

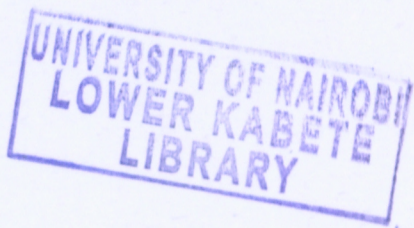
DECLARATION

**THE INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON
ACHIEVEMENT OF PERFORMANCE TARGETS BY GOVERNMENT OF
KENYA MINISTRIES IN PERFORMANCE CONTRACTING**

Date 19/11/2011

BY

MAGGY MWIKALI MWANGANGI



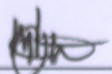
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A Management Research Project Submitted in Partial Fulfillment of the Requirement for the Award of the Degree of Master of Business Administration (MBA), School of Business, University of Nairobi

NOVEMBER 2011

DECLARATION

This Management Research Project is my original work and has not been presented for award of Degree in any other University.

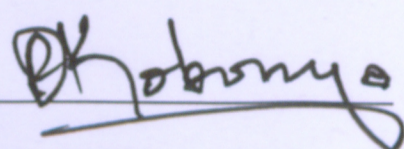
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This Management Research Project has been submitted for examination with my approval as University Supervisor.

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DEDICATION

I dedicate this research, first to God Almighty who has faithfully guided and strengthened me to its completion, in Him and with Him I can do all things (Philippians 4:13). Second, to my mother for shaping my life and to my husband and children for their unwavering support.

I am very grateful to the Heads of human resource management Departments in all the Universities of Kenya for their support and for creating time out of their busy schedules to complete the questionnaire.

I am forever grateful to my husband Aloise Mbiti, for being my emotional anchor throughout this study and in my life, his unwavering support and encouragement, made all the difference. To my children-Anast and Austin for allowing me time to study and for praying for me.

My sincere appreciation to my mother, Grace Mwangangi for her noble support through my entire life. God richly-bless you. To my brothers and sisters, I appreciate you all.

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I am very grateful to the Heads of human resource management Departments in all the Government of Kenya Ministries for their support and for creating time out of their busy schedules to complete the questionnaire.

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ACRONYMS

HRM:	Human Resource Management
PC:	Performance Contract
ERSW&EC:	Economic Recovery Strategy for Wealth and Employment Creation
GOK:	Government of Kenya
DGT:	Directorate for General Taxes
CSR:	Civil Service Reform
RBM:	Results Based Management

ABSTRACT

The purpose of this study was to establish the influence of human resource management practices on achievement of performance targets by government of Kenya ministries in performance contracting. The human resource practices included selectivity, job description, compensation, employee participation, performance appraisal, training and career planning. The study used a census survey in which all the 43 government ministries took part. The respondents were the heads of Human Resource in the ministries. Data was collected using questionnaires. Descriptive statistics such as the means, standard deviations and percentages were used to analyse the data. Content analysis was used to analyse qualitative data. The findings of the study showed that it's optimal for ministries to enhance human resource management practices to improve the performance of employees and overall achievement of performance targets. Specifically, the results of the study revealed that selectivity, job description, employee development, and employee involvement through extensive use of team works and decentralized decision making have positive effects on achievement of performance targets. The study results provide support for the assertion that human resource management practices are significantly related to organizational performance. Therefore a positive relationship exists between human resource management practices and the achievement of performance targets in performance contracting.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Human resource management in organizations concerns the planned management of employees in order to optimize the organization's performance. Human resource Management covers such practices as training and development, recruitment, selection, job evaluation, performance appraisal, and human resource planning. This list is far from exhaustive. Nonetheless, HRM practices are held to be an essential component of organizational strategy (Boxall and Purcell, 2003). In the past, HRM was associated with Draconian styles of management (downsizing, cost-cutting, and work-intensification) but recently, however it has put on a more human face. Holman *et al.* (2003) points to organisations' need for intelligent, well educated, and highly motivated workforces. Thus HRM, as the term is now used, usually means employers caring for workers, consulting with them, educating them, enabling them to fulfill their potential.

In a marketplace fueled by intangible assets, anything less than optimal workforce performance can threaten a firm's very survival. Yet in most organizations, workforce capabilities are both poorly managed and underutilized (Huselid, 1995). A positive relationship exists between human resource management practices and employee performance (Gould-Williams and Park et al, 2003). Employees create an important source of competitive advantage for firms (Barney and Pfeffer, 1994). As a result it's important that a firm adopts human resource management practices that make best use of its employees. This trend has led to increased interest on the impact of human resource management on organizational performance. The management of human capital in organisations has become a critical factor in maintaining and improving organisational performance (Bowen & Ostroff, 2004). Research has shown that the people in organisations are an important variable when it comes to trying to stay ahead of the competition and that Human Resource Management (HRM) can play a decisive role in organisational performance (Arthur, 1994; Becker & Gerhart, 1996).

Patterson et al, (1997) observed that management of people makes a difference to company performance. The more satisfied workers are with their jobs, the better the company is likely to perform in terms of subsequent profitability and particularly productivity. Managers know that people make the critical difference between success and failure. The effectiveness with which organizations manage, develop, motivate, involve and engage the willing contribution of the people who work in them is a key determinant of how well those organizations perform.

Performance is regarded as a record of outcomes of work achieved, because they provide the strongest linkage to the strategic goals of the organization; customer satisfaction and economic contributions (Bernadin et al, 1995). Performance means both behaviors and results, behavior emanates from the performer and transform performance from abstraction to action (Campbell, 1990). An effective and competitive human resource is the key to the strength of organizations in facing the challenges of business today. The importance of having a competitive human resource is synonymous with the success of today's organizations. An efficient and effective human resource will produce quality, productive individuals that will eventually minimize the problems that are related to human resource such as job dissatisfaction, absenteeism, or turnover of employees.

Baron and Kreps (1999) emphasise the importance of consistent Human Resource Management practices. Consistency is beneficial because it helps the employee to understand what is expected of him/her. The same argument is supported by Bowen and Ostroff, (2004). Employees develop expectations concerning how they will be treated in the future. When HRM practices are inconsistent, this will negatively affect the learning process. Moreover, consistent HRM affects the social forces in an organisation. If the activities of the organisation are consistent, it is easier to mould individual expectations. In turn, employees will adapt their behaviour.

1.1.1 The Concept of Performance Contracting

Performance contracting is viewed as a useful vehicle for articulating clearer definitions of objectives and supporting new management monitoring and control methods, while at the same time leaving day to day management to the managers themselves. It organizes and defines tasks so management can perform them systematically, purposefully and with reasonable probability of achievement. The process of performance contracting began in October 2004 when 16 pilot State Corporations signed and implemented Performance Contracts. In the Financial Year, 2008/2009, a total of 425 Agencies (43 Ministries/Departments, 139 State Corporations, 175 Local Authorities and 68 Tertiary Institutions) signed and implemented Performance Contracts. (Report on evaluation of performance of public agencies, financial year 2008/2009, 2010).

A Performance Contract is a management tool for measuring performance against negotiated performance targets. It is a freely negotiated performance agreement between the Government, acting as the owner of a public agency, and the management of the agency. PC is based on the premise that what gets measured gets done. If you cannot see and measure success, you cannot correct it and if you cannot demonstrate results, you cannot win public support (Oosborne & Gaebler, 1992).

Performance Contract (PC) system started in France in the 1970s and has been effectively adopted by about 30 developing countries in the last fifteen years. In Africa the concept of PC has been used in selected enterprises in Benin, Burundi, Cameroon, Cape Verde, Congo, Cote d'Voire, Gabon, the Gambia, Ghana, Guinea, Madagascar, Mali, Mauritania, Morocco, Niger, Senegal, Togo, Tunisia and Zaire. In Latin America, they have been used at different times in Argentina, Brazil, Bolivia, Chile, Colombia, Mexico, Uruguay and Venezuela, other countries such as the UK, USA, Canada, Denmark, Finland, Malaysia and others have successfully incorporated PC in their management system (Kobia and Mohammed, 2006).

The policy decision to introduce Performance Contracts in the management of public resources was conveyed in the Economic Recovery Strategy for Wealth and Employment Creation (ERC) of (2003-2007). Further, Kenya's Vision 2030 has recognized performance contracting among the key strategies to strengthen public administration and service delivery. According to GOK (2007), PC was adopted in the public service in order to ensure reduction or elimination of reliance on exchequer funding for government agencies which are expected to generate revenue or make profit, as an objective basis for diverting loss making government agencies, in order to compel them to give a return to the shareholders by paying dividends or surplus and to ensure that government ministries departments improve service delivery to the public (Kobia and Mohammed, 2006). An effective public service is essential in providing the right kind of enabling environment to support private sector growth and effectively provide key public services that are central to poverty reduction (Hannagan, 2002).

The ultimate objective of performance contracting is to ensure that performance is measured using international best practices and that performance targets are grown to the extent of placing the country on the cutting edge of global competition. The expected results of performance contracting include improved service delivery, improved efficiency in resource utilization, and institutionalization of a performance oriented culture in the public service, measurement and evaluation of performance, linking rewards and sanctions of measurable performance, reduction or elimination of reliance of public agencies on exchequer funding, instilling accountability for results at all levels and enhancing performance competitiveness (PC guidelines – 8th edition, 2011).

1.1.2 Kenyan Government Ministries

The primary development goal for any country is to achieve broad based, sustainable improvement in the standards of the quality of life for its citizens. The public service and in particular the civil service plays an indispensable role in the effective delivery of public service that are key to the functioning of a state economy. When the delivery of

services is constrained or becomes ineffective, it affects the quality of life of the people and the nation's development process (AAPAM, 2006).

