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Analysis of Performance Management on Employee Motivation: A case of Kenya Electricity Generating Company Limited

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ABSTRACT

Organizational effectiveness depends on the alignment of individual, departmental and organizational strategic objectives. KenGen has made use of a performance management system based on a Balanced Scorecard approach in all its departments. The model that was used to take departmental key performance measures such as quality, speed, cost and morale into account was based on organizational objectives. Whether the process of performance management has been properly utilized and has facilitated management in achieving the company goals within all the departments remains an open question. This represents the main problem of this study: Is performance management at KenGen being properly deployed to lead to employee motivation in order to achieve the company goals and objectives? The main objective that guided this study was to establish the extent of relationship that performance management has on employee motivation at KenGen. While independent variable is performance management, the dependent variables of the study are remuneration, working conditions, and employee recognition. This study employed a descriptive survey design. The population of this study was all the employees of Kenya Electricity Generating Company and who have been with the company for a minimum period of one year. This was to ensure that they understand the company and have gone through a one year cycle of performance contract. This study used both stratified sampling and simple random sampling while the target sample size was 274 employees. A questionnaire was used to gather the required research information. Statistical Package for Social Sciences (SPSS) was used to produce frequencies, descriptive and inferential statistics which were used to derive conclusions and generalizations regarding the population. The study findings indicated that employees of KenGen valued performance management. The results revealed that performance management was a key determinant of remuneration (motivation). The correlation between performance management and remuneration was also found to be strong and positive. Results further revealed that that performance management influenced motivation through working conditions. The findings revealed that the employees were happy about the working conditions and the general working environment at KenGen. The study concluded that performance management was found to be statistically significant in influencing motivation through working conditions, performance management is a key driver to employee motivation at KenGen and remuneration was found to motivate employees at KenGen. It can therefore be concluded that despite the short and quick effect on motivation, working conditions could be used to direct the energies of employees towards the desired company targets, while the management of KenGen should regularly conduct salary reviews with an objective of ensuring equity and justice in pay with an overall objective of inducing motivation in employees.

Key Word: Performance management, Employee motivation at KenGen Company, Kenya

1.0 Background

Armstrong (1994) defines performance management as a means of getting better results from organizations, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and attributes or competency requirements. Armstrong (1994) reported that during the late 1980s performance management began to take shape by growing out of a realization that a more continuous and integrated approach was needed to manage and reward performance.

Performance management is the day-to-day management of employees in terms of goals of the organization. A performance management system is an orderly process that properly documents the goals and objectives of each employee, with a built-in review process. Having a good performance management system means that each person will have goals and measures that are linked directly to the organization's strategy. The process of developing individual measures starts by taking the strategy of the organization and cascading the strategic objectives down through the diverse departments. Once managers of the different departments have set their goals and objectives, each person in the department should be assisted by means of a co-operative goal setting session to set his or her goals and the associate measures. This process is often known as goal alignment. In effect, everyone's efforts are directed towards the same goal and there is no wasted effort with employees going off at a tangent (Shultz, 2003).

According to Gongera (2011) performance management is a key critical area to check the worthiness of human resources. Performance management is a process of determining the worthiness of an organization with the main objective of achieving organizational goals/objectives. In other words, it is a reflection in turn on how activities are to be carried with the main focus of achieving its desired objectives. Performance management is normally carried out depending on the policy of each organization by benchmarking within a time frame of three months, six months and one year respectively. He cited several objectives of Performance Management as; 1) facilitation of the planning programmers' and control mechanism, 2)to check the worthiness of the key critical variables of the employees, 3) management and the organization itself, 4) performance management provides for employee compensation, 5) enables the organization to mobilize resources for its operations and activities, 6) embracing scientific system of communication, 7) training needs of the employees, the management and the organization and 8) team building activities and team work approaches are embraced in the organization which brings people together.

Mescon (1995) defined motivation as a process of moving oneself and others to work toward attainment of individual and organization goals. Similarly, Bewley (1999) defined it as an individual's degree to exert and maintain an effort towards organizational goals. While Armstrong (2001) viewed motivation as the factors that influence people to behave in certain expected way, He said motivations are built around three concerns; first environment this includes working conditions. Second; job related concerns like availability of resources and working tools. And third; personal concerns such as opportunities for training and promotions (Armstrong 2001). Winfield (2000) categorized motivation as intrinsic and extrinsic. He related intrinsic achievements to personal goals, and extrinsic motivation to what comes from outside the organization. He also argued that both are important to the individual although a person who is motivated by financial gain is different from one who has an instrumental attitude to work. Frey and Osterloh (2002) argued that in the workplace, intrinsic motivations consist of organization loyalty, team spirit, autonomy, employees' recognition, absence of any kind of discrimination against workers and feeling of achievement. Hence the motivation deriving from the activity itself or from within the person is called internal or intrinsic motivation. While the extrinsic motivators are those things satisfying the individual's non job related needs and they are used to satisfy tangible needs. These motivators are such as wage, bonuses, material goods, long holidays and pension rights.

