

Perceived Factors affecting Performance Management among Local Authorities in Kenya: A Case of the City Council of Nairobi

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Organizations are investing ever-increasing amounts of resources into performance management though it is still not clear what they can expect in return or how this might influence the likelihood of positive system outcomes. An effective performance management system clearly defines expectations and helps to align employee behavior with the culture and business needs of the organization. In an increasingly competitive world, performance management is not optional but rather it is essential for enhancing organization`s effectiveness and competitiveness. Today`s organizations have to face a turbulent environment where change seems to be the only constant. To meet this challenge, organizations are forced to accelerate effectiveness in all activities, be flexible to changes in the internal and external environment, improve quality and service delivery, reduce cost and fully use their intellectual capacity. Furthermore, as the system is becoming more complex, emphasis is given to the process orientation and cross functional approaches. To succeed, knowledge, skills, experience and perspectives of a wide range of people must be integrated. There needs to be understanding of the relationship between strategy, people, organizational design and performance systems in order for performance management to be achieved in the Public Sector. The objective of the study was to establish the perceived factors that affect employee performance management in the City Council of Nairobi. A descriptive research design was adopted with the total population of the study comprising of 10,600 employees with 7% being from senior management, 27% from middle level management and 66% from lower level management. Stratified sampling was used for ease of classifying the sample into the three categories with the sample comprising of 10% from each strata of the target population. A five point Likert scale questionnaire was used to collect data and averages, percentages and correlation analysis used. The study found out that the perceived factors that influenced performance management were understanding of performance management, stakeholder involvement, continuous monitoring, feedback, dissemination and learning from results, organizational culture and leadership commitment. The study recommended that the council should involve all the stakeholders in coming up with policy decisions that will affect them as this involvement will help reduce resistance to implementation of the decisions. In addition, to help in adapting the council`s culture to deliver quality services, the council should allocate adequate resources for the training and development of its staff.

Key Words- Performance Management, stakeholders, effectiveness, service delivery, intellectual capacity, perception, business strategy, communication, stakeholder involvement and training.

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Introduction

Background of the Study

Performance management is a force for both vertical and horizontal integration. Hartle (1995) states that performance management should be integrated into the way business is managed and it should link with other key processes such as business strategy, employee development and total quality management. It is a strategic and integrated process that delivers sustained success to organizations by improving performance of the people who work in them and developing capabilities of individual and team contributions. It is strategic in that it is concerned with the broader issues facing a business, if that business is to function effectively in its environment.

Performance management involves directing and supporting employees to work as effectively as possible in line with the needs of the organization. This requires paying attention to employee's attitudes that improve the relationship between employers and employees such as job satisfaction, commitment and perceived psychological contract. It is a shared on going communication process between managers and individuals and teams they manage. It is based on the principle of management by contract rather than demand without excluding the need to incorporate high performance expectations in such contracts and establishing clear expectations and understanding about the output and how these should be achieved vis-a-vis the input in terms of knowledge, skills and capabilities required to achieve the expected results (Bititci, 2006).

Ideally, a Performance Management System should be designed to clarify objectives, assist in the management of individual employee performance and plan relative training and development programs. It should include an education strategy to ensure employees are aware of the management system, a process that does not discriminate in any way and ensures confidentiality and be a consistent link between goals and objectives for both the agency and employee. It should contain a clear statement of goals and objectives at the beginning of each evaluation period and involve an identification of attitudes, knowledge and skills for effective individual performance and opportunities for staff to undertake training and development and timely evaluations that accurately reflect employee's performance in line with the set objectives (<http://www.ocpe.nt.gov.au>).

Factors affecting performance management have been suggested by Bititci (2006) to occur due to managers implementing a performance management system with rules and regulations and then leaving it to run rather than take a hands-on operational approach and using leadership skills to motivate people to produce more and better. Conflicts between different interest groups produce three classes of challenges namely technical, systems and involvement (Radin, 2003). Technical challenges relate to the indicators, data collection, interpretation and analysis. The systems and involvement cover the softer people issues predominantly including insufficient support from higher levels of management or decision makers.