All Ministries, forty three (43) of them have now signed and implemented performance contracts (Performance Evaluation Report, 2009/2010). The strategy of Performance contracting has refocused Ministries and Departments on realizing their core mandates and in improving performance particularly through the introduction of citizen service delivery charters as a benchmark on identifying and delivering against service standards. There has been significant improvements in levels of transparency and accountability where obligations of all public agencies are included in the signed performance contracts and in most cases uploaded in agencies website for stakeholder reference (National Customer Satisfaction Survey Report, 2009). In the Financial Year 2009/2010, a total of 45 Ministries/Departments signed performance contracts. Out of the forty five Ministries/Departments, 31, representing 68.9 per cent, attained the "Very Good"2 grade while 14, representing 31.1 per cent, achieved the "Good"3 grade. None of the Ministries/Departments attained the "Fair"4 or the "Poor"5 grades (Performance Evaluation Report, 2009/2010)

1.1.3 Performance Targets

Performance is a record of outcomes produced on a specified job function or activity during a specified time period. Bernardin et al., (1995) argue that a focus on results should be preferred approach to performance management as it takes a customer perspective and enables individual efforts to be linked to organizational goals. Performance target setting by Public Service Kenya is embedded on the Results Based Management (RBM) Approach. Results Based Management is about institutional as well as individual performance, both in quantity and quality. The key elements of RBM are Performance target setting for Ministries/departments, groups or individuals in carrying out specific assignments; establishing a shared understanding of what is to be achieved, and how it is to be achieved and managing resources to ensure successful implementation; Performance monitoring and reporting and finally Performance appraisal

or performance evaluation of organization, group, or individual against predetermined targets (Kobia and Mohammed, 2006).

To achieve institutional realignment and strengthening, individual work plans and targets must be harmonized with the institutional work plans, Ministerial annual work plans and the National goals and visions (Moore, 1994). For example, in Hewlett – Packard individuals have to achieve key relevant results, with these key result areas being related to the overall business objectives. In keeping with today's interest in business processes individual goals must be consistent not just with the departmental or functional goals, but also with process goals, to the extent that there is both horizontal and vertical integration of goals.

Institutions in the Public Sector are expected to set their performance targets at the beginning of every financial year based on National priorities, institutional mandate, and service delivery among other performance measures. The performance contracts undergo a vetting process and signing by a group of independent professionals. This is in keeping with international best practice. At the end of the financial year performance evaluation is carried out to establish the extent to which set performance targets were achieved. This strategy has refocused Government institutions and has also promoted a sense of competitiveness hence improving service delivery levels. Currently achieving excellence seems to be a really difficult goal for public agencies. As can be seen from the performance evaluation results declared in financial year 2008/2009 and 2009/2010, none of the Government organizations and in particular Ministries qualified to be in the excellent grade. This is partly the result of the fact that to be excellent agencies had to achieve targets that were at least 30% higher compared to the previous year (Performance Evaluation Reports for Public Agencies, 2008/2009 and 2009/2010).

1.1.4 Human Resource Management Practices (Wright & Snell, 1991). The role of

Human Resources Management in the Public Service is undertaken by three institutions of Government; the Public Service Commission of Kenya (PSC), the Directorate of Personnel Management (DPM) and Authorized Officers. The Public Service Commission has the constitutional mandate to recruit, promote, retire and discipline public officers. However, it has delegated some of these powers to Authorized Officers, Local Authorities, and certain Public Institutions. The Directorate of Personnel Management (DPM) is the Central Personnel Office that provides policy direction. The Authorized Officer undertakes delegated functions by the Public Service Commission within a ministry/department assisted by Human Resources Management Officers (E.A. Lubembe, 2008). This kind of institutional framework presents various challenges. Firstly, the multiple agencies in making decisions on personnel cause confusion, the roles by the various agencies sometimes overlap, and Line Managers do not have control over their staff because they are managed elsewhere. The role of the HRM officer in the Ministry/Department has historically largely been that of a gatekeeper of rules and regulations. The challenge is to align responsibilities closer to the strategic direction of the Ministry where they operate and to become HRM change agents Officers (E.A. Lubembe, 2008).

Human Resource Management is a planned approach to managing people effectively for performance. It aims to establish a more open, flexible and caring management style so that staff will be motivated, developed and managed in a way that they can and will give of their best to support departments' missions. Human Resource Management brings out the important values of trust, care, teamwork, and encouragement (Armstrong, 2001).

1.1.5 Influence of Human Resource Management practices on Achievement of Performance Targets

Human resource Management practices refers to organizational activities directed at managing the pool of human resources and ensuring that the resources is employed

towards the fulfillment of organizational goals (Wright & Snell, 1991). The role of human resources remains important if not vital to organizations.

Kenya Civil Service Reform (CSR) programme represented significant policy shifts in the areas of staffing, civil service organization, pay and benefits, personnel management and training and financial and performance management (A. Sawe, 1993). Staffing in the Government moved from employer of last resort to a recruitment policy based on need and established operational staffing norms and a major intra and inter-ministerial redeployment meant to balance Ministerial/departmental staffing levels. In addition the Civil Service Organization saw a move from a hierarchical type of organizational structures to more flexible and professionally oriented structures being undertaken through rationalization and a shift from focusing on mere tasks to a focus on the clients or target/client. Training and Capacity Building changed from supply to demand driven training which ensures that it is not individual demands that are met but organizational demands, Strengthening government training institutes to make them capable of providing highly targeted training to strategic persons and Making greater use of performance appraisal techniques to identify strengths and weaknesses of individual contributions.

Huselid (1995) observed that by adopting best practices in selection, inflow of best quality of skill set will be inducted adding value to skills inventory of the organization. He also stressed on importance of training as complement of selection practices through which the organizational culture and employee behavior can be aligned to produce positive results. Cooke (2000) has included efficiency and effectiveness as ingredients of performance apart from competitiveness and productivity. Training is the tool to develop knowledge and skills as means of increasing individual's performance both efficiently and effectively.

1.2 Statement of the Problem

People make the critical difference between mediocrity and consistent high performance. High performance organizations therefore pay careful attention to the way they select, develop, and retain their people. They understand that the right strategy with the wrong people won't work. Successful firms select and train for life skills and job skills, and they select for people who "fit" with their organizational culture. To remain competitive, firms need to create an environment that brings out the best in their people (Storey, 2007).

Arthur, (1994) examined the effects associated with a fit between business and Human resource strategy. A fit occurs when a cost based business strategy was combined with a control oriented strategy and when a differentiating strategy was combined with a commitment type human resource strategy. Huselid, (1995) observed that human resource management practices impact on company performance. High performance work practices significantly lead to reductions in employee turnover and growth in productivity and profits.

The link between human resource management practices and performance is based on two theoretical strands. The first, is the resource-based view of the firm. The second is the expectancy theory of motivation (Vroom, 1968) which is composed of three elements: the valence or value attached to rewards; the instrumentality, or the belief that the employee will receive the reward upon reaching a certain level of performance; and the expectancy, the Human capital and performance belief that the employee can actually achieve the performance level required. Human resource management practices that encourage high skills and abilities - e.g. careful selection and high investment in training - can be specified to make the link between human capital management and performance.

The Civil Service of Kenya for a long time had been characterized by traditional human resource management practices, that is personnel administration. Working with the public service was a last result until recently that most people wish to work with the public service. This can be attributed largely to implementation of reforms in human resource management. There is increased investment in human resource to improve skills, abilities

and knowledge, performance appraisal, selectivity in hiring among other human resource management practices

Several studies have been carried out in the field of human resource management practices and firm performance. K'obonyo and Dimba (2009) focused on the effect of strategic human resource management practices on performance of manufacturing and multinational companies in Kenya: A moderating role of employee cultural orientations. Their findings were that training and development, compensation systems and performance appraisal are positively and significantly correlated to performance.

Rutere L. (2010) focused on strategic human resource management practices adopted by micro finance institutions in Nairobi. Her findings were that micro finance institutions valued human resource and that employees create competitive advantage for institutions, Increased productivity and profitability and a, high quality of work life. Mwangi, (2010) looked at strategic human resource management practices adopted by mobile phone service providers in Nairobi.

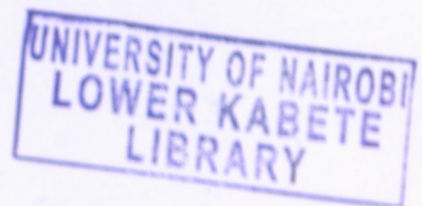
A review of previous researches did not find any study which considered human resource management practices and how they impact on achievement of performance targets by Government of Kenya Ministries. This study therefore sought to establish the influence of human resource management practices on achievement performance targets in performance contracting by Government Ministries in Kenya. This problem statement led to the following question: 'what is the influence of human resource management practices on achievement of performance targets among Ministries?'

1.3 Research Objective

To establish the influence of human resource management practices on achievement of performance targets by Government Ministries in performance contracting

1.4 Value of the study

The study will be invaluable to Government of Kenya Ministries, Departments, and Agencies in that it will provide an insight into the influence of human resource management practices on achievement of performance targets in performance contracting. This will enable them align their human resource management strategy to organizational strategy. To the government in that it will inform policy formulation and implementation on human resource management practices and their influence on performance. To other scholars as a basis of future studies on human resource management practices and performance. The research will make a contribution to the academic literature in the field of performance contracting strategy.



CHAPTER TWO: LITERATURE REVIEW

2.1 The concept of performance contracting

Nellis (1989) defines a performance contract as a freely negotiated agreement between the government acting as the owner of a public enterprise and the enterprise itself in which the intentions, obligations and responsibilities of the two parties are freely negotiated and then clearly set out. It is an agreement between two parties that clearly specifies their mutual performance obligations, intentions and responsibilities. He presents the view that performance contracts whether in public or private sector, have the major objective of providing a performance management technique that largely draws on performance measurement and monitoring and gives a basis for performance appraisal and rewards. He observes that the problems inhibiting performance in government agencies are excess controls and regulations, multiplicity of principals, frequent political interference, brain drain, bloated staff levels, and poor management.