Typically, organizations use compensation to motivate employees. Compensation is a benefit received by employees for services that have been given to the company; it could be financial benefits in the form of salary, wages, wage incentives, bonuses, insurance, and allowances, and non-financial benefits in the form of physical conditions of work environment and payroll systems applied by the company. Motivation cannot be imposed upon employees. The rewards can motivate some employees but not necessarily other employees. Employees will be motivated to do better work when they feel the benefits granted distributed fairly. Perceived lack of fairness and worthy causes give rises to various problems. Company must realize that the system of compensation that is applied will affect employee motivation. High employee motivation will improve employee performance which ultimately will improve performance of the company (Newman & Milkovich, 2004).

Johnson & Scholes (2003) argue that the starting point of successful strategies is acquiring, retaining and developing resources of at least a threshold standard and this clearly applies to people as a resource. Many of the challenges of human resources are concerned with ensuring that this baseline is maintained within a company. It is all about performance management (PM). Within a rapidly changing environment, these threshold standards are constantly shifting in an upward direction. Due to deregulation and globalization, most public organizations now have to compete with an array of organizations that provide similar services. As a result of competition and having to adhere to international standards, these public organizations have to be managed in a more scientific manner (Jeffrey, 2006). Banfield and Kay (2008) describe performance management as a framework in which performance by individuals can be directed, monitored and refined. They also view performance management as the process of creating a work environment or setting in which employees are enabled to perform to the best of their abilities. Jeffrey (2006) states that performance management, has become a more strategic issue for companies than it was in the past.

Effective performance management requires that employees and line managers work together to set performance expectations, review results, assess the company's and individual's needs and plan for the future. Performance management does not need to be formal in order to be effective. Jeffrey (2006) describes performance management as a new human resource management tool that marks a change of focus in organizations away from a direct-and-control to a facilitation model of leadership. This has lead to the recognition of the importance of the employee and relating work performance to the strategic or long-term and overarching mission of the company as a whole. Employees' key performance areas are taken from the company's strategic direction which in turn supports the mission and goals of the organization as a whole.

Tshukudu (2006) has concluded that performance management is aimed at obtaining better results from individuals, teams and the organization by understanding and managing performance management within an agreed framework of planned goals, standards and competencies. Performance management is focused on an individual, group and the effectiveness of the organization. Performance management is also focusing on the development of an employee. Performance management also concerns meeting the needs and expectations of shareholders, management, employees, customers, and the public in general.

Hodge, Anthony and Gales (2003) argue that organizational strategic objectives are a means to an end; the manager is responsible for converting the strategic plans into organizational, departmental and individual objectives. The alignment of organizational goals into departmental and individual goals requires stringent consideration and planning. The management of goals involves the cascading and alignment of goals in an internal administrative manner, and involves: planning resource provision and distribution, identifying the key tasks to be carried out, identifying the changes that need to be made in the resource mix of the organization, setting deadlines, assigning the role of the different departments, assigning staff to manage their performance and specifying employees' roles in their departments (Buys, 2000)

Aquilar (2003) states that, organizational effectiveness depends on the alignment of individual, departmental and organizational strategic objectives. The main focus of performance management is to ensure that daily task execution is aligned with organizational strategy. He states that performance management assists organizations in answering questions such as: Is the organization working on the right things to achieve its objectives? Is management's way of making decisions compatible with the strategic plans of the business?, Which conflicting tasks should be emphasized and dealt with and how can the organization leverage the employee's experience? Performance management is a strategy aimed at implementing organizational strategic goals. It is important to align the departmental and organizational activities to the organizational strategy. Alignment is ensuring that every employee on every level understands the strategy of the organization and their role in making that strategy work. Every manager's role is to ensure that alignment is implemented. Management needs to assist employees with understanding the organizational strategy and how their jobs fit and contribute to the strategy.

Managers must create a situation where every employee understands and articulates the organizational strategy and his/her contribution. Van Dyk (2001) appends that there is a critical link between the successful alignment of personal goals with organizational goals and the organizational success. This concludes that managers have to help employees focus their daily activities on the organization's strategy and the achievement of the strategy. Robert, (2005) take into account the work of Baron, (1983) in which he mentioned that not only motivation can influence performance, but performance can also influence motivation, if followed by rewards. Robert (2005) reported that the manager job is to ensure the work done through employees is possible, if the employees are self motivated towards work rather directed. The managers' involvement is not so much important in the motivation of employees. The employees should motivate themselves to work hard.

The major issue in all services organizations is the motivation of employees whether they are skilled or unskilled or professionals. Employee motivation is also a major issue for the public corporations. It is a today's challenge for the management in this competitive world to motivate employees to offer efficient and good services that customers expect so for. The employees' motivation, their enthusiastic and energetic behavior towards task fulfillment play key role in successes of an organization to benefit (Schultz, 2003). Schultz (2003) sees performance management as a process that directs the energy of people in an organization towards achieving strategic goals.

