

# Assessment of Implementation of Performance Management Cycle and Employees' Turnover in the Floriculture Industry: A Case of Mairye Estates Limited, Wakiso, Uganda.

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## **ABSTRACT:**

Performance management is an interesting study to various application areas in private and public organizations. In addition to this, it is a great discourse to many management scientists and to some degree social scientists. This research sought to assess implementation of performance management cycle and employees' turnover in the Floriculture Industry: A case of Mairye Estates Limited, Wakiso, Uganda. Despite the general concurrence that makes performance management a widely accepted organizational tool, its implementation seems to work to the contrary. Mairye Flower farm human resource office points that employee turnover is one of their greatest challenges. In an endeavour to investigate into this gap, this study used the following specific objectives in addition to the study purpose; evaluating employees' turnover rate in Mairye Estates Limited since 2011, examining the utilization of performance management cycle at Mairye Estates Limited since 2012, and finding out the relationship between implementation of performance management cycle and employee turnover at Mairye Estates Limited since 2012. The study used descriptive survey research design under a mixed research paradigm that involved a combination of both quantitative and qualitative methods. It administered questionnaires and interview schedules in the study area. Mairye has a total population of 840 employees which formed the target population. From this, a sample of 271 respondents was calculated using Yamane's (1967) simplified

formula. The researcher utilized stratified, purposive, and simple random sampling techniques and because of need they translated the instruments to Luganda. Objectives were analyzed using descriptive statistics; frequencies and percentages, correlation analysis to establish relationships between implementation of performance management cycle and employee turnover, and on the basis of major concepts and themes to arrive at the results in addition to SPSS tool. In order to tie the relationship between dependant and independent variables, the researcher conceptualized at how one would implement performance management cycle to decrease employee turnover rates. To pick among various theories addressing employee turnover; this study opted to use: Vroom's, Porter and Lawler's Expectancy theory with Adams' Equity theory. The study thus recommends; the management addresses factors that lead to employee turnovers and then introduce better performance rewards, review its implementation of the performance management cycle, and consider /explore non-monetary rewards to motivate performance.

**Key Words:** Employee Motivation/ Policy Implementation/ Performance Management/ Management Cycle/ Employee Turnover/ Floriculture Industry/ Mairye Estates/Wakiso District/ Uganda.

## 1. INTRODUCTION AND BACKGROUND TO THE STUDY

Employees are fundamental assets, the most valuable resources, to all organisations and indeed a firm is nothing without them (Wesonga, Kombo, Murumba, and Makworo, 2011). Certainly they are indispensable for the prosperity, productivity and performance of any company. Yet, they are likened to 'frogs in a wheelbarrow', that 'jump out any time' (Beard and Cladon, 2007, pp. 176; as found in Williams, 2009, pp. 28). Employee turnover gives sleepless nights to human resources managers, especially in farming organizations (Wesonga, Kombo, Murumba, and Makworo, 2011). Consequently, high labour turnover has massive consequences. Meaning that low employee turnover is essential for any organisation. According to Agarwal (2011), business' productivity and profitability depend on low turnover rates of employees. This implies that improved productivity within firms stems from implementing best practice of managing human resources (Wolff, 2008). The performance management is one of those aspects involved in streamlining human resources in firms. The main purpose of this study is to explore the performance management cycle as remedy to employee turnover in the floriculture industry, with particular reference to Mairye Estates Limited.

Weiss and Hartle (1997) define performance management as: 'A process for establishing a shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing people that increases the probability of achieving success' (p. 12). It is a logical approach of 'tracking individual performance' against organisational objectives, which entails identifying 'strengths and opportunities for improvement'. Performance management cycle in particular plays an important role in measuring both individual and organisational performance (Armstrong, 2009). It is a systematic approach, a planned process, which takes the form of a continuous cycle: planning, monitoring, developing, rating, and rewarding (Armstrong and Baron, 2002; United Nations, 2009; Kirk, 2012). This can, among others, attract and retain skilled employees (Armstrong, 2009; Tippins and Coverdale, 2009). Thus, having an efficient performance management cycle is essential for employees' high performance.

Various scholars have carried out researches on performance management in a range of sectors: public service (Eisenhower, 2000; Maila, 2006), health (Toni, 2007; Leila, Yadollah, Sudabeh and Abdolhosein,

2010; Guyo, Gakure and Mwangi 2011), financial (Mwanje, 2010; Horsoo, 2010; Akuoko, 2012), transport (Mokaya and Kittony, 2008), hotel (Kurua, Ondigi and Wanderi, 2012), educational (Daly and Dee, 2006; Candle, 2010) non-profit making (Tinofirei, 2011), sugar industry (Wesonga, Kombo, Murumba and Makworo, 2011) and others (Akah, 2010). They have found out that performance management has effects on human resources, productivity, profitability and organizational efficiency.

Unfortunately, despite employee turnover being a serious problem (Wesonga, Kombo, Murumba, and Makworo, 2011), there is shortage of studies investigating it, especially studies using a performance management cycle as remedy to employee turnover. Moreover, none of studies above is on the floriculture industry. Additionally, none of them has tackled performance management cycle and employee turnover.

Performance management cycle has been utilised for various reasons in different organisations in the world. For example, United Nations has a detailed guidance designed for staff and supervisors on how to go about this concept. According to United States office of personnel management, the introduction of a performance management system was aimed at transforming performance culture; in a manner that focuses on customer satisfaction, professionalism of service delivery, courtesy and integrity (United Nations, 2009). Performance management is a systematic process of: planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion, and rewarding good performance (United Nations, 2009).