England, R. (2000) posits that a performance contract addresses economic, social or other tasks that an agency has to discharge for economic performance or for other desired results. It organizes and defines tasks so that management can perform them systematically, purposefully, and with reasonable probability of accomplishment. It also assists in developing points of view, concepts and approaches for determining what should be done and how to go about it. Performance contracts comprise determination of mutually agreed performance targets, review and evaluation of periodic and terminal performance.

In Canada the government approach to performance contracting and management were rooted in early 1990s expenditure management systems designed to cut costs during a period of budget deficits (Kernaghan and siegel, 1999) and in France they were first introduced in the Directorate for General Taxes (DGI) specifically designed to respond to two main concerns: first as tools meant to ensure consistency in a centralized context and

second, as tools to enhance pressure on the entire services network in order to improve performance (Grapinet, 1999).

2.2 Performance Targets

Performance targets are the "success measures" of the organisation's performance management system and are defined by performance indicators. Without performance targets the organisation's vision cannot be quantified. Target setting is a strategic process to establish performance goals. It's therefore carried out concurrently with other management activities, in particular the implicit consideration of strategic choices (Kaplan, R. S. and Norton, D. P., (1996).

Target setting is critical for the effectiveness of performance measurement and management. Kaplan and Norton (1996), for example, only recommend the use of 'stretch targets'. Ahn (2001) proposes that the interdependencies between the measures should be taken into account when quantifying the values of the targets to be attained each year. There is little evidence in relation to the use of targets across broad multidimensional perspectives of performance. Most continuous improvement targets are based on past performance; and that usually, targets are imposed by managers without consultation, with rewards linked to the achievement of those targets. This practice increases the level of resistance to targets and deteriorates the value of the Strategic Performance Management system.

One of the most robust research findings in the behavioral sciences is that goal setting has a beneficial effect on employees work performance (Locke and Latham, 1990). Difficult, challenging goals lead to higher performance than do easy goals, provided that the job holder accepts and is committed to the goal therefore the harder the goal, the higher the performance given goal acceptance. Specific goals lead to higher performance than do vague, general goals. Harris, (1995) posits that clarity over what is expected and how each employee fits in to the bigger picture helps to avoid activity trap

2.3 Perspectives on Human Resource Management

The best practice, sometimes called 'high commitment' human resource management proposes that the adoption of certain best practices in Human Resource Management will result in better organizational performance. Pfeffer, (1994) argued that there were seven best practices for achieving competitive advantage through people and 'building profits by putting people first'. These practices included: providing employment security, selective hiring, extensive training, sharing information, self-managed teams, high pay based on company performance and the reduction of status differentials.

Best fit, or the contingency approach to Human resource management argues that Human resource management improves performance where there is a close vertical fit between the human resource management practices and the company's strategy. This link ensures close coherence between the human resource processes and policies and the business strategy. (Armstrong, 2001). Unique talents among employees, including superior performance, flexibility, innovation and ability to deliver high levels of service provide a critical ingredient in developing an organizations competitive position. One of clear benefits arising from competitive advantage based on the effective management of people is that such an advantage is hard to imitate (Porter, 1995).

The Resource Based View (RBV), focusses on the internal resources of the organisation and how they contribute to competitive advantage. The uniqueness of these resources is preferred to homogeneity and human resource management has a central role in developing human resources that are valuable, rare, difficult to copy or substitute and that are effectively organized (Barney, 1991). The strategic goal of resource based view is to create organizations which are more intelligent and flexible than their competitors by hiring and developing more talented staff and by extending their skills base (Boxall, 1998). Knowledge has become a direct competitive advantage for companies, the challenge to organizations is to ensure that they have the capability to find, assimilate, compensate and retain the talented individuals they need (Ulrich, 1998).

2.4 Human Resource Management Practices

Guest, (2002) argued that the Impact of human resource management on performance depends upon worker's response to human resource management practices, so the impact will move in direction of the perception of human resource management practices by the employee. Wood (1999) and Guest (2002) have stressed that a competent, committed and highly involved work force is the one required for best implementation of business strategy. Huselid (1995) found that the effectiveness of employees will depend on impact of human resource management on behavior of the employees. Patterson et al (1997) while discussing impact of people management practices on business performance found that HR practices in selection and training influence performance by providing appropriate skills. Their research has found that HR practices have powerful impact on performance even if measured as productivity.

Human resource management involves a variety of roles and activities which differ from one organization to another and from one level to another in the same organization (Sisson, 1995). The human resource role will vary between different organizations because of the influence of contextual variables such as: the values and beliefs of top management about the need for a specialist human resource function and the extent to which it will make a contribution to the bottom line; the organizations business strategy and critical success factors. Storey, 1992) observed that if human resource is excluded from the 'top table' when HR business strategies are discussed then clearly this will diminish the importance attached to its role. As a result the HR function is left with relatively routine administrative duties. Other contextual variables that influence human resource management practices include the organizations structure (Chandler (1962), culture, and the professional and business expertise and credibility of the human resource function of its key members. The following human resource management practices and their influence on achievement of performance targets are discussed: recruitment and selection, job analysis, compensation employee participation, performance appraisal, human resource development, and career management.

Huselid (1995) observed that by adopting best practices in selection, inflow of best quality of skill set will be inducted adding value to skills inventory of the organization. He also stressed on importance of training as complement of selection practices through which the organizational culture and employee behavior can be aligned to produce positive results. Cooke (2000) has included efficiency and effectiveness as ingredients of performance apart from competitiveness and productivity. Training is the tool to develop knowledge and skills as means of increasing individual's performance both efficiently and effectively.

2.4.1 Recruitment and Selection

Recruitment and selection are core areas of human resource management (Wright and Storey, 1994). They are also levers of organizational change, sustaining employee commitment and achieving high performance. Resourcing strategies should maintain the required number and quality of staff within an organization and ensure suitability for its future development. Sparrow, (1994) asserts that instead of viewing resourcing as a matter of recruiting individuals, it is seen as a means of adding to the pool of competencies in an organizations human capital.

The importance attached to recruitment is evident in the assertion that appointment decisions are some of the most crucial ones ever taken by employers. If an organization gets the wrong people there will be problems (Newel, 2005). Whether internal or external recruitment and selection practices should be driven by its alignment with organizational strategies rather than immediate needs of specific job vacancies. Recruitment and selection allow management to determine and gradually modify the behavioral characteristics and competencies of the workforce. The concept for team working for example has focused on people with a preference for working with others as opposed to the individualistic 'stars' preferred by recruiter in the 1980s. Attention has switched from rigid lists of skills and abilities to broader based competencies such a greater regard for personal flexibility and adaptability (Iles, 2001).

Effectiveness in recruitment and selection involves an approach that takes much more care in matching the people to the requirements of the organization as a whole as well as to the particular needs of the job. The requirements will include commitment and ability to work effectively as a member of a team. This approach follows a conscious recruitment policy with rigorous procedures; aptitude tests, personality questionnaires and group exercises Townley, (1987). Well planned and administered assessment centers are the best predictors of success in a job, but they are only practical for a limited number of more complex or demanding jobs or for selecting graduates and entrants to training programmes.

2.4.2 Training

Human resource development is a strategic approach to investing in human capital and it is expected to be an important determinant of organizational performance. A variety of human resource management practices are related to the development of the human resource of a firm. First, company investments in both technical and non technical training are likely to have a positive impact on the extent to which a firm actually succeeds in developing the skills and knowledge of its employees. Huselid and Delaney, (1996), MacDuffie (1995) observed that training is a high performance human resource management practice and it contributes to organizational performance.

Training in the workplace enhances employee engagement and motivation. Rowden and Conine, (2005) found a statistically significant relationship between employee development and job satisfaction in small United States banks. High levels of job satisfaction enhance commitment and motivation and leads to increased productivity and overall performance of the organization.

2.4.3 Career Management and Development

Career management no longer matters to the employee alone. As key leadership and technical talent become increasingly scarce, an effective approach to career management is crucial to a company's continuing growth and success. Internally, this means understanding the existing talent pool and how best to leverage employee strengths and ambitions. Externally it means having the right tools to attract the best people. An effective career framework helps companies respond to many of the challenges facing organizations today including; talent management, cost management, managing and deploying talent remotely and globally and creating a high performance work environment. Armstrong (2009).

Giving employees opportunities to grow and develop can ensure that your workforce keeps pace with the demands of the changing business environment. In addition an investment of this kind on employees is more likely to keep workers instead of seeing them lured away by competitors. The employer and employee often share the responsibility for career developments. As a manager, then, you will likely be partially responsible for your own career development as well as that of your workers. As part of that responsibility you may become involved in a formal or informal mentor relationship. Craig (1996). Career management helps managers understand themselves and enables them to be more effective, benchmark their skills hence become better equipped to manage their own careers. More than ever before, the manager is responsible for creating an environment in which all employees have opportunities to develop so that they do not hit a dead end, and their skills remain competitive. This means keeping employees fully informed about the direction the business is taking. Ulrich (1998).