The City Council of Nairobi (CCN) was established as a railway depot to serve the Kenya-Uganda Railway. It was gazetted as a township in 1903 and upgraded to a municipal board in 1928. In 1950, Nairobi was granted City Status through a Loyal Charter by the British Colonial Administration. It later got incorporated under the Local Government Act Cap. 265 which came into effect in January 1964. Nairobi is now the political and administrative centre of the Republic of Kenya and has over the years grown steadily into the largest metropolitan in the East African Region. It has experienced rapid growth and has increased from 3.84 to over 680 square kilometres in 1910 to date with an estimated population of 3 million people and a services satellite towns of Thika, Kiambu, Machakos, Kajiado, Naivasha and others.

Statement of the Problem

The council has had to fulfil its mandate in a rapidly evolving demographic, political, technological and socio-economic environment. Over the last two decades, the council's financial position and its ability to deliver services has deteriorated gradually due to corruption, poor budgeting and growing population. In addition, commercial and industrial demand has led to overcrowding, inadequate sanitation, poor health, polluted water, inadequate solid and liquid waste management, inadequate infrastructure and lack of recreational facilities (Krhoda, 2008). Even though policies and systems for employee performance evaluation have long been in place at the City Council of Nairobi, there has been increasing demand to review the existing system to increase accountability and quality timely services

(City Council of Nairobi Hand book, 2007).

Gichimu (2010) researched on factors influencing successful implementation of employee performance management systems at KPMG while Mwangi (2008) investigated the use of rewards as a performance management strategy by insurance companies in Kenya. In 2008, Orale did a study on employee performance management practices in the City Council of Nairobi. The researcher was thus not aware of any study on perceived factors affecting employee performance management at the City Council of Nairobi or elsewhere despite the critical importance of the same as the success of implementation of the performance management system will depend on the perceived factors influencing performance at the Council.

Objective of the Study

The objective of the study was to determine the perceived factors affecting performance management systems among Local Authorities in Kenya, a Case of the City Council of Nairobi.

Contributions of the Study

The findings of this study would be of value and interest to various stakeholders.

- a) The management of the City Council of Nairobi and Local Authorities at large will understand the factors that affect performance management and therefore come up with measures to counter the challenges or build on the gains.
- b) The study will help the employees of the City Council and Local authorities

as it will suggest ways of improving their work environment.

- c) Stakeholders of City Council of Nairobi and other Local Authorities will benefit from improved service delivery.
- d) Other researchers and students of human resource management, performance management and local authorities will find this study a useful guide in carrying out more research in this area.

Research Design and Methodology

A descriptive research design was adopted. The total population of the study comprised of 10,600 employees with 7% being from senior management, 27% from middle level management and 66% from lower level management. Stratified sampling was used for ease of classifying the sample into the three categories with the sample comprising of 10% from each strata of the target population.

Table 1: Sample size

category	Number	percentage	Sample size
Senior Level Management	44	10%	5
Middle level management	183	10%	18
Lower level management	440	10%	44
	600		67

Primary data was collected using questionnaires and data analyzed using descriptive statistics.

Respondents Characteristics

60 out of 67 questionnaires were received back signifying an 88% response rate. 8% of this were in senior management, 25% middle and 67% in the lower cadres. 70% of the respondents were males with only 30% being females suggesting a significant difference in gender at the City Council of Nairobi. 62% of the respondents were between 41-50 years, 5% above 50 years, 31% between 31-40 years with only 2% being below 30 years old. The respondents had education background of 41% with post graduate education, 33% having a bachelor and 26% secondary