In United Kingdom, in desirous of high performance, organizations have tried to implement the performance management cycle (Thompson, 2002; Guest, Michie, Conway, and Sheehan, 2003). Similarly, the Central Government of Jamaica (2007) has come up with guidelines for administering it, with the aim of improving service delivery. In relation to Africa, performance management cycle enables skills capacity for instance in the Government of South Africa. According to Kanyane and Mabelane (2009), key ingredients of an effective cycle include professionalism, leadership, motivation, communication, attitude, training and reward. In the same context, fairness of the cycle has been identified as a challenge (Matlala, 2011).

In Uganda, the Ministry of Public Service (MOP) has tried to implement performance management system (MOP, 2008). Their guidance is based on the Integrated Performance Management Framework (IPMF); which is also articulated in the same Ministry in the previous year (MOP, 2007). The result was that service delivery was improved (MOP, 2008). However, Lubwama (2009) and Pulakos (2009) have warned that the success of performance management in the Ugandan public sector largely depends on implementation.

Mairye Estates Limited, a floriculture industry, grows and sells cut roses and was established in 1956 as a Hudda family business. It covers an area of 4 square miles. It has board of directors, besides a managing director. It is structured into five departments headed by Senior Managers. The five departments are: Human Resources, Production, Maintenance, Finance and Administration and Post Harvest, as detailed in their organogram (Appendix 4). This flower farm has been using performance management since the beginning of this year, 2012. Among other reasons, this cycle was instituted so that the estates may achieve her objectives by attracting and retaining skilled employees. It is in this context that the researcher explores how performance management cycle would be utilized effectively as remedy to employee turnover in the floriculture industry. Despite many authors' (Furnham, 2004; Hazard, 2004; IOMA, 2004; Gliddon, 2004) criticisms and concerns regarding the efficacy of performance management 'systems', it is acknowledged that these 'systems' make useful contribution to the efficiency and effectiveness of an organization (Armstrong, 2009). Thus, this study investigated: *'Performance Management Cycle and Employees' Turnover in the Floriculture Industry: A Case of Mairye Estates Limited'*.

## 2. STATEMENT OF THE PROBLEM

Performance management is widely accepted and used despite clear evidence that sometimes it is counterproductive (Grubb, 2007). Soroush (2000) argues that it has little effect on employee's aspiration to perform more efficiently. But, this cycle, if well utilised, may reduce employee turnover by attracting and retaining skilled employees (Armstrong, 2009; Tippins and Coverdale, 2009). Yet, its implementation works to the contrary (Lubwama, 2009). Pulakos (2009) states that: '... the most challenging and the most important part of developing an effective performance management system is successful

implementation'. Ugandan farming sector has been advised to reduce employee turnover (Kulabako, 2012). According to Mairye's human resource office, employee turnover is one of their greatest challenges. In the year 2011 alone the farm lost an average of 130 workers per month, out of the total 650 workforce then. This employee turnover rate of 20% was unhealthy situation that necessitated a remedy. Among other reasons, at the beginning of the year 2012, the management instituted performance management cycle so as to attract and retain skilled, qualified and experienced workforce. It was in this context that this study sought to explore how effective Mairye Estates Limited has utilized the cycle as remedy to employee turnover. In other words, has the cycle reduced Mairye's employee turnover rate? If so, how and by what percentage?

## 3. OBJECTIVES OF THE STUDY

### 3.1 General Objective

This study intended to assess implementation of performance management cycle and employee turnover in the floriculture industry, with particular reference to Mairye Estates Limited.

### 3.2 Specific Objectives

The research was guided by the following specific objectives:

- i. To evaluate employees' turnover rate in Mairye Estates Limited since 2011.
- ii. To examine the utilization of performance management cycle at Mairye Estates Limited since 2012.
- iii. To find out the relationship between implementation of performance management cycle and employee turnover at Mairye Estates Limited since 2012.

## 4. METHODOLOGY

The study used descriptive survey research design under a mixed research paradigm that involved a combination of both quantitative and qualitative methods. Besides administering questionnaire, interviews were conducted in the study area. As a result, the study adopted the field method to collect both quantitative and qualitative data. The design helped the researcher to describe how to utilize performance management cycle in relation to employee turnover. The study population comprised employees of Mairye Estates Limited. Mairye has a total population of 840 employees (target population). This study sample was 271 respondents which was calculated using Yamane's (1967) simplified formula,

which is indicated below. In this formula,  $n$  is the sample size (required responses),  $N$  is the population size, and  $e^2$  is the level of precision (error limit). To determine the sample size the application of this formula runs as follows:

$$n = \frac{N}{1 + N(e)^2} = \frac{840}{1 + 840(0.05)^2} = \frac{840}{1 + 21.42} = \frac{840}{22.42} = 37.46 \approx 38$$

3.1

The researcher utilized stratified, purposive, and simple random sampling techniques. This type of sampling was chosen because it takes into consideration the heterogeneous nature of the population to be sampled. These sub-populations or administrative levels are heterogeneous in relation to their training backgrounds, responsibilities and roles in the performance management cycle. The researcher purposively sampled all stratified administrative levels except general workers.