Management thinkers argue that instead of the traditional focus on *employment*, the focus now should be on *employability*. What matters most is about having the competitive skills required for effective performance to deliver the organizations objectives within and even after leaving the organization to another one. Should management therefore be concerned about staying lean to keep up with competition or satisfied with employees whose only

loyalty is to their own careers? Management of top talent becomes very important, the organization's ability to build capabilities, forge empowered teams, develop a deep understanding of its customers and most important create a sense of common purpose should have a relationship with its employees based on mutual trust and care. The employer and employee need to share responsibility for maintaining, even enhancing the employees employability inside and outside the company in exchange for better productivity and some degree of commitment to company purpose. Schuler (1999)

2.4.4 Employee Participation

Use of teamwork and decentralized decision making are considered important high performance human resource management practices (Arthur, 1994; MacDuffie, 1995; Pfeffer, 1995). Non hierarchical organizations have a number of potential advantages. Lower level employees often have more detailed knowledge about organizational issues and can rapidly and intelligently respond to operational problems. Team based organizations encourage employees to pool their ideas to come up with creative solutions to problems. Additionally, this organizational forms may enhance employee commitment to the organization. This approach is consistent with research that suggests that employee participation can have a statistically significant positive effect on satisfaction and performance at work (Wagner, 1994). Communication across organizational subunits can be seen as an important ingredient in the functioning of a decentralized organization because extensive information is needed to integrate operations across sub-units.

2.4.5 Performance Appraisal

Performance appraisal is a component of performance management. Performance management is a process that unites goal setting, performance appraisal and development into a single system whose aim is to ensure that the employee performance is supporting the company's strategic aims (Armstrong, 2009).

Performance appraisal systems help employees obtain feedback on their performance and identify ways to enhance competencies that are useful for the company. Performance appraisal systems establish objectives for employees, targets for self-development and

training of each employee Performance appraisal process involves, setting work standards or goals, assessing the employees actual performance relative to those standards, and providing feedback to the employee with the aim of motivating him/her to eliminate performance deficiencies. The aim should be to improve the employee and thereby company performance (Dessler, (2009).

2.4.6 Compensation

Employees desire compensation systems that they perceive as being fair and commensurate with their skills and expectations. Pay therefore is a major consideration for human resource management because it provides employees with a tangible reward for their services, as well as a source of recognition and livelihood. Employee compensation includes all forms of pay and rewards received by employees for the performance of their jobs. Both human resource professionals and scholars agree that the way compensation is allocated among employees sends a message about what management believes is important and the type of activities it encourages. Furthermore, for an employer, the payroll constitutes a sizeable operating cost. A sound compensation programme therefore is essential so that pay can serve to motivate employee production sufficiently to keep labor costs at an acceptable level (Sherman A., Bohlander G. and Snell S., 1996).

Employees are motivated when there are financial rewards directly tied to their performance (Caruth and Handlogten, 2001). Pay constitutes a quantitative measure of an employees relative worth. For most employees pay has a direct bearing not only on their standard of living, but also on the status and recognition that they may be able to achieve both on and off the job.

2.5 Influence of Human Resource Management Practices on Achievement of Performance Targets

Pfeffer (1994), points out that employees create an important source of competitive advantage for firms. As a result it is important that a firm adopts human resource

management practices that make best use of its employees. Conceptually, human resource management practices can be classified in terms of their impact on employees skills and ability, motivation and the way that work is structured (Arthur, 1994, Huselid, 1995). Organizations can adopt various to enhance employee skills. First efforts can focus on improving the quality of the individuals hired or on raising the skills and abilities of current employees or both. Employees can be hired via sophisticated screening procedures designed to screen out all but the very best potential employees. Indeed research indicates that selectivity in staffing is positively related to firm performance (Becker and Huselid, 1992). In addition organizations can improve the quality of employees by providing comprehensive training and development activities. Considerable evidence suggests that investments in training produce beneficial organizational outcomes (Bartel, 1994)

The effectiveness of skilled employees will be limited, however if they are not motivated to perform their jobs. The form and structure of an organization's HRM systems can affect employee motivation levels in several ways. First organizations may implement merit pay or incentive compensation that provide rewards to employees for meeting specific goals. (Gerhart and Milkovich, 1992). Protecting employees from arbitrary treatment perhaps via a formal grievance procedure, may also motivate them because they can expect their efforts to be fairly rewarded (Ichniowski et al., 1994).

The way in which a workplace is structured also affect organizational performance to the degree that skilled and motivated employees are involved in determining what work is performed and how this work gets accomplished. Employee participation systems (Wagner, 1994), career development programs to enable employees advance within a firm, and team based production systems (Levine, 1995), are all forms of work organization that have been argued to positively affect firm performance. In addition, it the provision of job security encourages employees to work harder. As noted by Ichniowski et al., (1994:10), "Workers will only expend extra effort if they expect a lower probability of future layoffs". It is also unlikely that rational employees will identify efficiency - enhancing changes in work structures if such changes would

eliminate their jobs, the provision of job security encourages information sharing (Levine, 1995: 55-58).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a census survey research design. It has been observed that a census survey is feasible when the population is small and variable. The survey design was preferred because of the cross-sectional nature of the data and the need for comparative analysis.

3.2 Population

The population of interest in this study was all the forty three (43) Ministries that were listed in the Evaluation Report on Performance of Public Agencies for the year 2009/2010 (Performance evaluation Report 2009/2010).

3.3 Data Collection

The researcher used both primary and secondary sources of data. Primary data was collected using structured questionnaires comprised of open ended and closed questions. The respondents were heads of Human Resources in each of the forty three (43) Ministries. This gave a total of forty three (43) respondents. The questionnaires were divided into two sections: 1 and 2. Section one was designed to obtain general information on person and organizational profile. Section two consisted of human resource management practices. The questionnaires were distributed to the respondents via electronic mail and hand delivery. The questionnaires were filled in, and where possible the respondents offered assistance to the researcher to clarify some of the research questions.

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3.4 Data Analysis

Prior to data analysis, the data was checked for completeness and consistency. Descriptive statistics, such as means, standard deviations and percentages were used to analyze the data. Qualitative data was analyzed mainly using content analysis method and findings were presented by use of tables and charts. The inferential test statistics used was linear regression. Linear regression was used to estimate the predictive effects of human resource management practices on the achievement of targets in performance contracting. The performance of the ministries in the 2009/2010 according to the annual performance contracting evaluation was used to test the level of achievement of set targets. The relationship is represented by the following regression model:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + e_i$$

Where:

Y	-	Performance
β_0	-	Is the constant
X1	-	Selection
X2	-	Job description
X3	-	Compensation
X4	-	Employee participation
X5	-	Performance appraisal
X6	-	Training
X7	-	Career Planning
$\beta_1\beta_2\beta_3 \beta_4\beta_5\beta_6$ & β_7	-	Coefficients
e_i	-	Is the residual error

Statistical Package for Social Science (SPSS) and excel were used to analyze the data. The findings of the analysis were presented in tables, charts and figures.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Response Rate

A total of forty three (43) respondents at the level of heads of human resource were targeted. Twenty three (23) of the forty three (43) respondents completed the questionnaire. This gave a response rate of 53%. This response rate is considered adequate to enable the researcher achieve the objective of the study as it is above 50%. Mugenda and Mugenda (2003) recommend a response rate of 50% of the expected response to be adequate.

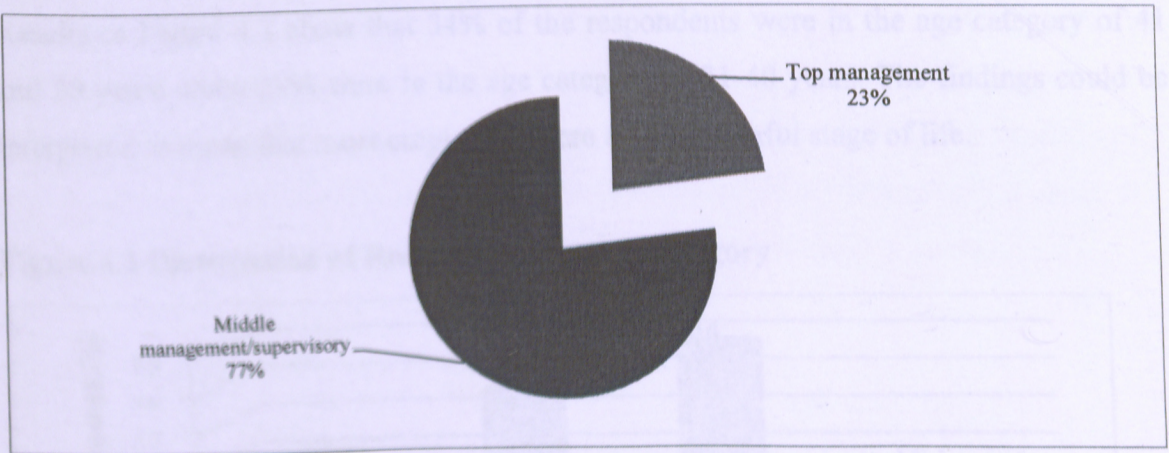
4.2 Respondents General Information

The study sought to establish the respondents' designation, gender, age, level of education and duration in the ministry. The results of the study are presented in the sections below:

4.2.1 Distribution of Respondents by Position

The results presented in Figure 4.1 show that majority of the respondents (77%) indicated that they were in the middle management and supervisory positions in the organizations. the results also show that 23% of the respondents were top management. The results clearly show that most respondents are in the middle management at the organization.