The Public Service Motivation (PSM) theory postulates that public employees are unique and differ from their private sector counterparts insofar as they are driven primarily by intrinsic motives rather than extrinsic ones, such as financial rewards (Anderfuhren-Biget *et al.*, 2010). PSM posits that public servants are driven by higher-order needs and have a zeal for serving the general public. PSM focuses on motives and action in the public domain that are intended to do good for others and shape the well-being of society. The growing evidence of the existence of PSM has led Paarlberg, Perry, and Hondeghem (2008) to develop strategies that reinforce individuals' PSM behavior. These strategies incorporate public service values across all levels of the organization's management system. PSM supports the use of training, feedback, important work, goal-setting, participation, Motivating Public Sector Employees interpersonal relationships, relatedness, and rewarding as motivational factors. Furthermore, alongside PSM, recognition has been shown to be a strong motivator in the public sector (Anderfuhren-Biget et al., 2010).

1.1 Kenya Electricity Generating Company Limited (KENGEN)

The Kenya Electricity Generating Company, KenGen, has a history that dates back to 1954. In this year, The Kenya Power Company (KPC) was registered as a company and commissioned to construct the transmission line between Nairobi and Tororo in Uganda as well as to develop geothermal and other generating facilities in the country. KenGen is charged with managing all public power generation facilities in the country. KenGen is the leading electric power generation company in Kenya, producing about 80 percent of electricity consumed in the country. The company utilises various sources to generate electricity ranging from hydro, geothermal, thermal

and wind. Hydro is the leading source, with an installed capacity of 766.88MW, which is 64.9 per cent of the company's installed capacity (KenGen, 2012).
KenGen has a workforce of 1,829 staff located at different power plants in the country. With its wealth of experience, established corporate base and a clear vision, the company intends to maintain leadership in the liberalized electric energy sub-sector in Kenya and the Eastern Africa Region. It sells the Power in bulk to Kenya Power and Lighting Company (KPLC) which distributes to consumers (KenGen, 2012).
The company is now operating in a liberalized market and is in direct competition with four (4) Independent Power Producers who between them produce about 20% of the country's electric power. The company aims to efficiently generate competitively priced electric energy using state of the art technology, skilled and motivated human resource to ensure financial success. KenGen desires to achieve market leadership by undertaking least cost and environmentally friendly capacity expansion. Consistent with our corporate culture, our core values will be adhered to in all our operations.

1.2 **Statement of Problem**

Schultz (2003) argues that most organizations face the challenge of successfully implementing strategy and achieving their goals. Schultz (2003) cites that David Norton, a leading American strategy consultant, estimates that 90 per cent of organizations fail to implement their strategy. Organizations try to implement strategy without explaining it to their employees. With the use of performance management framework, organizations can provide the architecture for describing the company's strategy. In many organizations, performance management systems remain one of the great paradoxes of effective human resource management. According to Coens and Jenkins (2000), inaccuracies in appraisal can de-motivate employees. Ayee (2001) and Ohemeng (2009) said that the appraisal system fraught with problems and abuse makes it credibility questionable. A recent study in Barclays Bank Ghana, also reported that employees viewed performance management as discriminatory, punitive and judgmental processes, where cronyism and biased considerations dominated objectivity (Horsoo, 2010). This leads to another question, would employee involvement in the performance management lead to employee motivation to perform? This therefore leads to the need to study how the performance management system of KenGen has influenced employee motivation. This study takes a departure from previous studies which have reviewed how motivation leads to good performance while this study looks at how performance management leads to employee motivation.

2.0 LITERATURE REVIEW

2. 1 Performance Management

Performance management is a critical aspect of organizational effectiveness (Cardy, 2004). Because it is the key process through which work is accomplished, it is considered the "Achilles Heel" of managing human capital (Pulakos, 2009) and should therefore be a top priority of managers (Lawler, 2008). However, less than a third of employees believe that their company's performance management process assists them in improving their performance, and performance management regularly ranks among the lowest topics in employee satisfaction surveys (Pulakos, 2009).
As Armstrong (2000) notes, the performance management process offers an opportunity for the integration of all HR strategies. "Bundling" HR practices so that they complement and strengthen each other has been shown to be necessary for an organization's HR architecture to deliver desired performance and therefore, performance management is valuable (Verweire and Van Den Berghe, 2004). Another study by Bennell (2004) in Sub Saharan Africa noted that incentives for schools and teachers in the public education system to perform well are frequently weak due to ineffective incentives and sanctions. This was particularly the case when teachers cannot be effectively disciplined for unacceptable behaviour (absenteeism, lateness, poor teaching and abusive behaviour towards pupils) by school managements because it was very difficult to dismiss them and pay and promotion are largely unrelated to actual performance.