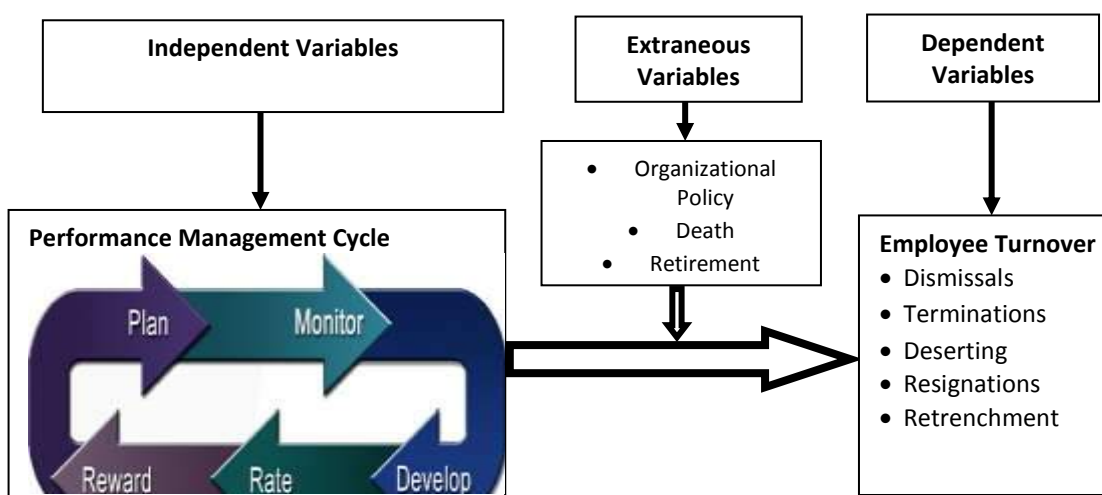
Stratified /Administrative Levels	Number	Sampling Techniques
Senior managers	5	Purposive sampling
Middle managers	10	Purposive

		sampling
Junior managers (supervisors)	50	Purposive sampling
Headworkers	56	Purposive sampling
General Workers	150	Simple random sampling
<b>Total</b>	<b>271</b>	

**Table 1: Showing the Selected Sample Size: Source - Field Data**

The researcher used both questionnaire and interview schedule in English (and when need arose they were translated to Luganda). The field work was done by the researcher, helped by research assistants. The gathered data was validated, edited and then coded before the actual data analysis. The Statistical Package for Social Sciences (SPSS) was used in analysing data. Objectives were analyzed using descriptive statistics such as frequencies and percentages, correlation analysis to establish relationships between implementation of performance management cycle and employee turnover, and on the basis of major concepts and themes to arrive at the results. The ethical requirements for the research were adhered to. The researcher addressed the limitations as they occurred.

## 5. CONCEPTUAL FRAMEWORK





**Figure 1: Conceptual Framework: Source - The Researcher (2013); and the cycle is adopted from Kirk (2012).**

Figure 1 illustrates the five stages of performance management cycle (Armstrong and Baron, 2002; United Nations, 2009; Kirk, 2012): planning, monitoring, developing, rating, and rewarding, which may influence employee to stay or leave. With regards to the relationship between dependant and independent variables, the researcher looked at how one would implement performance management cycle to decrease employee turnover rates. It was expected that if this cycle is effectively utilised, it would reduce employee turnover by attracting and retaining skilled employees, which in turn would increase productivity and ultimately profitability (Grubb, 2007; Armstrong, 2009; Zwane, 2009). In this context that the researcher explored whether this is the case with performance management cycle in the Ugandan floriculture industry.

## 6. THEORETICAL PERSPECTIVE OF EMPLOYEE TURNOVER

A number of authors have advanced various theories in addressing employee turnover. The most notable and relevant to this study include: Vroom's (1964), Porter and Lawler's (1968) Expectancy theory and Adams' (1965) Equity theory (Armstrong, 2009). The expectancy theory, it is generally used in turnover and retentions (Armstrong, 2009). Its central idea is the notion that recruits join organizations with expectations and if these expectations are attained they remain employees in that organisation (Daly and Dee, 2006). 'Expectancy theory states that motivation will be high when people know what they have to do to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile' (Armstrong, 2009, p. 325). According to turnover and retentions frameworks developed from this theory, decisions to stay or leave an organization can be explained by examining relationships between structural, psychological, and environmental variables (Ng'ethe, Iravo, and Namusonge, 2012). In mid 1960s Vroom advocated the expectancy theory arguing that employees are likely to leave if their expectations are not met (Candle, 2010). According to this theory, taking Mairye as an example, it is assumed that employees are likely to remain working if they know that their performance is evaluated, rated and rewarded positively with benefits like bonuses. Failure to reward them as expected, it may frustrate them, reduce their effort, de-motivate them and may eventually quit the job. This theory, particularly its elements of

expectations, is chosen by the researcher because it provides a theoretical basis for issues affecting employee turnover, especially rewarding performance. Mairye's management need to understand that failure to meet employees' expectations ultimately brings about frustrations and high level of employee turnover.

Referring to Armstrong (2009), Equity theory is concerned with the perceptions people have about how they are being treated as compared with others. It maintains that employees are better motivated if treated equitably and de-motivated if they are treated inequitably. It demands for equitable reward and employment practices. Equity involves feelings and perceptions and it is always a comparative process. It majorly considers workers' treatment (Wesonga, Kombo, Murumba and Makworo, 2011). So it is based on the assumption that employees are most likely to be motivated by the way they are equitably treated at work. This theory has both strength and weakness. According to Ng'ethe, Iravo and Namusonge (2012), it demonstrates that individual employees are part of the larger system with individual inputs such as education, experience and effort. It consequently guides in understanding what may influences employees to leave or stay in the employment. Failure to find equity leads to various actions like leaving the organization (Armstrong, 2009). In turn this contributes to labour mobility. However, the major weakness in this theory is subjectivity of the comparison process. There is a tendency in human nature to distort their inputs especially in regard to effort and hence becomes subjective when comparing (Beard and Claydon, 2007). For example, at Mairye employees may tend to compare the pay they get with what others are paid for the same effort and situation; so that if they are discover that they treated unfairly, they consider themselves as victims of inequity. This will lead to employee turnover.