Figure 4.1 Distribution of Respondents by Position

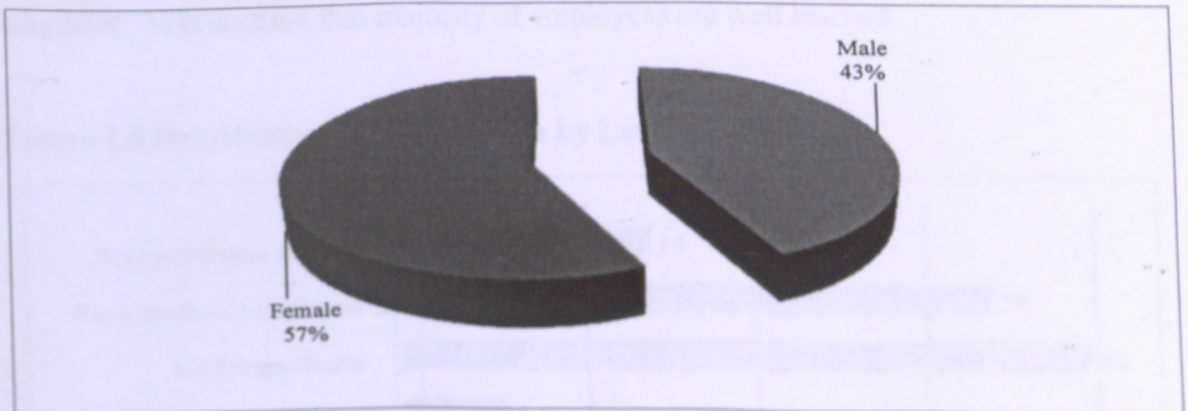


Source: Author (2011)

4.2.2 Distribution of Respondents by Gender

According to the study as presented in Figure 4.2, 57 percent of the ministry's employees were female while 43 percent were male. The results therefore revealed that most employees in the department of human resources at the government ministries are females.

Figure 4.2 Distribution of Respondents by Gender

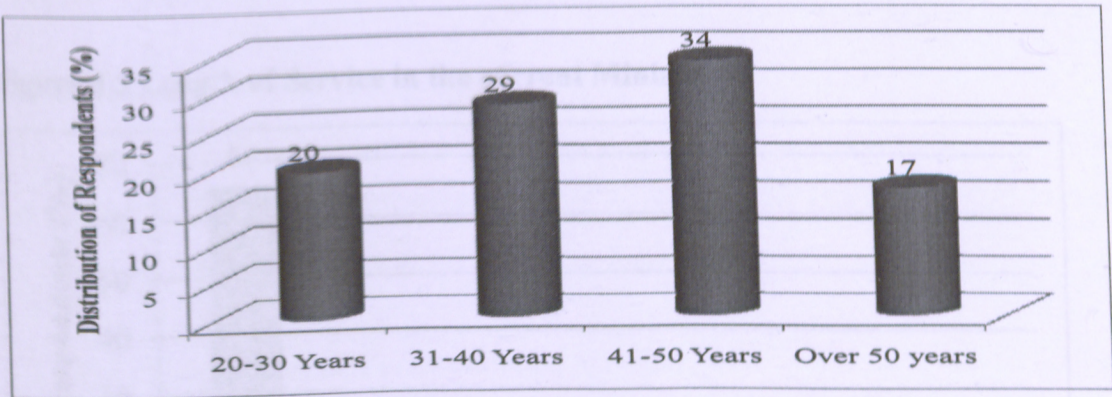


Source: Author (2011)

4.2.3 Distribution of Respondents by Age category

Results in Figure 4.3 show that 34% of the respondents were in the age category of 41 and 50 years while 29% were in the age category of 31-40 years. The findings could be interpreted to mean that most employees were above youthful stage of life.

Figure 4.3 Distribution of Respondents by Age category

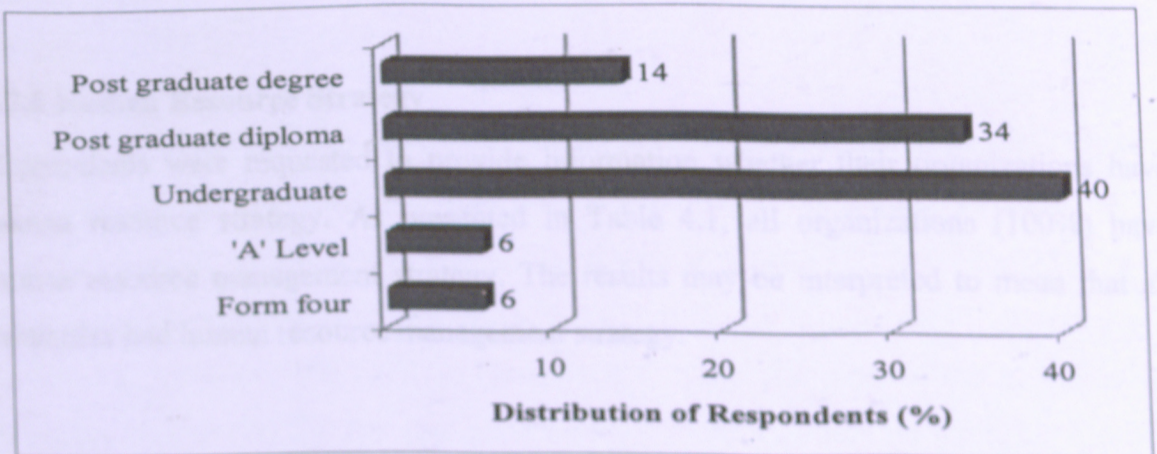


Source: Author (2011)

4.2.4 Distribution of Respondents by Level of Education

According to results presented in Figure 4.4, 40% of the respondents had attained undergraduate level of education while 34% had post graduate/diploma level of education. This implied that majority of employees are well learned.

Figure 4.4 Distribution of Respondents by Level of Education

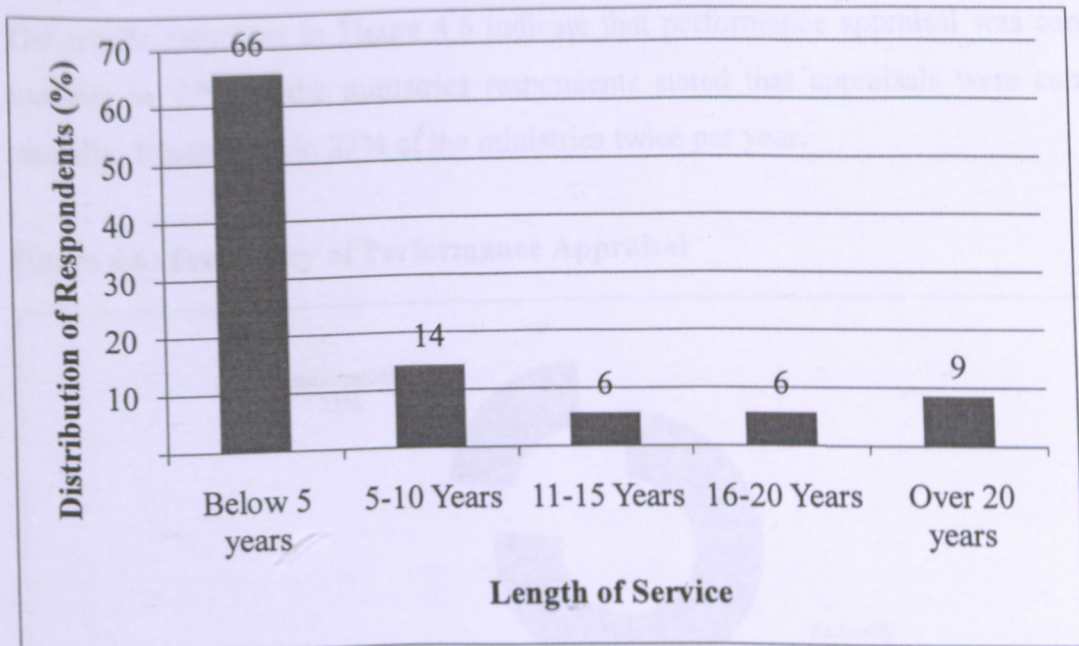


Source: Author (2011)

4.2.5 Length of Service in the current Ministry

The study sought to establish the distribution of respondents by duration in the current ministry. The results presented in Figure 4.5 show that majority (66%) of the respondents had been in the current ministry for less than five years while 14% had a duration of 5 and 10 years in their current ministries. The findings could be interpreted to mean that most employees had been in the current ministry for less than ten years.

Figure 4.5 Length of Service in the current Ministry



Source: Author (2011)

4.2.6 Human Resource Strategy

Respondents were requested to provide information whether their organizations have human resource strategy. As presented in Table 4.1, all organizations (100%) have human resource management strategy. The results may be interpreted to mean that all ministries had human resource management strategy.

Table 4.1: Presence of Human Resource Management Strategy

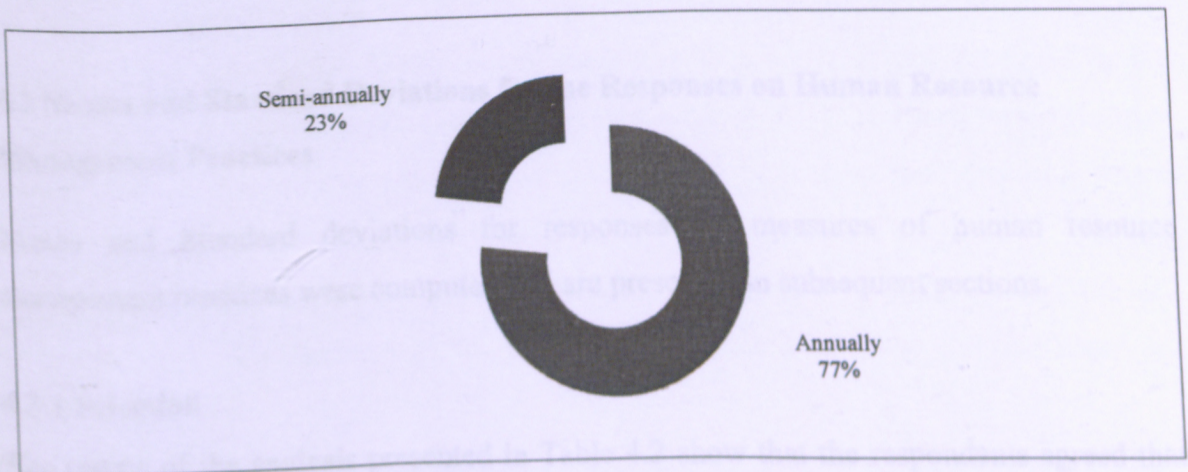
	Frequency	Percent
Yes	23	100
No	0	0
Total	23	100

Source: Author (2011)

4.2.7 Existence of Performance Appraisal

The results presented in Figure 4.6 indicate that performance appraisal was carried out annually in 77% of the ministries respondents stated that appraisals were carried out annually. It was done in 23% of the ministries twice per year.