2.2 Employee Recognition

Zwane (2009) found that employee recognition is not just a nice thing to do for people. Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for your business. When you recognize people effectively, you reinforce, with your chosen means of recognition, the actions and behaviors you most want to see people repeat. An effective employee recognition system is simple, immediate, and powerfully reinforcing.

One potential benefit of a standardized relationship between performance ratings and pay awards is that it can strengthen the incentive value of the awards by providing a clearer link between performance and pay. There is likely to be greater ambiguity regarding the relationship between performance and pay in more discretionary schemes in which the award for a given level of performance is decided after the fact. This argument assumes that performance appraisal system distinguishes between different levels of performance (Mwita, 2002)

Steelman and Rutkowski (2004), show that the credibility of the supervisor acts as a motivation sign and the size of the effect of negative feedback on an employee future performance. More generally, there is ample evidence that employees tend to reject feedback that is inconsistent with their own beliefs. In many organizations, annual performance appraisals form the basis for the rewards employees get.

A growing body of evidence also shows that leaders of learning organizations need to be good role-models of proactive learning, as such behaviour tends to facilitate the development of a strong learning culture (Dymock and McCarthy, 2006; Oliver and Kandadi, 2006). Leaders should empower organizational members in knowledge enquiring and sharing (Bell De Tienne et al., 2004; Woodbury, 2006) and the practice of generative learning (Goh, 2002; Politis, 2003). Apart from those stated characteristics and functions, the ability to solicit feedback from organizational members and being open to criticism were also mentioned as important factors of leadership in learning organizations (Garvin, 2000). On the aspect of how leadership affects the organizational performance, several scholars advocated that organizations that are able to achieve superior performance have leaders who demonstrate proactive learning behaviours (Stinson *et al*., 2006).

2. 3 A learning organization

A learning organization is a process whereby an organization itself has to provide a scientific environment whereby employees have to be facilitated to perform. This is a more duty bond and it is upon the management to come up with strategies to be given to employees for them to implement. This should be worked to make sure that the employees are assisted to reach the highest level of performance (Gongera, 2011). In learning environment, it is the responsibility of the organization to provide all required tools to enable every employee reach their highest level of performance. When you create a learning organization, you are actually biased towards the welfare of the employees. This is becoming the property of the institution and the institution getting married to the employees. It is upon the organization to invest in the employees so as to produce so that the senior employees train the juniors to make sure there is no gap.

In the promotion of a learning organization, the following are necessary ingredients. 1) Participatory and involvement in decision making, 2) training and development, 3) team work and team building, 4) reward and compensation and 5) communication has to be transactional with free flow of information and without any confusion. Information should not be distorted. This creates an environment of trust (Gongera, 2011). Oluseyi and Ayo (2009) assert that levels of employee performance rely not only on the employees' actual skills, but also on the level of motivation they exhibit. Therefore, productivity and retention of employees are considered as functions of employee motivation (Lord, 2002). Motivation sources also exert influence on factors such as employee turnover, as well as job satisfaction and organizational commitment

2.4 Employee Remuneration

Non-pecuniary rewards should not be limited to physical and social benefits like size of the individual's room, titles, general appreciations and etc. Rather providing of individuals' job progress could be a significant factor in motivating of them towards producing, acquiring, distributing and using of knowledge. Greatest motivations for some employees are resulted from the right of selection to perform challenging activities and activities that add value in a scope beyond formal job description (Sharif zade and Budlaee, 2009). One potential benefit of a standardized relationship between performance ratings and pay awards is that it can strengthen the incentive value of the awards by providing a clearer link between performance and pay. There is likely to be greater ambiguity regarding the relationship between performance and pay in more discretionary schemes in which the award for a given level of performance is decided after the fact. This argument assumes that performance appraisal system distinguishes between different levels of performance (Mwita, 2002)

2.5 Employee Engagement

One variable that has been receiving increasing attention as a key determinant of performance is employee engagement (Young et al, 2009). For example, Mone and London (2010) suggest that designing the performance management process to foster employee engagement will lead to higher levels of performance. Performance management process will therefore be enhanced by focusing on employee engagement as a proximal outcome and fundamental determinant of job performance. Employee engagement is a relatively new concept (Macey & Schneider, 2008) and the factors that produce engagement may be different from those that produce more traditional employee outcomes such as job satisfaction and organizational commitment (Macey *et al*, 2009). Considerations of how to promote engagement as a desirable outcome of the performance management process thus represent a significant, but untested, development in the performance management literature (Sparrow, 2008). Additionally, building on the positive psychology movement (Seligman & Csikszentmihalyi, 2000; Lopez

& Snyder, 2009), much contemporary organizational research adopts a positive approach to understanding organizational phenomena.

Glorification and appreciation from employees alongside of cooperation in the process of knowledge management is one of the main motivational factors in lieu of holding of formal ceremonies and appreciation from employees' role even employees who have a suitable salary and receive appropriate reward are encouraged towards productivity improvement and evaluation of the organization and as a result show more attempt. Appreciation is done in various ways. Offering of presents is one of these ways. Method of offering of presents could manifold the effect of presents. Announcing of the management appreciation to individuals through written letter, performing of meeting in their presence, email and are other ways of appreciation (Nieke, 2010).