## 7. RELATED LITERATURE TO THE STUDY

### 7.1 Overview of Performance management cycle

Different scholars understand and use performance management differently. Weiss and Hartle (1997, p. 12) define it as: 'A process for establishing a shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing people that increases the probability of achieving success'. It is a prearranged procedure that involves clarifying the job duties, defining performance standards, and documenting, evaluating and discussing performance

with each employee (Khanka, 2003). Meaning that it is a set of practices through which work is defined, reviewed and rewarded and employee's capabilities are developed as a result (Zwane, 2009).

Armstrong (2009) defines performance management as a 'systematic process' that create a mutual understanding among employees on *what* is to be accomplished and *how*. According to him, it demands for alignment of the organisational objectives with the workers' agreed measures, skills, competency requirements, development plans and the delivery of results. Implying that prominence is on 'improvement, learning and development' with the intention of realizing high performance and organisational objectives. He states: 'It [performance management] is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements' (p. 618). Employee performance management encourages workers to get involved in the planning, and therefore anticipates by having a role in the process workers are motivated to perform highly (Kirk, 2012).

The performance management processes include activities that constantly guarantee the achievement of goals in an effective and efficient manner. It brings about a work environment where workforce can work to the best of their ability. Through it, one offers an on-going training and development, career development opportunities, regular performance assessments and

recognitions for super performers (Mullins, 2007). Herein performance management refers to a logical approach of tracking individual's performance against mutually set objectives. It entails employee's involvement in the planning so as to get better results within an agreed framework of planned goals, standards and competency requirements. It is one of the significant human resources processes that provide the basis for improving and developing individuals as well as performance. This deliberated process has five crucial elements: agreement, measurement, feedback, positive reinforcement and dialogue (Armstrong, 2009).

Effective performance management has a well-articulated process for carrying out assessments, with defined roles and timelines for both supervisors and employees. It takes the form of a continuous self-renewing cycle. Armstrong's (2009) cycle has three steps: performance and development agreements; managing performance throughout the year; and performance review and assessment. Other scholars (Armstrong and Baron, 2002; United Nations, 2009; Kirk, 2012; and <http://www.love2reward.co.uk/rewards/info-centre/performance-management-cycle.jsp>) have split these into five stages: *planning* work and setting expectations, continually *monitoring* performance, *developing* the capacity to perform, periodically *rating* performance and *rewarding* excellent performers. These stages are illustrated in the figure 2 and then explained in the sections that follow.

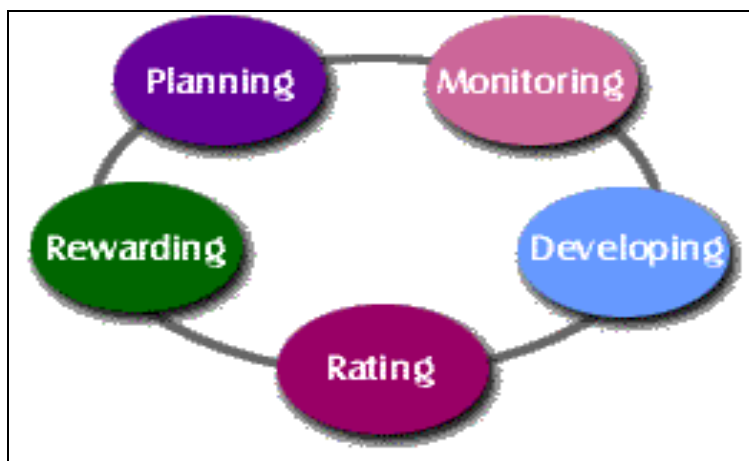


Figure 2: The Performance Management Cycle: Sources - Adopted from <http://www.love2reward.co.uk/rewards/info-centre/performance-management-cycle.jsp>.

### 7.1.1 Planning

In any effective organization, work is planned out beforehand. In this first stage of performance management cycle, the manager extensively plans for the realization of performance expectations, arranges

for the availability of the required resources so as to attain the set goals. Employees ought to know *what* to do and *how* to perform it successfully. Such expectations are set up during performance plans (Armstrong, 2009).

Planning means agreeing on performance expectations and goals so that individuals or teams can work toward realizing organizational objectives. Performance plans should be flexible so that they can accommodate changes of objectives and work requirements, if need be. So planning is where performance goals and expectations are instituted to guide workforces towards what the firm wants (Armstrong, 2009). According to Kirk (2012), it avails opportunities to employees to have inputs into how the company should structure its performance management policies and procedures in anticipation of producing better products or services. The planning process defines what is expected of them. Additionally, a performance plan should include all critical and non-critical elements and their performance standards. Elements facilitate individual accountability of employees; as well as enlightening workers on *what* to do. Performance standards advise them *how well* to perform it. These two should be measurable, equitable, understandable, verifiable and achievable (United Nations, 2001).