Figure 4.6: Frequency of Performance Appraisal

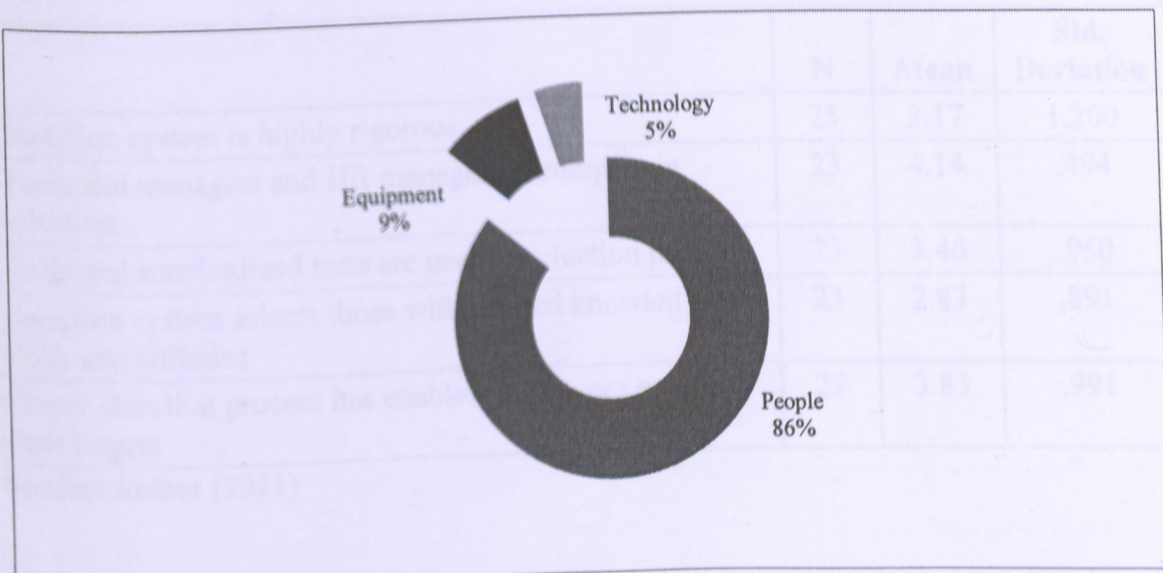


Source: Author (2011)

4.2.8 Factors that have Greater Influence on Achievement of Performance Targets

The respondents were asked to indicate the factor that has greater influence on the achievements of performance targets. The results in Figure 4.7 show that 86% of the respondents indicated that people have a greater influence on achievements of performance targets. The result is interpreted to mean that most of the ministries that responded agreed to the fact that people have greater influence on the achievement of performance targets.

Figure 4.7: Factors Influencing achievement of performance targets



Source: Author (2011)

4.3 Means and Standard Deviations for the Responses on Human Resource

Management Practices

Means and Standard deviations for responses on measures of human resource management practices were computed and are presented in subsequent sections.

4.3.1 Selection

The results of the analysis presented in Table 4.2 show that the respondents agreed that selection system used by government ministries was rigorous (mean score = 3.17). The results further show that respondents strongly agreed that technical managers and HR managers participate in selection process (mean score = 4.14) and that valid and standardized tests are used in the selection process (mean score = 3.46). However, respondents agreed only to a moderate extent to the statement that selection system picked only those who have the desired knowledge, skills and attitude (mean score = 2.83).

Table 4.2: Selection

	N	Mean	Std. Deviation
Selection system is highly rigorous	23	3.17	1.200
Technical managers and HR managers participate in selection	23	4.14	.494
Valid and standardized tests are used in selection process	23	3.46	.950
Selection system selects those with desired knowledge, skills and attitudes	23	2.83	.891
Proper selection process has enabled employees achieve their targets	23	3.83	.991

Source: Author (2011)

4.3.2 Job Description

The results in Table 4.3 show that to a large extent jobs in the ministries are clearly defined (mean score = 3.51) and that the reporting lines in the ministries are clear (mean score = 3.34). The study further established that to a large extent each job in the ministries has an up-to-date job description (mean score = 3.71). The results revealed that clearly defined duties have enhanced achievement of targets by the Ministries (mean score = 3.24). There were no variations in the responses (standard deviation < 1) except job description for each job contains all duties performed by individuals (standard deviation > 1). The findings of the study are interpreted to mean that are clear job descriptions.

Table 4.3: Job Description

	N	Mean	Std. Deviation
Duties of every job are clearly defined	23	3.51	.742
Reporting lines are clear	23	3.34	.591
Each job in the organization has an upto-date job description	23	3.71	.750
Job description for each job contains all the duties performed by individuals	23	3.17	1.071
Clearly defined duties have enhanced achievement targets	23	3.24	.651

Source: Author (2011)

4.3.3 Compensation

The results presented in Table 4.4 indicate that respondents agreed that job performance was an important factor in determining incentives for compensation of employees in the ministries (mean score = 3.94). The respondents further agreed with the statement that compensation in the government ministries was determined on the basis of employee competence (mean score = 3.80). The respondents also agreed that the compensation for employees at the ministries was directly linked to their performance (mean score = 3.34).

Table 4.4: Compensation

	N	Mean	Std. Deviation
Job performance is an important factor in determining incentives for employees	23	3.94	.639
Salary and other benefits are comparable to the market	23	2.54	.886
Compensation is decided on the basis of employee competence	23	3.80	1.052
Compensation for employees is directly linked to his/her performance	23	3.34	1.027
Compensation and incentive have motivated employees to achieve set targets	23	3.37	.895

Source: Author (2011)

4.3.4 Employee Participation

The results of the study presented in table 4.5 revealed that the employees were only allowed to make decisions related to cost and quality matters only to moderate extent (mean score = 2.63). The study results also revealed that to a large extent the employees were asked by their supervisors to participate in operation related decisions (mean score = 3.20). The results also revealed that to a large extent the employees are provided with opportunities to suggest improvements in the way things are done (mean score = 3.03). There were minimal variations in the respondents (standard deviation < 1) except on statement that employees are provided opportunity to suggest improvements in the way things are done (standard deviation > 1). These findings imply that the employees are allowed to participate in organizational matters.

Table 4.5: Employee Participation

	N	Mean	Std. Deviation
Employees allowed to make decisions related to cost and quality matters	23	2.63	1.060
Employees are asked by their superiors to participate in operations related decisions	23	3.20	1.052
Employees are provided opportunity to suggest improvements in the way things are done	23	3.03	.985

Source: Author (2011)

4.3.5 Performance Appraisal

The study results presented in Table 4.6 revealed that the respondents agreed with all the statements with regard to performance appraisal practices. The respondents agreed that performance of the employees was measured on the basis of objective quantifiable results (mean score = 3.77). The results also show that respondents agreed with the statement that appraisal systems in the organization is growth and development oriented (mean score = 3.91). The results show that respondents strongly agreed that appraisal data was used for making decisions like job rotation, training and compensation (mean score = 4.31). Respondents were in agreement that performance appraisal in the government ministries had enhanced achievement of performance targets (mean score = 3.87). The results further show that there were minimal variations in the respondent's responses except on the statement that employees have faith in the performance appraisal system (standard deviation > 1). The results are interpreted to mean that the government ministries practiced performance appraisal which according to the in turn influenced the achievement of performance targets.

Table 4.6: Performance Appraisal

	N	Mean	Std. Deviation
Performance of employees measured on the basis of objective quantifiable results	23	3.77	.646
Appraisal system in organization is growth and development oriented	23	3.91	.562
Employees are provided performance based feedback and counseling	23	3.34	.906
Employees have faith in the performance appraisal system	23	3.26	1.146
Appraisal system have strong influence on individual and team behavior	23	3.71	.667
Appraisal data used for making decisions like job rotation, training and compensation	23	4.31	.758
The objectives of the appraisal system are clear to all employees	23	3.97	.618
Performance appraisal has enhanced achievement of targets	23	3.87	.719

Source: Author (2011)

4.3.6 Training

The results of the study in table 4.7 revealed that respondents strongly agreed with the statements on training. All employees in the ministries undergo training programme every year (mean score = 4.43). The training needs in the ministries are identified through a formal performance appraisal system (mean score = 3.94). The ministries have formal induction programme for new employees (mean score = 4.51). It was established that training needs that identified are realistic, useful and based on the business strategy of the organization (mean score = 4.43). The results indicate that there were minimal variations in the respondents responses (standard deviation < 1).

Table 4.7: Training

	N	Mean	Std. Deviation
All employees undergo training programme every year	23	4.43	.608
Training needs are identified through a formal performance appraisal system	23	3.94	.639



There are formal induction programme for new employees	23	4.51	.507
New knowledge and skills are imparted to employees periodically to work in teams	23	4.31	.471
Training needs identified are realistic, useful and based on the business strategy of the organization	23	4.43	.502

Source: Author (2011)

4.3.7 Career Planning

The results presented in Table 4.8 show that respondents agreed with all the statements. The results show that respondents strongly agreed with the statement that internal employees are preferred whenever a vacancy existed (mean score = 4.46). Respondents equally agreed with the statement that each employee was aware of his/her career path in the organization (mean score = 4.14). Respondents agreed with the statement that employees have clear career paths (mean score = 3.89). The results further show that respondents strongly agreed that career planning in the organizations have enhanced achievements of targets. The high level of agreement by the respondents with regard to career planning is an indication that the government ministries practice career planning practices.