2.6 Summary of Research Gap

Most managers and supervisors are uncomfortable conducting performance appraisal discussions. Only a few, feel confident in their ability to accurately assess the performance of their employees. Knowing how to give honest performance feedback and use the appraisal system as a communication and motivational performance management tool will improve employee performance. The studies reviewed above show that there is a high correlation between performance management and employee motivation. However there is a gap of such studies in an African perspective especially in Kenya and hence the need for this study.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a descriptive survey design. Descriptive survey is conducted to describe the present situation, what people currently believe, what people are doing at the moment and so forth (Baumgartner, Strong and Hensley 2002). The population of this study was all employees of Kenya Electricity Generating Company and who have been with the company for a minimum

period of one year. This was to ensure that they understood the company and have gone through a one year cycle of performance contract. The researcher used both stratified sampling and simple random sampling on both management and employees of which each stratum, simple random sampling was used to identify individual employee respondents. The target sample size for this study was 274 employees. The target sample was 15% of the population/employees. Data was inferentially analyzed using Statistical Package for Social Sciences (SPSS) version 12.

4.0 RESULTS, FINDINGS AND DISCUSSION

4.1 Performance Management and Renumeration

The first objective of the study was to establish the extent to which performance management has influenced employee remuneration at KenGen. Table 1 shows that 83% agreed that salary was linked to performance at Ken Gen, 82% agreed that annual salary increment was based on individual employee performance and 79% agreed that employment perks are approved for employees based on their performance. Seventy three percent agreed that there are several reward schemes for good performers and 63% agreed that good salary and benefits can improve performance. The mean score of the responses for this section was 3.84 indicating that more employees agreed that performance management was a key driver of remuneration.

The findings agree with those in Mwita (2002) who asserted that there is likely to be greater ambiguity regarding the relationship between performance and pay in more discretionary schemes in which the award for a given level of performance is decided after the fact. Hence this argument assumes that performance appraisal system distinguishes between different levels of performance.

Table 1: Remuneration

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
Salary is linked to performance at KenGen	5%	7%	10%	55%	28%	3.91
Annual salary increase is based on individual employee performance	6%	6%	12%	54%	28%	3.84
Employment perks are approved for employees based on their performance	5%	9.3%	6.8%	44.7%	34.2%	3.94
There are several reward schemes for good performers	0.6%	13%	13%	39.8%	33.5%	3.93
Good salary and benefits can improve performance	1.2%	16.1%	19.9%	46.6%	16.1%	3.6
Average Likert Mean						**3.84**

4.2 Performance Management and Working Conditions

The second objective of the study was to review whether the performance management framework has influenced working conditions of employees at KenGen. Results on Table 2 indicates that 63% agreed that they had a well-ventilated and lighten working space, 65% agreed that they had good work environment that was conducive for achieving their targets and 57% agreed that their management ensured there were adequate safety precautions with the work environment. Fifty one percent agreed that there was a lot of team work in the office which created good atmosphere for achieving targets and 60% agreed that all employees were insured for their life and injuries. The mean score of the responses for this section was 3.46 indicating that there was agreement with most of the statements on working conditions. These results reveal that employees at KenGen are very comfortable with the performance management framework and working conditions in the company.

The findings agree with those in Das (2003) who asserted that because of the dynamic, multifaceted nature of modern jobs, in the contemporary work environment achieving increments in performance often involves less “management” of performance than “facilitation” of performance, by creating the conditions for performance to improve. The findings also agree with those in Pulakos (2009) who posits that a comprehensive approach to performance improvement certainly requires control systems and the “management” of performance in order to, for example, coordinate cascading goals.

Table 2: Working Conditions

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
I have a well-ventilated and lighten working space	0%	14.3%	23%	55.9%	6.8%	3.55
I have good work environment that is conducive for achieving my targets	4.3%	11.8%	18.6%	39.8%	25.5%	3.7
Our management ensure there are adequate safety precautions with the work environment	9.3%	20.5%	13%	34.2%	23%	3.41
There is a lot of team work in the office which creates good atmosphere for achieving targets	4.3%	35.4%	8.7%	25.5%	26.1%	3.34
All employees are insured for their life and injuries	13.7%	16.1%	10.6%	44.7%	14.9%	3.31
Average Likert Mean						**3.46**

4.3 Performance management and Recognition

The Third objective of the study was to evaluate the degree to which performance management has influenced employee recognition at KenGen. Results are presented on Table 3 below. Eighty five percent of the respondents agreed that good performers were recognized annually by the CEO and the board, 81% agreed that the company had many and adequate recognition schemes, and 81% agreed that recognitions at KenGen have improved competition among employees and hence better output. Finally 86% of the respondents agreed that they were happy with the recognition schemes existing at KenGen. The mean score for the responses was 4.11 which indicate that many employees agreed that performance management was a key driver of motivation through employee recognition. The results revealed that performance management motivated many employees at KenGen.