Wolff (2008) and Armstrong (2009) give SMART mnemonic to summarize the criteria for organizational objectives and performance expectations. They ought to be: firstly, *Specific* -clear, unambiguous, straightforward, understandable and challenging. Secondly, *Measurable*, the manager needs to be able to establish whether the activity was attained and if so, how well. Thirdly, *Achievable* or *Attainable*, objectives should be challenging but within the reach of a competent and committed employees. Workers are discouraged if they are expected to attain unattainable activities. Fourthly, *Relevant*, each task should direct linkage with to the job, a developmental plan, objective or mission; so that the individual goals are aligned to corporate goals. Fifthly, *Time-based*, performance and objectives is tracked against specified and reasonable deadlines. In sum, there are the five important main characteristics that all performance expectations should possess, which must be taken into consideration during planning stage. They should pass the SMART Test. They should be Specific, Measurable, Achievable, Relevant and Timely.

According to Armstrong (2009), the performance planning part of the performance management cycle involves agreement between the manager and the specific employee on what the latter needs to do to realize set objectives, raise standards, improve performance and develop the required competencies. It also helps to prioritize tasks. The aim of performance planning is to guarantee that the meaning of the

objectives, performance standards and competencies as they apply to everyday work is well explained and comprehended. It is a starting point for converting organizational aims into actions. During performance planning stage, agreements are arrived at, how performance is be rated and measured and how one ascertains competency levels. All these elements are very essential because they enable individuals and managers to monitor, measure and to exhibit accomplishments. They should be identified and fully agreed at this initial stage.

Communicating job expectations is another factor of performance planning. United Nations (2009, p. 2) noted: 'The basis of all effective performance management is dialogue'. Communication of measures and standards, for example, clarify expectations and create a feeling of involvement. It is strongly advisable to set performance measures for individual employees and then jointly discuss and agree during one-on-one, face-to-face meetings with line managers. Then to put them into a formal, written performance agreements for all individuals.

Pulakos (2004), Fletcher (2004) and Armstrong (2009) articulate that employee's involvement at this initial step is of paramount significance. As Buchner (2007) emphasizes, performance management is done *for* employees and in corporation with them. As a result, it is important to plan and review with employees their performance expectations, behaviors to be exhibited and the expected results. Behaviors are essential as they reveal how a staff is to perform tasks, how individuals support the team, communicates and mentors others. It is in this context that Armstrong (2009, p. 620) states: 'Performance management is not just a top-down process in which managers tell their subordinates what they think about them, set objectives and institute performance improvement plans. It is not something that is done *to* people'.

United Nations (2009) highlight several benefits of employees' participation in the performance management cycle, especially in the planning stage. According to this source, getting employees involved helps them to comprehend organizational goals, what needs to be done, why and how best it should be done. Their participation essentially aids the setting up of realistic expectations and standards. It offers an opportunity to clarify performance expectations, results expected, and competencies to be demonstrated by individuals. It helps in developing reliability, validity, fairness and usefulness of those expectations and standards. The reason for this is that they have direct,

first-hand experience with all of the forces that impact their jobs. In addition, it increases opportunities of ongoing training and development. It enables individuals, supervisors and firms to keep track of accomplishments. It provides information to the firm on their undertakings, potentiality, future and development needs. It encourages employee-supervisor relationship and teamwork by integrating individual work plans with the organizational plan.

As a result, the involvement of employees in the performance management cycle is very crucial. It is through planning stage that the performance management is depicted as a continuous and flexible process, which involves supervisors and their subordinates as partners working together so as to achieve the necessary results. It depends on agreements and collaboration rather than 'control or coercion' (Armstrong, 2009). Such partnership enhances ownership of the performance management and its effectiveness. Planning stage is an enabling role. Yet, most firms that utilise performance management cycle realise unplanned results and scarcely seek involvement of all employees (United Nations, 2009).

The most essential part of the performance management cycle is the planning and setting up of realistic, challenging, yet attainable performance expectations and standards. Human resources easily achieve expectations and standards if they are planned for and communicated to them in a manner that can clearly be understood and accepted by them. Accordingly, when job activities are precisely planned for and are targeted, then performance is likely to improve. Without specific expectations and standards, work activities are spread over too wide a range and; due to a lack of focus, performance is expected to deteriorate. In performance planning supervisors and employees review the employee's job duties and responsibilities and determine the key expectations and standards (like results, goals, objectives) to be reached in the next specified performance period.

### 7.1.2 Monitoring

Monitoring employees' performance and processes is the second step in performance management cycle. According to Armstrong (2009), continuous monitoring of performance and taking necessary actions is another most important concept of performance management. It involves implementing the plan and managing performance. Monitoring is an ongoing process, which involves checking the progress of the products or the services at prearranged and

random periods. The best way to efficiently monitor performance is to walk around the firm. Managers' observation is crucial because it generates constant contacts, supplies first-hand information and identifies inconsistencies and challenges, which may require timely attention. Progressive monitoring offers opportunities of cross-checking how well employees are meeting preset standards and then adjust unrealistic or problematic objectives. And by monitoring continually, unacceptable performance can be identified earlier and necessary support provided to deal with it (Kirk, 2012).

Founded on the progress achieved, employees recurrently receive tangible, objective, meaningful, accurate, factual and complete feedbacks on what she or he is doing well and what to improve on in order to attain organisational objectives (Dhar, 2008; Kirk, 2012). So it involves providing timely assistance and thus doing away with obstacles. In this stage managers also provide adequate support to employees by ensuring that they have right tools and resources to perform efficiently (<http://www.love2reward.co.uk/rewards/info-centre/performance-management-cycle.jsp>). According to Armstrong (2009), effective and timely feedback during the performance period addresses performance elements and standards, essential components of a successful performance management cycle. Employees should know in a timely manner *how* well they are performing. They need to be told *what* they are doing well and if there are areas needing improvement. If employees need to improve their performance, the sooner they find out about it, the sooner they can rectify the problem. If employees have reached or exceeded a goal, the sooner they receive positive feedback, the more rewarding it is to them. With effective feedback processes, employees can see their progress and that motivates them to reach their performance goals successfully.