Table 4.8: Career Planning

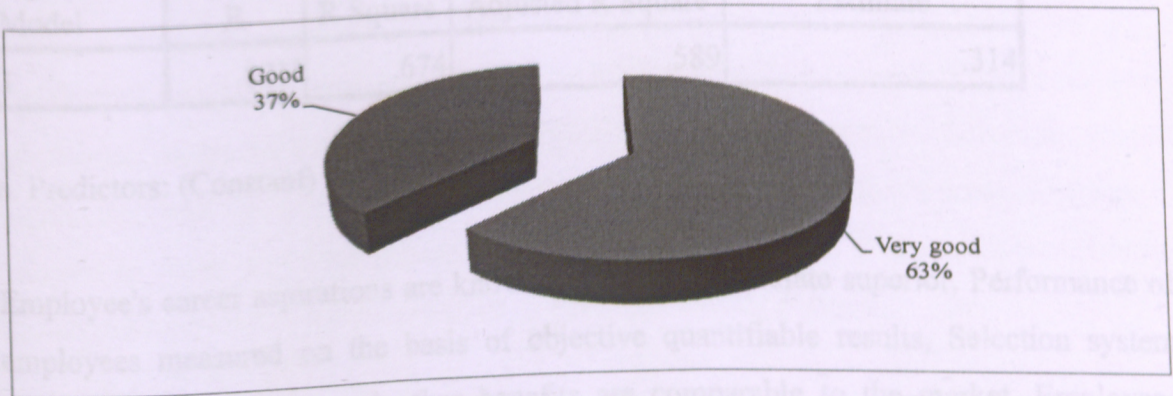
	N	Mean	Std. Deviation
Employees have clear career paths	23	3.89	1.078
Employee's career aspirations are known by his/her immediate superior	23	3.17	.891
Potential positions for promotions exists within the organization	23	2.71	1.126
Individual and organization growth needs are matched in the organization	23	3.63	.942
Internal employees are preferred whenever a vacancy exists	23	4.46	.611
Each employee aware of his/her career path in the organization	23	4.14	.550
Career planning has enabled employees achieve targets	23	4.46	.611

Source: Author (2011)

4.4 Performance Evaluation Report of Ministries for Financial year 2009/2010

As shown in Figure 4.8, the performance evaluation report of all ministries for financial year 2009/2010 indicated that sixty three percent (63%) of ministries were ranked very good while thirty seven percent (37%) fell in the category of good. This can be largely attributed to the performance contracting strategy in that it has refocused ministries towards achievement of results.

Figure 4.8: Performance of the Ministries



4.5 Linear Regression Analysis for the Effect of HRM Practices on Achievement of Performance Targets

In this section the study presents the regression results. Linear regression was to determine the effect of human resource management practices (selection, job description, compensation, employee participation, performance appraisal, training and career planning) on the achievement of performance targets. The model is represented by:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e_i$$

Where:

- Y - Performance
- β_0 - Is the constant
- X1 - Selection
- X2 - Job description
- X3 - Compensation
- X4 - Employee participation
- X5 - Performance appraisal

- X6 - Training
- X7 - Career Planning
- $\beta_1\beta_2\beta_3 \beta_4\beta_5\beta_6$ & β_7 - Coefficients
- e_i - Is the residual error

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.821 ^a	.674	.589	.314

a. Predictors: (Constant)

Employee's career aspirations are known by his/her immediate superior, Performance of employees measured on the basis of objective quantifiable results, Selection system highly rigorous, Salary and other benefits are comparable to the market, Employees allowed to make decisions related to cost and quality matters, All employees undergo training programme every year, Duties of every job clearly defined.

b. Dependent Variable: Performance

The R Square shows that the independent variables include selection, job description, compensation, employee participation, performance appraisal, training and career planning explain 67% of the variance in performance of the ministries. The results suggest that other variables in this model are responsible for 33% of variation in performance (i.e. achievement of set targets).

Table 4.10: Analysis of Variance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5.507	7	.787	7.972	.000 ^a
Residual	2.664	27	.099		
Total	8.171	34			

a. Predictors: (Constant)

Employee's career aspirations are known by his/her immediate superior, Performance of employees measured on the basis of objective quantifiable results, Selection system highly rigorous, Salary and other benefits are comparable to the market, Employees allowed to make decisions related to cost and quality matters, All employees undergo training programme every year, Duties of every job clearly defined

b. Dependent Variable: Performance

The regression results in Table 4.10 show that the regression model is significant (F = 7.972, P < 0.001). This means that the model is able to predict changes in performance achievement that is attributable to the predictor variables.

Table 4.11: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.879	.916		3.143	.004
Selection	.136	.068	.332	1.992	.047
Job Description	.269	.118	.407	2.277	.031
Incentive and compensation	.071	.065	.129	1.098	.282
Employee involvement	.072	.068	.065	.447	.659
Performance Appraisal	.077	.108	.101	.716	.479
Training	.088	.117	.109	.751	.459
Career Development	.076	.069	.137	1.089	.286

a. Dependent Variable: Performance

Using the values of the coefficients (β) from the regression coefficient table 4.11, the established linear regression equation takes the form of:

$$\text{Performance} = 2.879 + 0.136X_1 + 0.269X_2 + 0.071X_3 + 0.072X_4 + 0.077X_5 + 0.088X_6 + 0.076X_7$$

Where:

Constant = 2.879, when value of the independent variables are zero, the change in achievement of performance targets would take the value 2.879.

$X_1 = 0.136$; one unit improvement in selection results in 0.136 units change in achievement of performance target in the same direction.

$X_2 = 0.269$; one unit change in job description results in 0.269 units change in the of performance target in the same direction.

$X_5 = 0.072$; one unit change employee involvement results in 0.072 units change in achievement of performance target in the same direction.

$X_6 = 0.088$; one unit change in employee training results in 0.088 units change in the of performance target in the same direction.

The Beta Coefficients in the regression show that most of the predictor variables have a positive relationship with achievement of performance targets. The results show that selectivity in hiring, job description, employee involvement and training are statistically significant as the p-values are less than 0.05 ($p < 0.05$).

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the findings

The findings of the study revealed that employee selection system in the government ministries is highly rigorous and both technical managers and HR managers participate in the selection process. Valid standardized tests designed to screen out all but the best potential employees are widely used. Indeed the results show that selectivity in hiring contributes to achievement of performance targets by Ministries.

The results revealed that the duties of every job are clearly outlined only to a moderate extent. Fifty six percent of the respondents indicated that every government ministry had an up-to-date job description. The clarity of defined roles and duties have positive impact on achievement of targets. Further the results indicated that incentives and compensation are an important factor in influencing employee motivation and hence productivity level of both the employees and the overall performance of the Ministries.

The results revealed that employee participation influences achievement of performance targets in ministries. Involvement in target setting and establishing training and development needs to enhance performance not only motivates employees but also enables employees own the process. There is therefore need to enhance employee involvement to improve achievement of performance targets.

Further, the results indicate that training does improve the quality of current employees in other words, acquisition of knowledge, skills and abilities enhance achievement of performance targets. There are formal induction programs for new employees to bring them on board with respect to civil service regulations, core functions of government, schemes of service and general government structure. Specific induction programs are conducted by ministries to enable new employees understand the ministries mandate and strategic plan. On career planning the results showed that employees have clear career paths and that internal recruitment was preferred whenever there were vacancies for

promotion. This practice promotes growth and development of employees, enhances motivation and positively influences the achievement of performance targets.

5.2 Conclusions

The study results suggest that human resource management practices are positively related to achievement of performance targets in Government of Kenya Ministries. Selectivity in hiring ensures that Ministries get the right employees in terms of skills, knowledge, and abilities to enable them achieve their set targets. Job description helps clarify roles and responsibilities and ensures employees are focused to achieve their performance targets. Employee involvement motivates staff and promotes team work leading to high achievement of performance targets. Training and development is to a large extent linked to the Ministry's needs and that providing learning and continuous development opportunities ensures that the Ministry has skilled, committed and well motivated workforce and this has a positive impact on achievement performance targets.

It can further be concluded that Incentive and compensation, Performance Appraisal and career planning practices in Ministries influence achievement of performance targets to a moderate extent. This can be attributed to the fact that compensation and career planning and development are based upon schemes of service which are not current and competitive. Performance appraisal is not consistently monitored to ensure achievement of set performance targets.

The study results therefore show that there is a positive correlation between human resource management practices and the achievement of performance targets in performance contracting. The results of the study are consistent with previous studies that assert that people are the preeminent organizational resource and the key to outstanding performance (Pfeffer, 1994). The results add to the growing evidence that such assertions are credible (Huselid et al., 1995).

5.3 Recommendations

The study recommends that Kenyan Government Ministries enhance their human resource management practices in particular, career planning and development as a strategy for growth and retention of key talent. Employees want to grow and if the opportunities are not available they will be demoralized and may move on to other organizations and Ministries end up losing key employees.

The study further recommends the use of incentives and compensation as a managerial tool for driving achievement of performance targets. An assessment and review of the compensation and incentive strategies in Kenyan Government Ministries is necessary to ensure that short and long term achievements are rewarded.

The study also recommends continuous performance appraisal training for all staff members. Performance appraisal provides a framework in which managers can support their team members to achieve set performance targets.