The findings agree with those in Zwane (2009) who found that employee recognition is not just a nice thing to do for people. Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for your business. When you recognize people effectively, you reinforce, with your chosen means of recognition, the actions and behaviors you most want to see people repeat. He further asserted that an effective employee recognition system is simple, immediate, and powerfully reinforcing.

Table 3: Performance management and Recognition

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**
Good performers are recognized annually by the CEO and the board	2.5%	6.8%	6.2%	62.1%	22.4%	3.95
The company has many and adequate recognition schemes	0.6%	9.3%	6.2%	40.4%	43.5%	4.17
Recognitions at KenGen have improve competition among employees and hence better output	0%	5%	13.7%	39.1%	42.2%	4.19
I am happy with the recognition schemes existing at Kengen	0%	5.6%	8.1%	56.5%	29.8%	4.11
Average Likert Mean						**4.11**

4.4 Bivariate Pearson's Correlation

Table 3 displays the results of correlation test analysis between the dependent variables (Remuneration, Working Conditions, Job Security and recognition) and independent variable and also correlation among the dependent variables themselves. Results on Table 4 show that motivation was positively correlated with all the independent variable. This reveals that any positive change in performance management led to improved motivation (Remuneration, Working Conditions, Job Security and recognition) among KenGen employees.

Table 4: Bivariate **Pearson's** Correlation

Variable		**Performance Management**	**Remuneration**	**Working condition**	**Job Security**	**Recognition**
Performance Management	Pearson Correlation	1				
	Sig. (2-tailed)					
Remuneration	Pearson Correlation	0.96	1			
	Sig. (2-tailed)	0.000				
Working condition	Pearson Correlation	0.965	0.938	1		
	Sig. (2-tailed)	0.000	0.000			
Job Security	Pearson Correlation	0.952	0.96	0.976	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
Recognition	Pearson Correlation	0.97	0.973	0.965	0.972	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

4.5 Regression Analysis

In order to establish the statistical significance of the independent variable (performance management) on the dependent variables (Remuneration, Working Conditions, Job Security and recognition) univariate regression analysis was employed.

4.6 Remuneration and Performance Management

Table 5 shows that the coefficient of determination also called the R square is 92.1%. This means that the combined effect of the predictor variable (performance management) explains 92.1% of the variations in employee remuneration at KenGen. The correlation coefficient of 96% indicates that the combined effect of the predictor variable has a strong and positive correlation with employee remuneration. This also meant that a change in the drivers of motivation (performance management) has a strong and a positive effect on motivation (remuneration).

Table 5: Regression Model Fitness for Remuneration

Indicator	Coefficient
R	0.960
R Square	0.921
Std. Error of the Estimate	0.1854

Analysis of variance (ANOVA) on Table 6 shows that the combine effect of performance management was statistically significant in explaining changes in remuneration (motivation). This is demonstrated by a p value of 0.000 which is less that the acceptance critical value of 0.05.

Table 6: Analysis of variance (ANOVA) for Remuneration

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	63.468	1	63.468	1845.72	0.000
Residual	5.467	159	0.034		
Total	**68.936**	**160**			

Table 7 displays the regression coefficients of the independent variable. The results reveal that performance management is statistically significant in explaining the remuneration (motivation) of KenGen employees. There was a positive and significant relationship between remuneration and performance management.

Table 7: Regression Coefficients for Remuneration

Variable	Beta	Std. Error	t	Sig.
Constant	-1.31	0.121	-10.838	0.000
Performance Management	1.321	0.031	42.962	0.000

4.7 Inferential Analysis for Working Condition and Performance Management

Table 8 shows that the coefficient of determination also called the R square is 93.2%. This means that the combined effect of the predictor variable (performance management) explains 93.2% of the variations in employee working conditions at KenGen. The correlation coefficient of 96.5% indicates that the combined effect of the predictor variable has a strong and positive correlation with employee working conditions. This also meant that a change in the drivers of motivation (performance management) has a strong and a positive effect on motivation (working conditions).

Table 8: Regression Model Fitness for Working Conditions (Learning Organization)

Indicator	Coefficient
R	0.965
R Square	0.932
Std. Error of the Estimate	0.16023

Analysis of variance (ANOVA) on Table 9 shows that the combine effect of performance management was statistically significant in explaining changes in working conditions (motivation). This is demonstrated by a p value of 0.000 which is less that the acceptance critical value of 0.05.

Table 9: Analysis of variance (ANOVA) for Working Conditions

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	55.617	1	55.617	2166.29	0.000
Residual	4.082	159	0.026		
Total	**59.699**	**160**			

Table 10 displays the regression coefficients of the independent variable. The results reveal that performance management is statistically significant in explaining the working conditions (motivation) of KenGen employees. There was a positive and significant relationship between working conditions and performance management.