In any effective organization, managers monitor performance and subsequently give feedbacks repetitively. The guidance, motivation, feedback, corrective actions, and joint participation in problem-solving, reinforcement and support provided throughout the process are of utmost importance. Feedback provides an opportunity for supervisors to discuss with the employee and to document evolving priorities; and as appropriate, document areas needing improvement, other organizational changes impacting employees' assignments and any necessitated changes to performance goals. Effective feedback improves individual and team performance and facilitates



organizational effectiveness. Despite the benefits of monitoring performance, other firms infrequently monitor it (United Nations, 2009).

### 7.1.3 Developing

The third step of employee performance management cycle is development. This is very essential for firms, as it improves employees' performance and show that the firm has interests in their accomplishments. Implementation of performance management cycle provides outstanding opportunities of identifying developmental needs. During planning and monitoring stages, deficiencies in performance become obvious and ought to be addressed. Areas for improving performance also stand out, and actions like training and developing can be taken to assist successful employees to get even better. In other words, as soon as performance inadequacies are identified, the supervisor discusses them with the employee and takes necessary action to remedy the situation (United Nations, 2009; Kirk, 2012).

Armstrong (2009, p. 664) defines learning and development as: 'the process of acquiring and developing knowledge, skills, capabilities, behaviours and attitudes through learning or developmental experiences. It is concerned with ensuring that the organization has the knowledgeable, skilled, engaged and committed workforce it needs'. Employee development includes management and employees' efforts to improve individual performance as well as obtaining skills, knowledge, and abilities for desired assignments. Training and development provide employees with specific skills that help to rectify deficiencies in their performances.

It is important to determine areas in which employees need improvement; and also opportunities for them to advance within the organisation (Kirk, 2012).

Pulakos (2004) points out various performance management training areas. They include: philosophy and uses of performance management cycle, rating process, roles and responsibilities of employees and managers in performance management cycle, how to plan performance, setting of expectations and goals, how to provide accurate evaluations, minimizing rating errors and rating inflation, the importance of ongoing, constructive, specific behavioral feedback, how to seek and give feedbacks effectively, how to react to and act on feedback in a constructive manner, how to identify and address development needs and how to use the automated system and related software for implementing performance management cycle

effectively. In brief, employees and managers need to be able to use the performance management cycle effectively. Such trainings ensure that the performance management cycle operates efficiently, effective administration. Development helps to bring about the foregoing objectives.

In an effective organization, employee developmental needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes or other methods. Providing employees with training and developmental opportunities encourages excellent performance, strengthens job-related skills and competencies and helps employees keep up with technological and environmental changes in the workplace. Armstrong (2009) explains four stages of personal development planning. They include analyzing current situation and development needs, setting goals, preparing action plan and then implementing the planned action appropriately. Personal development plan provides a learning action plan for which individuals, with the support, guidance, encouragement and help from their managers, are responsible. Opportunities for training and development are among the most important reasons why employees stay in organizations, particularly youthful and enthusiastic ones (Ng'ethe, Iravo and Namusonge, 2012). So, lack of training and development opportunities may lead to employee turnover.

### 7.1.4 Rating

Having planned, monitored and developed employees, the next step of performance management cycle is rating. Rating an employee is the fourth step in employee performance management cycle. It goes hand-in-hand with the monitoring process. Within the context of formal performance management cycle, rating means evaluating employee performance against the elements and standards (United Nations, 2009). This stage involves documenting performance through observing, recalling, written communication, evaluating, judgment and analysis of data. It is more formal though, as it involves a written review of the employee's performance (Dhar, 2008; Kirk, 2012).

The criteria for rating and reviewing performance should be balanced between: achievements in relation to objectives; the level of knowledge and skills possessed and applied; behaviour in the job as it affects performance; the degree to which behaviour upholds

the core values of the organization and day-to-day effectiveness. As a result, there are four major types of rating scales: exceptional performance; well-balanced performance; barely effective performance and unacceptable performance (Armstrong, 2009).

After the formal rating, a feedback session is desirable. This session should involve verbal communication, listening, problem solving, negotiating, compromising, conflict resolution and reaching consensus. As argued above, feedbacks should be personal, noticeable and timely. Unless feedback is timely, for example, it loses its utility and may have only limited influence on performance (Dhar, 2008). It is then obvious that communication is at the core of a rating system. Communication can be either upward or downward. Illustratively, the employee is allowed to provide input on how s/he is doing the job and to rate herself/himself as well. Managers and employees then review the ratings provided and address any areas where their ratings are significantly different so that employees understand why they were rated in that manner (Kirk, 2012).

Armstrong (2009) gives twelve golden rules for conducting performance review meetings, which can be useful to managers as they rate and give feedbacks. Managers should be prepared, work to a clear structure, create the right atmosphere, provide good feedback, use time productively, use sincere and deserved praise, let individuals do most of the talking, invite self-assessment, discuss performance not personality, encourage analysis of performance, don't deliver unexpected criticisms and agree measurable objectives and a plan of action.

Armstrong (2009) raises four arguments as rationale for rating. First, rating aids to identify overall performance and demand for accountability. Second, it is useful to recap verdicts about employees, the exceptional performers or under-performers with the intention of taking appropriate action. Third, performance pay or rewards are unattainable without ratings. And fourth, it motivates employees to improve because it conveys clearly message them on how they are performing. In sum, from time to time, companies find it valuable to rate employee performance. This is helpful for comparing and rewarding performance over time or among various employees /teams. Firms need to know who their most excellent or under performers are.