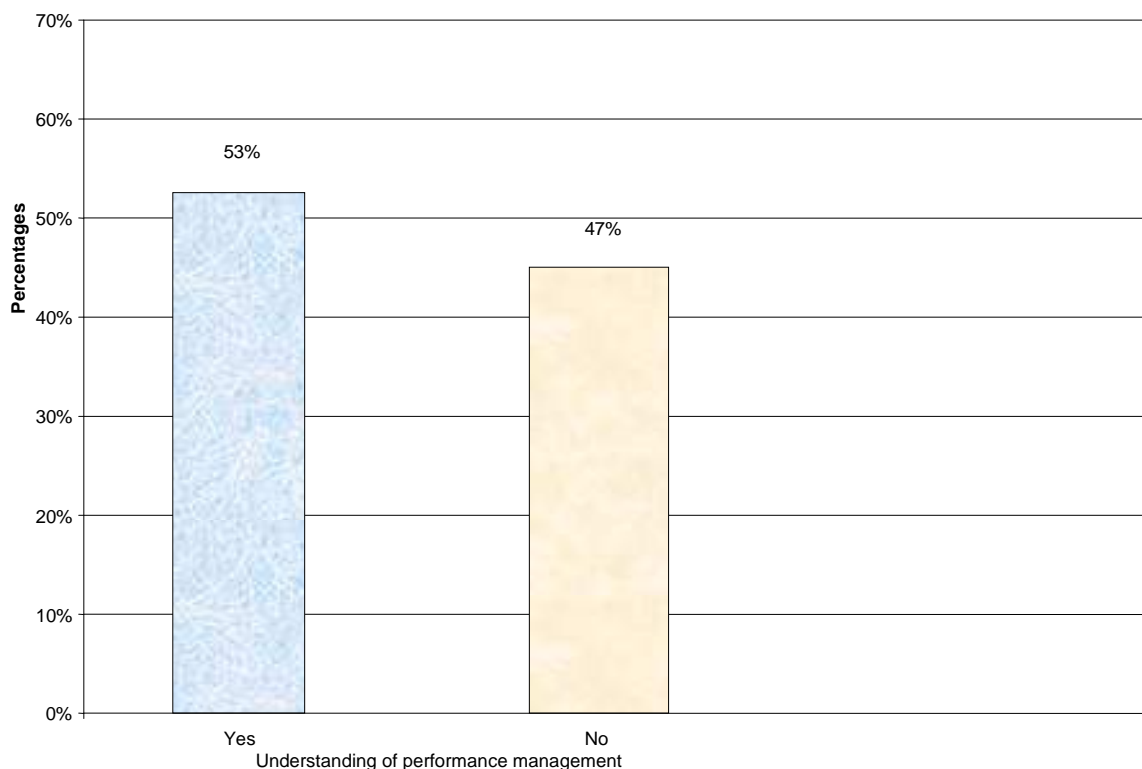
certificate. 64% of the respondents had over 10 years experience at the City Council of Nairobi, 29% had between 5 and 10 years and only 7% had below 5 years length of continuous service.

Data Analysis and Findings

Understanding of Performance Management

The respondents were required to indicate whether they understood the concept of performance management.

Figure 1: Understanding of Performance Management



Although 53% of the respondents understand the concept of performance management, 47% is a large proportion that does not understand performance management at the City Council of Nairobi. It is important to train and persuade these respondents on performance management and its potential benefits as these could be a key factor affecting performance management.

Employee involvement in performance management

The respondents indicated that 90% of the employees at the City Council of Nairobi were involved in the performance management system despite the large proportion of 47% that did not understand the concept of performance management.

Potential benefits of performance management

Table 2: Potential benefits of performance management

Potential benefits	Mean	Std. Deviation
Reduces time consuming misunderstandings among staff about who is responsible for particular tasks	4.3878	.70167
Reduces frequency of information unavailability when needed	4.1224	.83248
Empowers employees to make decisions on their own by ensuring they have the necessary knowledge.	4.0816	1.03756
Reduces mistakes and errors by helping management and staff to identify the causes of errors and inefficiencies	3.9388	.92214
Reduces micromanagement	3.8980	1.08484

The results indicate that performance management has the potential to play a key role at the City Council of Nairobi.