5.4 Suggestions for Future Research

This study was based on the influence of human resource management practices on achievement of performance targets in government ministries in Kenya. Additional research may be needed to determine the extent to which human resource management practices impact on culture, roles, communication patterns all of which may enhance the relationship between human resource management practices and achievement of performance targets.

Future research work may also be directed at assessing the consistency of human resource management practices across employees in the Kenyan Government Ministries by asking them to indicate the extent they have participated in or experienced each of the human resource management practices.

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2. Gender? (Tick as appropriate) Male Female

3. What is your age bracket?
a) 20 - 30 years c) 41 - 50 years
b) 31 - 40 years d) Over 50 years

4. What is your highest level of education?
a) Form four b) 'A' level
c) Undergraduate d) Post Graduate Diploma
e) Post Graduate Degree e) PHD

5. How long have you been in the current ministry?
a) Below 5 years d) 16 - 20 years
b) 5 - 10 years e) Over 20 years
c) 11 - 15 years

7. Does your organization have a human resource management strategy in place?
Yes No

8. If your answer to question 7 is yes, is the Human resource management strategy aligned to the organization's strategic plan?
Yes No

APPENDIX 1:

QUESTIONNAIRE

Please provide answers in the spaces provided and tick (✓) the box that matches your response to the question or statement where applicable.

Section One: Person and Organization Profile

1. Name of Ministry, Department or Agency: _____
2. Which of the following best describes your position?
 - a) Top management
 - b) Middle management/supervisory
2. Gender? (tick as appropriate) Male Female
3. What is your age bracket?
 - a) 20 – 30 years
 - b) 31 – 40 years
 - c) 41 – 50 years
 - d) Over 50 years
4. What is your highest level of education?
 - a) Form four
 - b) 'A' level
 - c) Undergraduate
 - d) Post Graduate Diploma
 - e) PHD
5. How long have you been in the current ministry?
 - a) Below 5 years
 - b) 5 – 10 years
 - c) 11 – 15 years
 - d) 16 – 20 years
 - e) Over 20 years
7. Does your organization have a human resource management strategy in place?
Yes No
8. If your answer to question '7' is yes, is the Human resource management strategy aligned to the organizations strategic plan?
Yes No

9. How often is performance appraisal carried out in your organization?

- a) Quarterly c) Annually
 b) Semi annually d) Never carried out

10. a) Which of the following factors do you think has greater influence on achievement of performance targets? Please tick (✓) appropriately.

- a) People b) Equipment
 c) Technology

b) Give reasons for your answer in question '10'.

.....

Section Two: Human Resource Management Practices

11. Please indicate the degree of correlation between the following human resource management practices and achievement of performance targets. Rate them on the scales provided below. Responses are in a scale from 5 – 0 defined as below.

- 5 - Strongly Agree
 4 - Agree
 3 - Moderately agree
 2 - Disagree
 1 - Strongly disagree
 0 - Not applicable

	Strongly agree	Agree	Moderately agree	Disagree	Strongly Disagree	Not applicable
	5	4	3	2	1	0
12. Selection						
Selection systems are highly rigorous						
Technical managers and HR managers participate in selection						

17. True	Valid and standardized tests are used when required in the selection process							
	Selection system selects those having the desired knowledge, skills and attitudes							

13. Job description

	The duties of every job are clearly defined							
	Reporting lines are clear							
	Each job in our organization has an up to date job description.							
	The job description for each job contains all the duties performed by individual employee							

14. Compensation

	Job performance is an important factor in determining the incentive compensation of employees							
	Salary and other benefits are comparable to the market.							
	Compensation is decided on the basis of competence or ability of the employee							
	compensation for all employees is directly linked to his/her performance							

15. Employee participation

	Employees in this organization are allowed to make decisions related to cost and service quality matters							
	Employees in this organization are asked by their superiors to participate in operations related decisions							
	Employees are provided opportunity to suggest improvements in the way things are done here							

16. Performance Appraisal

	Performance of the employees is measured on the basis of objective quantifiable results							
	Appraisal system in our organization is growth and development oriented							
	Employees are provided performance based feedback and counseling							
	Employees have faith in the performance appraisal system							
	Appraisal system has a strong influence on individual and team behavior							
	The appraisal data is used for making decisions like job rotation, training and compensation							
	The objectives of the appraisal system are clear to all employees							

17. Training							
	All employees undergo a training program every year						
	Training needs are identified through a formal Performance appraisal system.						
	There are formal induction programs for new employees						
	New knowledge and skills are imparted to employees periodically to work in teams						
	Training needs identified are realistic, useful and based on the business strategy of the organization						
18. Career Planning							
	Every employee has clear career paths						
	Employee's career aspirations within the organization are known by his/ her immediate superior						
	Potential positions for promotion exist in our establishment						
	Individual and organization growth needs are matched in this organization						
	Internal employees are preferred whenever a vacancy exists.						
	Each employee is aware of his/her career path in the organization						

19. What other Human resource management practices not mentioned above influence the achievement of performance targets in your Ministry?

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Thank you for your cooperation.



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MBA PROGRAMME

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P.O. Box 30197
Nairobi, Kenya

DATE: 4th October, 2011

TO WHOM IT MAY CONCERN

The bearer of this letter Maggy Mwikali Mwangangi

Registration No. D61/72963/2009

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

Justine Magutu
JUSTINE MAGUTU
ASSISTANT REGISTRAR
MBA OFFICE, AMBANK HOUSE
UNIVERSITY OF NAIROBI
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OFFICE OF THE PRIME MINISTER

PERFORMANCE EVALUATION REPORT FOR
MINISTRIES/DEPARTMENTS

REPORT

ON

EVALUATION OF THE PERFORMANCE

OF

PUBLIC AGENCIES

FOR THE

FINANCIAL YEAR 2009/2010

June, 2011

No.	Ministry/Department	Composite Score
1	Ministry of Planning, Non-Development and PWD	2.1010
2	Ministry of Gender, Children and Social Welfare	2.1004
3	Ministry of Health and Family Welfare	2.1000
4	Ministry of Public Works	2.1000
5	Ministry of State for Development of Backward Regions	2.1000
6	Ministry of State for Development of Backward Regions	2.1000
7	Ministry of State for Development of Backward Regions	2.1000
8	Ministry of State for Development of Backward Regions	2.1000
9	Ministry of State for Development of Backward Regions	2.1000
10	Ministry of State for Development of Backward Regions	2.1000
11	Ministry of State for Development of Backward Regions	2.1000
12	Ministry of State for Development of Backward Regions	2.1000
13	Ministry of State for Development of Backward Regions	2.1000
14	Ministry of State for Development of Backward Regions	2.1000
15	Ministry of State for Development of Backward Regions	2.1000
16	Ministry of State for Development of Backward Regions	2.1000
17	Ministry of State for Development of Backward Regions	2.1000
18	Ministry of State for Development of Backward Regions	2.1000
19	Ministry of State for Development of Backward Regions	2.1000
20	Ministry of State for Development of Backward Regions	2.1000
21	Ministry of State for Development of Backward Regions	2.1000
22	Ministry of State for Development of Backward Regions	2.1000

ANNEX II

PERFORMANCE EVALUATION RESULTS FOR MINISTRIES/DEPARTMENTS

No.	Ministry/Department	Composite Score
EXCELLENT		
	None	
VERY GOOD		
1.	Ministry of Planning, National Development and Vision 2030	2.1010
2.	Ministry of Gender, Children and Social Development	2.1096
3.	Cabinet Office	2.1121
4.	Ministry of Energy	2.1145
5.	Public Service Commission	2.1338
6.	Ministry of Water and Irrigation	2.1756
7.	Ministry of Public Works	2.1889
8.	Ministry of State for Public Service	2.1990
9.	Ministry of Lands	2.2132
10.	Ministry of Agriculture	2.2192
11.	State House	2.2474
12.	Ministry of Livestock Development	2.2481
13.	Ministry of Information and Communications	2.2732
14.	Ministry of Environment and Mineral Resources	2.2739
15.	Ministry of State for Development of Northern Kenya and Other Arid Lands	2.2924
16.	State Law Office	2.3116
17.	Ministry of Trade	2.3181
18.	Ministry of State for Provincial Administration and Internal Security	2.3379
19.	Ministry of Industrialization	2.3523
20.	Ministry of Justice, National Cohesion and Constitutional Affairs	2.3541
21.	Ministry of State for National Heritage and Culture	2.3816
22.	Ministry of Housing	2.3860

No.	Ministry/Department	Composite Score
23.	Ministry of Roads	2.3861
24.	Ministry of Medical Services	2.4013
25.	Performance Contracting Department	2.4084
26.	Ministry of State for Immigration and Registration of Persons	2.4145
27.	Ministry of Regional Development Authorities	2.4315
28.	Ministry of Higher Education, Science and Technology	2.4322
29.	Office of the Vice President and Ministry of Home Affairs	2.4596
30.	Ministry of Co-operative Development and Marketing	2.4686
31.	Ministry of Public Health and Sanitation	2.4902
GOOD		
32.	Ministry of Labour	2.5249
33.	Office of the Prime Minister	2.5302
34.	Ministry of Tourism	2.5473
35.	Ministry of Fisheries Development	2.5473
36.	Ministry of State for Special Programmes	2.5615
37.	Office of the Deputy Prime Minister and Ministry of Finance	2.5905
38.	Ministry of Education	2.6121
39.	Ministry of Foreign Affairs	2.6581
40.	Ministry of Nairobi Metropolitan Development	2.6834
41.	Ministry of Forestry and Wildlife	2.6846
42.	Ministry of Youth Affairs and Sports	2.6938
43.	Office of the Deputy Prime Minister and Ministry of Local Government	2.7132
44.	Ministry of East African Community	2.8478
45.	Ministry of Transport	2.8619
FAIR		
None		
POOR		
None		