Table 10: Regression Coefficients for Working Conditions

Variable	Beta	Std. Error	t	Sig.
Constant	-1.362	0.104	-13.042	0.000
Performance Management	1.237	0.027	46.543	0.000

4.8 Inferential Analysis for Recognition and Performance Management

Table 11 shows that the coefficient of determination also called the R square is 94.2%. This means that the combined effect of the predictor variable (performance management) explains 94.2% of the variations in recognition at KenGen. The correlation coefficient of 97% indicates that the combined effect of the predictor variable has a strong and positive correlation with employee recognition. This also meant that a change in the drivers of motivation (performance management) has a strong and a positive effect on motivation (recognition).

Table 11: Regression Model Fitness for Recognition

Indicator	Coefficient
R	0.97
R Square	0.942
Std. Error of the Estimate	0.16168

Analysis of variance (ANOVA) on Table 12 shows that the combine effect of performance management was statistically significant in explaining changes in recognition (motivation). This is demonstrated by a p value of 0.000 which is less that the acceptance critical value of 0.05.

Table 12: Analysis of variance (ANOVA) for recognition

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	67.278	1	67.278	2573.86	0.000
Residual	4.156	159	0.026		
Total	71.434	160			

Table 13 displays the regression coefficients of the independent variable. The results reveal that performance management is statistically significant in explaining recognition (motivation) of KenGen employees. There was a positive and significant relationship between recognition and performance management.

Table 13: Regression Coefficients for Recognition

Variable	Beta	Std. Error	t	Sig.
Constant	-1.203	0.105	-11.419	0.000
Performance Management	1.36	0.027	50.733	0.000

4.9 Inferential statistical analysis for Managers

4.10 Bivariate Pearson's Correlation

Table 14 displays the results of correlation test analysis between the dependent variables (Remuneration, Working Conditions, Job Security and recognition) and independent variable and also correlation among the dependent variables themselves. Results on Table 14 show that motivation was positively correlated with all the independent variable. This reveals that any positive change in performance management led to improved motivation (Remuneration, Working Conditions, Job Security and recognition) among KenGen managers.

Table 14: Bivariate **Pearson's** Correlation

Variable		**Performance Management**	**Renumeration**	**Working condition**	**Job security**	**Recognition**
Performance Management	Pearson Correlation	1				
	Sig. (2-tailed)					
Remuneration	Pearson Correlation	0.945	1			
	Sig. (2-tailed)	0.000				
Working condition	Pearson Correlation	0.919	0.949	1		
	Sig. (2-tailed)	0.000	0.000			
Job security	Pearson Correlation	0.877	0.913	0.895	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
Recognition	Pearson Correlation	0.91	0.928	0.886	0.979	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

4.11 Regression Analysis for Managers

In order to establish the statistical significance of the independent variable (performance management) on the dependent variables (Remuneration, Working Conditions, Job Security and recognition) univariate regression analysis was employed.

4.12 Inferential Analysis for Remuneration and Performance Management

Table 15 shows that the coefficient of determination also called the R square is 89.3%. This means that the combined effect of the predictor variable (performance management) explains 89.3% of the variations in employee remuneration at KenGen. The correlation coefficient of 94.5% indicates that the combined effect of the predictor variable has a strong and positive correlation with employee remuneration. This also meant that a change in the drivers of motivation (performance management) has a strong and a positive effect on motivation (remuneration).

Table 15: Regression Model Fitness for Remuneration (Management)

Indicator	**Coefficients**
R	0.945
R Square	0.893
Std. Error of the Estimate	0.21601

Analysis of variance (ANOVA) on Table 16 shows that the combine effect of performance management was statistically significant in explaining changes in remuneration (motivation). This is demonstrated by a p value of 0.000 which is less than the acceptance critical value of 0.05.

Table 16: Analysis of variance (ANOVA) for Remuneration (Management)

Indicator	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	3.874	1	3.874	83.035	0.000
Residual	0.467	10	0.047		
Total	**4.341**	**11**			

Table 17 displays the regression coefficients of the independent variable. The results reveal that performance management is statistically significant in explaining the remuneration (motivation) of KenGen employees. There was a positive and significant relationship between remuneration and performance management.

Table 17: Regression Coefficients for Remuneration (Employees)

Variable	Beta	Std. Error	t	Sig.
(Constant)	-4.79	0.909	-5.27	0.000
Performance Management	2.01	0.221	9.112	0.000

4.13 Inferential Analysis for Working Condition and Performance Management

Table 18 shows that the coefficient of determination also called the R square is 84.5%. This means that the combined effect of the predictor variable (performance management) explains 84.5% of the variations in employee working conditions at KenGen. The correlation coefficient of 91.9% indicates that the combined effect of the predictor variable has a strong and positive correlation with employee working conditions. This also meant that a change in the drivers of motivation (performance management) has a strong and a positive effect on motivation (working conditions).