Despite the preceding significance of rating, performance rating is fundamentally subjective and it is difficult to attain uniformity between the ratings

given by different supervisors. Labeling employees as 'average' or 'below average', may be humiliating and de-motivating. Rating, especially that which determines performance pay, limits all-important issues like forward-looking and developmental focus (Armstrong, 2009).

### 7.1.5 Rewarding

Providing a reward is the final step in the performance management cycle. Rewarding means recognizing workers, individually and as teams, for their superior performance and acknowledging their contributions to the organizational objectives (United Nations, 2009; Kirk, 2012). Rewards, both positive and negative, are part of the performance management cycle; or else, it lacks impact.

Performance rewarding can either have monetary or non-monetary values. Both must be given appropriately. On the one hand, the latter includes verbal and written appreciation, time off, promotion and recognition (Dhar, 2008; Kirk, 2012). According to Kuria, Ondigi and Wanderi (2012), employee recognition is the timely, informal or formal acknowledgement of a person's or teams' effort or result that supports and exceeds the organizational expectations, goals and values. Furthermore, according to them, appreciation is a basic human need and workers respond to it positively since it substantiates that their efforts are valued. Their argument is: 'Employees tend to stay in organizations when they feel that their capabilities, efforts and performance contributions are recognized and appreciated by others' (p. 210).

On the other hand, monetary values refer to performance pay. Rewarding employees for good performance takes the form of monetary incentives or rewards (performance-based pay such as bonuses). It is advisable for organizations to institute clear and realistic goals for performance pay before implementing the system (Dhar, 2008). Additionally, the study conducted by Kuria, Ondigi and Wanderi (2012) revealed that 60% of their respondents were dissatisfied with poor remunerations. As result, they recommended that firms should: 'establish a rewarding system that would motivate workers other than monetary remunerations'. Implying that, the power of non-monetary rewards should not be ignored and should be utilised to maximize organizational returns.

There are various reasons for performance pay. They include increasing recruitment abilities, retention and

motivation purposes. It may also help to create organizational performance culture, to build team-work and to improve equity by offering more compensation to higher performers (Dhar, 2008). Conclusively, Dhar states: 'Organisations often have many objectives for pay for performance. For example, they may aim to improve the organisation's ability to attract and retain high performers. They may hope to improve individual effort and consequently, organisational performance' (2008, p. 191). However, after Dhar has stated objectives for performance pay including that of attracting and retaining high performers, he contends: 'Unfortunately, organisations have found that pay for performance has not achieved these objectives in all instances' (2008, p. 191). It is in this context that the researcher intends to find out if performance management cycle has any effects on employee turnover rates at Mairye.

## 7.2 Concept of Employee Turnover

Employees, in all organizations, play a central role in ensuring that a firm delivers on its mandates. Scholars have affirmed that in every organisation employees are the most valuable resources (Wesonga, Kombo, Murumba, and Makworo, 2011; Ng'ethe, Iravo, and Namusonge, 2012). Consequently, all organizations desire low employee turnover. Employee or labour turnover refers to the movement of employees in and out of a business (Toni, 2007; Bula, 2012). It is the rate at which employers gain and lose employees in a given period of time. It is any permanent departure from employment (Wayne, 2006; Armstrong, 2009). Scholars classify turnover into voluntary and involuntary (Shahzad, Hayat, Abbas, and Rehman, 2011). At its broadest, the term is used to encompass all leavers, both voluntary and involuntary, including those who resign, retire, die, desert, or are made redundant, are dismissed or are terminated. Therefore, for the purpose of this study, employee turnover is the rate at which workers leave permanently Mairye Estates, irrespective of the reason/s for departure.

Organizations lose employees for a variety of reasons. It is significant for organisational management to know why employees give up their jobs. Armstrong (2009) observes that proper retention strategies ought to be based on the understanding of the factors that influence employees to leave or stay. Employee turnover is as a result of multiple individual and organizational issues (Morrell, Loan-Clarke, and Wilkinson, 2004; Iqbal, 2010; Makhbul, Rahid, and Hasun, 2011; Nzukuma and Bussin, 2011). Recently Nzimande's (2012) study on staff turnover established the following experiences

to be the cause of high employee turnover: poor working conditions, failure to create sense of urgency, disrespect, poor performance evaluation, job dissatisfaction, poor structure and systems, lack of direction, poor job alignment, lack of development and advancement, and poor communication and vision, which is the lack of constructive employer-employee communication that relates to poor supervisor expectations, feedback on performance and timely communication regarding critical issues.

Armstrong (2009) and Bula (2012) discuss similar reasons for leaving: recruiting and selecting wrong employees, search for more pay, better prospects (career move), better working conditions, more security and more opportunity to develop skills, unable to cope with job, poor morale and low levels within workforce, poor relationships with manager/team leader as well as colleagues, dismissal, retirement, resignation, termination; bullying or harassment and personal reasons like pregnancy, illness and moving away from area. Kuria, Ondigi, and Wanderi (2012) have classified these causes into internal and external. Conclusively, these authors pointed out to the fact that there is no standard explanation as to why workforces choose to leave their employment. The researcher observes that employee turnover is due to multi-reasons. However, the researcher's view is that the five stages of performance management cycle (planning, monitoring, developing, rating, and rewarding) can effectively influence a worker to stay or leave, depending on its utilization. The cycle can address factors highlighted above, especially those underscored by Nzimande.