Stakeholder involvement

Stakeholders are actors who can affect or affected by the performance of an organization. Stakeholder involvement is typically organization initiated, consensus

based, collectively organised and offers stakeholders the opportunity to influence policies (Ansell and Gash, 2008). 82% of the respondents indicated that stakeholders were not involved in performance management.

Influence of stakeholder involvement on performance management

Table 3: Influence of stakeholder involvement on performance management

Influence of stakeholder involvement in performance management	Mean	Std. Deviation
Increased access to information and resources that the stakeholders possess on performance management	4.3673	1.05463
Builds support for the performance management policy	4.1837	0.90539
Enhances understanding, trust and ownership of performance management system	3.9796	0.77701

From the data analysis, stakeholders influence performance management by Increased access to information and resources that the stakeholders possess on performance management (Mean,4.3673),builds support for the performance management policy (Mean,4.1837) and enhances understanding, trust and ownership of performance management system (Mean,3.9796).

Effect of continuous monitoring, feedback, communication and learning from results

For performance management to be effective, there is need for effective continuous monitoring, feedback, communication and learning from results (Nutley et al, 2007). Respondents were asked to indicate whether these factors at

the City Council of Nairobi were affecting employee performance management.21% of the respondents indicated that these factors affected performance management positively while 79% felt that these factors affected performance management negatively.

Frequency of performance appraisals and feedback

Another possible factor that could affect performance management was identified by the respondents to be frequency of performance reviews. 79% of the respondents indicated that performance appraisal at the City Council of Nairobi was carried out yearly and thus was not supportive of performance management.21% felt that performance appraisal was supportive of the process of performance management.

Policy guide on rewards for exemplary performance

82% of the respondents indicated that lack of a clear policy guide on rewards management on exemplary performance was hampering performance management while 15% indicated that there were alternative ways in place for recognising good performance and these were sufficient to support performance management effectively. 3% were however

not sure of whether such a policy, even if it were in place, would have any effect on performance management.

Organizational culture

31% of the respondents indicated that council culture had a positive effect on performance management while 69% thought culture at the council was one of the hindrances to effective performance management.

Table 4: Organizational culture at the City Council of Nairobi and effect on performance management

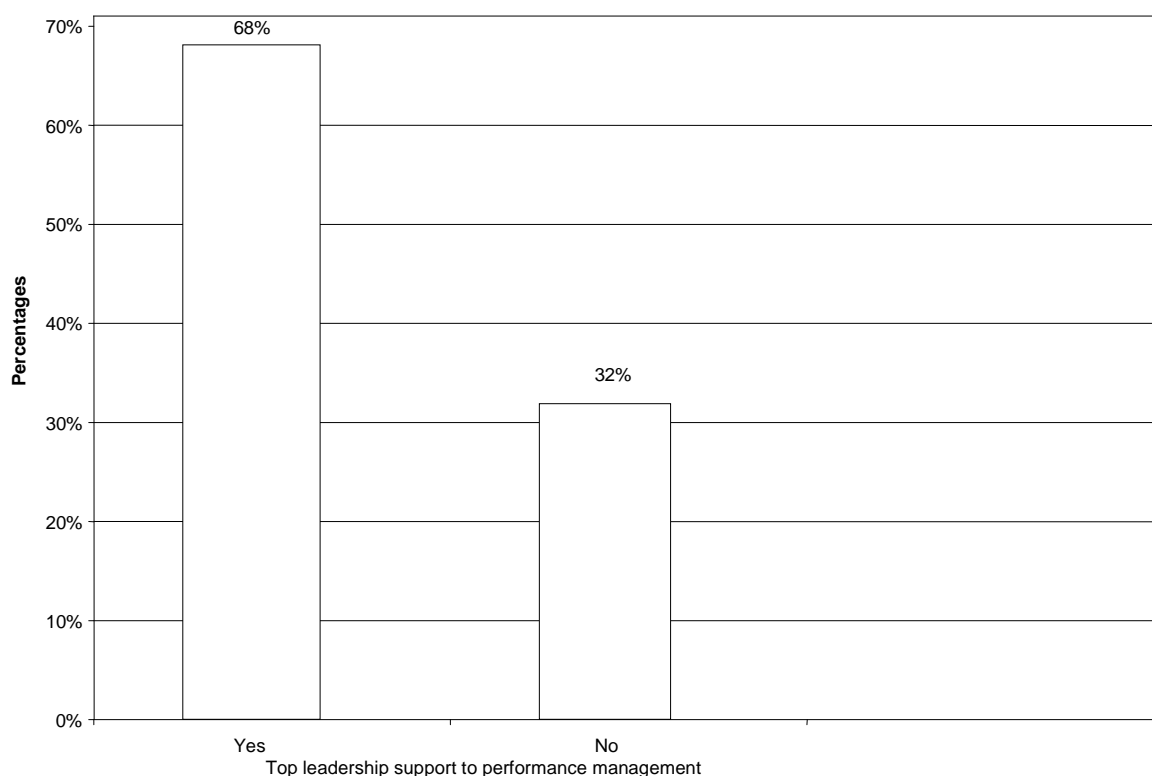
Element of organizational culture	Mean	Std. Deviation
Open communication and trust in the council among all stakeholders	2.8367	0.8253
Bad work habits are not the norm, excellence is encouraged	2.1837	0.9719
Clear boundaries of work responsibility and authority.	2.0939	0.7959