Table 18: Regression Model Fitness for Working Conditions (Managers)

Indicator	Coefficient
R	0.919
R Square	0.845
Std. Error of the Estimate	0.31805

Analysis of variance (ANOVA) on Table 19 shows that the combine effect of performance management was statistically significant in explaining changes in working conditions (motivation). This is demonstrated by a p value of 0.000 which is less than the acceptance critical value of 0.05.

Table 19: Analysis of variance (ANOVA) for Working Conditions (Management)

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.508	1	5.508	54.449	0.000
Residual	1.012	10	0.101		
Total	**6.519**	**11**			

Table 20 displays the regression coefficients of the independent variable. The results reveal that performance management is statistically significant in explaining the working conditions (motivation) of KenGen employees. There was a positive and significant relationship between working conditions and performance management.

Table 20: Regression Coefficients for Working Conditions (Management)

Variable	Beta	Std. Error	t	Sig.
(Constant)	-6.076	1.338	-4.54	0.001
Performance Management	2.396	0.325	7.379	0.000

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Key Findings

One of the key findings was that employees of KenGen valued performance management. This was demonstrated by the extent of agreement with the statements in the questionnaire in support of performance management. All the employees indicated that performance management was a key determinant of employee motivation through various ways.

The first objective was to establish the extent to which performance management has influenced employee remuneration at KenGen. The results revealed that performance management was a key determinant of remuneration (motivation). This was demonstrated by the mean score of responses and also the regression coefficient. The correlation between performance management and remuneration was also found to be strong and positive.

The second objective was to review whether the performance management framework has influenced working conditions of employees at KenGen. Results showed that performance management influenced motivation through working conditions. The findings revealed that the employees were happy about the working conditions and the general working environment at KenGen. Performance management was found to be statistically significant in influencing motivation through working conditions.

The third objective of the study was to examine how performance management has promoted employees job security at KenGen. The study findings showed that employees value job security as an ingredient of their motivation. It was also found that there was a positive and significant relationship between performance management and job security.

The fourth and final objective was to evaluate the degree to which performance management has influenced employee recognition at KenGen. It was found that employee recognition was important to employee motivation and was statistically significant.

5.2 Conclusions

Based on the objectives and the findings of the study the following conclusion can be made.

- Performance management is a key driver to employee motivation at KenGen. This kind of finding is familiar as it has been supported by other scholars and hence highlighting the intensity of performance management in driving motivation.

- Remuneration was found to motivate employees at KenGen. Due to performance management all the employees were appraised and salaries and remunerations allocated according to their performances. Thus all employees worked extra hard and smart so as to have better remunerations through their hard work.

- Performance management framework was found to be statistically significant with working conditions of employees at KenGen, the employees overwhelmingly agreed with it positive effect on motivation. It can therefore be concluded that despite the short and quick effect on motivation, working conditions could be used to direct the energies of employees towards the desired company targets.

- Performance management was found to be effective in driving employee’s job security at KenGen. It can be concluded that through employees job security the employees were motivated fully which made the company to have good performance. Job security was found to be a key in expressing compassion from the management to the employees.

- Performance management and employee recognition was found to be statistically significant. It was found that all employees that were recognized by the company motivated that employees to remain the best and the other employees saw them as role models hence improved performance and motivation of all employees in the company.

5.3 Recommendations

Based on the results, findings and conclusions the following recommendations have been deciphered.

It was found that performance management drives motivation (remunerations). It is recommended to the management of KenGen to regularly conduct salary reviews with an objective to ensure equity and justice in pay with an overall objective of inducing motivation in employees. It is recommended that the management conducts a market survey of salary in order to bring them to par with the market in view of the fact that KenGen is one of the leading electricity generating company within East and Central Africa. This effort can lead to better motivation and subsequently lead to better employee productivity and by extension that of the overall company.

Working conditions were found to be a motivator to employee motivations and should be structured in the way employees would like it to be. It is recommended to the management that they review the existing working conditions and environment and ensure that the employees are secured from hazards risks with a targeted aim of improving employee motivation. The management should also ensure that all employees are treated equally to avoid double standards in the company and demoralize the employees.

Job security was found to be a key motivator. It is recommended to the management to evaluate how they could ensure job security for the employees to cut down employee turnover. This can be done by employing them on permanent basis and training them on their jobs so as to build capacity and make employees feel secure and confident in what they do.

Recognition was found to make employees happy. However these are not predictable benefits and may lead to industrial unrest if the employee expectations were not met. It is recommended to the management that employees who worked extra smart should be recognized and rewarded so as to arouse other employees and ensure all employees work hard so as to be recognized hence improve the overall performance of the company.

5.4 Areas for Further Study

Arising from the findings and the gaps in the study a replica study is recommended in another company in order to test whether the conclusions of this study will hold true. Another study could be carried out to include other potential drivers of motivation like, salary, bonus, medical cover, organizational image and also management style.

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