ongoing performance feedback, both formative and summative, should be implemented. It is recommended that discussion about performance management be improved and should happen regularly for reasons of transparency, so as to restore a culture of trust in the organization. FAO will need to train all managers and supervisors on how to use the performance management process effectively so as to improve employees' performance, not for punitive measures.

One of the most difficult requirements of an effective performance management system is that it should be as free as possible from bias. People cannot deny the involvement of bias in their decision making on performance of theaters. The only thing that the raters can do is to minimize the level of unfairness as much as possible. Work professionalism plays an important role for the reliability of the assessment process. There are many types of bias that creep into performance management system and the most reported are recently effect, halo effect, central tendency and prejudice. The main issue in the practice of performance appraisal activity is the fairness of the evaluation decision by supervisors. Raters have problems evaluating the performance appraisal in a proper way. Performance of individual employees that is not measured accurately can lead to dissatisfaction with the system.

One of the factors that contribute to employee's dissatisfaction is that raters do not have the required skills to appraise staff. This will affect the process of evaluation because bias, unfairness and unreliability may happen. As much as there is a formal evaluation form and a set of rules and standards to be followed, employees often do not trust the tools of evaluation. Subjectivity in the performance evaluation in the public and private sector is quite common. Managers are encouraged to be as objective as possible but

during the implementation of performance appraisal, the evaluation becomes subjective. The subjectivity of the evaluation discourages employees on supporting the measurement of performance management system and this reduces the objectivity of the performance appraisal. The quota system that is practiced in some organizations creates dissatisfaction among employees. A small fraction of the employees get salary increment either vertically or diagonally. Therefore, although the employees may perform well, they might not be rewarded because salary increment depends on the quota system. This will therefore lead to decrease in work performance, self-esteem and loyalty. The appraisal decision is confronted with a great deal of criticisms and comments from the employees. There are several issues that have been brought forward such as the rater's ability to conduct performance appraisal, accuracy of the system, fairness, discrimination and quota system.

Performance management should suit the organization's culture. Research findings strongly suggest that multinational company's manager should carefully design the appropriate performance management system for foreign operation based on the different cultural factors of the country.

5.5.3 What are the types of Performance Management System?

A transparent system should be encouraged, performance management to be carried out regularly, perform job design in order to match staff qualifications to the right job, boost staff morale by giving them longer contracts, create job growth path for staff and orient new staff on performance management and engrave it to the organization policy. FAO needs to highlight the organization objectives which will contain clear criteria and standards of expected performance from all the sectors and each employee. The performance management tool should be negotiated and agreed with the staff and management. The performance measures or key performance indicators should be agreed upfront with all employees, irrespective of their level in the organization.

360 degree feedback is suitable for FAO. It involves the appraisee receiving feedback from people whose views are considered helpful and relevant. The feedback is typically provided on a form showing job and skills criteria and scoring or value judgment system. The appraisee should also assess himself or herself using the same feedback instrument.

5.6 Suggestions for Further Research

This study has examined the perception of employees towards performance management practice at FAO. To this end therefore the same study should be carried out in other organizations to find out if the same results would be obtained.

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APPENDIX 1: QUESTIONNAIRE

EFFECT OF STAFF PERFORMANCE MANAGEMENT SYSTEM ON STAFF PERFORMANCE

PART A INTRODUCTION: This is a kind request for FAO Staff to take part in this survey. I would like to ask you a few questions about performance management System in FAO. I am currently pursuing my Masters and this information will help in my Project Proposal on the above mentioned topic. It will only take a few minutes and all information provided will remain confidential and anonymous.

1. State your gender:

- Male
- Female

2. State your Unit

Employee experiences with the Performance Management System

What is your level of agreement with the following statements

	Agree	Strongly Agree	Disagree	Strongly Disagree
4. Satisfied with the existing performance Management System	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. The performance management helps to win	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Agree Strongly Agree Disagree Strongly Disagree

cooperation and
team work

8. Performance

management
helps to identify
competencies
that require
personal
improvement?

9. FAO

develops
intervention
training
programmes
that are tied to
the gaps
identified in the
performance

Ro10. The
performance
ratings were
done
periodicallyw 5

11. The
performance
management
system helps to
identify the
strength and

Agree Strongly Agree Disagree Strongly Disagree

weakness of the
employee

13. Performance

management

recognizes

employee's

efforts to

organization

goals.

14. How are the results of the performance utilized by the organization?

- Training
- Promotion
- Incentives
- Rotation
- Salary Increment
- Not used
- Others (Please specify
-

15. Rate the management of FAO in tackling personnel work performance issues?

- Very effective
- Effective
- Ineffective
- Very Ineffective

The challenges of Performance Management System

14) What do you think are the challenges that are there in the current performance management system?

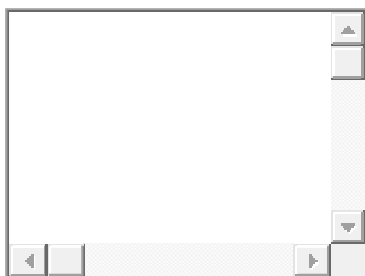


15. What do you think the management of FAO should do to improve performance management? List all your suggestions below:



Which type of Performance Review Process is suitable for FAO?

16) List the Type or Types that you think is best to assist in performance review process. The types are: The types are mentioned below:



The types are:

360 Degree Feedback Appraisals This method involves the appraisee receiving feedback from people (named or anonymous) whose views are considered helpful and relevant.

The feedback is typically provided on a form showing job skills/abilities/attitudinal/behavioral criteria and scoring or value judgment system. The appraisee should also assess himself or herself using the same feedback instrument or form. Balance Score Card The balanced scorecard is a strategic planning and management system that is used to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. Management By Objectives Management by Objectives, or MBO, is a management strategy that uses the S.M.A.R.T.

Goals method--setting objectives that are specific, measurable, achievable, realistic, and time-based. Self-Appraisal this is where employees consider their strengths and weaknesses when conducting self-appraisal. The critical incidents method It is a performance appraisal method in which a supervisor keeps a written record of positive and negative performance of employees throughout the performance period. Peer Review Peers in an organization are involved in the appraisal of their colleagues.

17. What do you think is the ideal performance Review Process for FAO ?



18) In your opinion do you think the current Performance Management System is effective?

- Yes
- No
- If No, Why?
- Other:

Thank you for taking your time to complete this questionnaire