Open communication and trust in the council among all stakeholders (mean 2.8367), bad work habits are not the norm, excellence is encouraged (mean 2.1837) and clear boundaries of work

responsibility and authority with a mean of 2.0939 are some of the elements of culture identified by the respondents as having an effect on performance management.

Top leadership commitment to performance management

Figure 2: Top leadership commitment to performance management



68% of the respondents indicated that top leadership supported performance management while 32% felt that management did not support the same.

Training of employees and management

The respondents were requested to indicate whether they were regularly trained in performance management and other aspects of their work geared towards improving performance and performance management.

Table 5: Training of employees and management

	Mean	Std. Deviation
The council undertakes training needs assessment	2.2041	1.0404
The council provides adequate training for continuous staff motivation and development	2.0939	0.7959
Performance management is one of the areas of focus during training	2.1837	0.9719

Training is one of the key ways of affecting positively performance management positively that the City Council of Nairobi has adopted.

Conclusion

A large majority of the respondents did not understand the concept of performance management and the need to ensure that

this was rectified was acute so that the benefits from employee performance management were harnessed. The respondents who were aware of performance management attributed various benefits to it including clear responsibility and accountability over tasks, empowers employees to make decisions, saves time, improves service

delivery, reduces mistakes, enhances trust and improves access to information.

There was a greater need for stakeholder involvement in performance management to ensure access to resources, knowledge, increase support and enhance ownership of the performance management system. Feedback on performance including performance appraisal, continuous monitoring, feedback, dissemination, training and learning from results needed to be enhanced to be supportive of the performance management.

Organizational culture should also be reengineered to be more supportive of performance management and a clear reward policy guideline. Top leadership has been in support of performance management which makes it favourable to implement the system at the council.

Recommendations

The researcher recommends

- 1) That the City Council of Nairobi enhances understanding of performance management through training, seminars and on the job training to reap the benefits of performance management.
- 2) That it is critical to have greater involvement of employees in performance management to ensure success of the same.
- 3) That stakeholder involvement in performance management be enhanced to increase access to information and resources that the stakeholders possess on performance management, builds support for the performance management policy, enhances understanding, trust and ownership of performance management system.
- 4) That there must be continuous monitoring, feedback, communication

and learning from results while Frequency of performance appraisals and feedback should be enhanced from yearly to at least quarterly to better support performance management.

- 5) That a Policy guide on rewards for exemplary performance be developed and implemented.

Suggestions for further research

The study confined itself to the City Council of Nairobi. The research should be replicated in other councils and the results compared so as to establish whether there is consistency among the councils on the perceived factors affecting performance management.

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