## 7.3 Challenges and Situation of Employee Turnover

According to Ng'ethe, Iravo, and Namusonge (2012), reducing employee turnover is one of the challenges facing all types of firms. The situation is complicated by globalization that has intensified competition and increased mobility of highly skilled employees. Nonetheless, employee turnover has benefits as well as disadvantages to individuals and organizations. But its challenges outweigh the advantages. On the one hand, according to Tettey (2006), Candle (2010) and Bula (2012), employee turnover has some positive elements. They argue that it creates opportunities to induce wider experience and new ideas to the organization, as well as providing career development opportunities for existing workers. In other words, it helps firms to bring in fresh ideas, enthusiasm, experience, creativity, new perspectives and new approaches.

On the other hand, a constant and high staff turnover, however, brings about disastrous situations to individuals and to both large and small organizations (Candle 2010; Bula, 2012). It gives sleepless nights to human resource managers, especially in farming organizations (Wesonga, Kombo, Murumba, and Makworo, 2011). High levels of turnover cause serious problems. It is 'disruptive and costly' and has a disproportionate impact on organizations (Armstrong, 2009). It brings about significant costs both in terms of direct costs such as replacement, recruitment and selection; and indirect costs like low morale, pressure on remaining staff, product/service quality and organizational memory (Morrell, Loan-Clarke, and Wilkinson, 2004; Howard, 2008; Pienaar and Bester, 2008; Batt and Colvin, 2011). In agreement, Wesonga, Kombo, Murumba and Makworo, (2011) and Bula (2012) maintain that it is costly; it adversely affects employees' morale, efficiency, and lowers productivity. Moreover, these situations deteriorate if they are not taken care of. Ultimately, it considerably affects organization's financial performance.

Illustratively, the cost of high employee turnover is enormous. When employees leave, meeting the organizational objectives become difficult and may have negative effects on the quality of services or products provided to customers (Nzimande, 2011). Pienaar and Bester (2008) note that a high turnover has several disadvantages such as costs related to decreased organizational loyalty, the loss of knowledge and experience regarding the organization and the increase in time and cost of training others. Others include the loss of skilled workforce, reduction in knowledge, decreased morale and increased workloads (Howard, 2008), merger failures (Straub, 2007), subsequent recruiting expenses, disruptions and discontinuities and the image of the firm. Additionally, Tettey (2006) argues that while individuals who move to other organizations may contribute to the specific activities of that organization, their departure means that skills and knowledge are diminished in reference to the former firms.

Losing highly skilled and experienced employees also leads to hidden costs associated with intricacy of finishing projects and interferences in team-based work atmospheres (Gaan, 2011). Consequently, then, the health and success of any business depends on low employee turnover (Kulabako, 2012); yet its solutions is a neglected subject matter (Meier and Hicklin, 2007). This is so because, without skilled, qualified and committed employees, no firm can really

guarantee quality, productivity, sustainability and profitability. Thus, this makes it critically important for organizations to attract, employ and retain good employees if success is desired. Furthermore, hereafter is another illustration on how costly employee turnover is. When employees depart from organizations, it necessitates a replacement with new recruits. Such replacements may consume a lot of time, and thus costly. Crail, (2006, 2008) researched on HRM's time expenditure and the findings were: recruitment/resourcing was rated at 27.3%, administration at 16.4%, absence at 12.7%, pay and benefits at 12.7%, employee relations at 9.1%, training and development at 4.2 % and strategic activities at 0%. This means that if the rate of staff turnover is high, then the human resources manager is likely to spend over 30% of time in recruitment so as to replace leavers, besides the costs of training and developing recruits.

As much as employee turnover has serious problems, all organizations regrettably encounter some degree of turnover (Armstrong, 2009; Bula, 2012). Booyens (1999) has conclusively stated that it is impractical to have 0% turnover rate. This implies that there is a certain level which is expected and acceptable. As reported by Candle (2010), Gerald (2002) asserts that most organisations would consider a turnover rate of 25% as absolutely reasonable. If this is the case, then organizations ought to come up with ways of dealing with and minimizing employee turnover rates. Yet, all firms are increasingly finding it complex to minimize employee turnover. Reed (2001, p. 67) argues that: 'Every worker is five minutes away from handing in his or her notice, and 150 working hours away from walking out of the door to a better offer. There is no such thing as a job for life and today's workers have few qualms about leaving employers for greener pastures'. Unfortunately, the workers organizations desire to retain are habitually the ones most likely to leave. This situation is not getting better by any chance.

For example, in reference to higher educational institutions only, in USA about 7.7% of staff is willing to leave their jobs annually (Yousaf, 2010). In the year 2000, more than 40% of them in USA and 68% of their counterparts in Australian were considering to leave their jobs (Sanderson, Phua and Herda, 2000). The situation is evidently problematic in the African. For instance, in South African, their counterparts who were taking into consideration quitting jobs were rated at 18% (Pienaar and Bester, 2008) and in Uganda at 70% (Candle, 2010). The study that has tackled labour



turnover in the agricultural sector is that of Wesonga, Kombo, Murumba and Makworo (2011) who established that, given another job, 98% of the respondents would leave their employment. These data depicts that employee turnover is an unhealthy situation. It is one of the foundations of serious problems in organisations when unattended to appropriately.

Employee turnover is universal phenomenon. It is a much studied subject matter (Morrell, Loan-Clarke and Wilkinson, 2004). Yet, it has adversely affected organizations in the globe: in UK where it was averaged at 17.3% (CIPD, 2008), in USA (Armstrong, 2009), in Pakistan (Shahzad, Hayat, Abbas and Rehman, 2011), in Saud Arabia (Iqbal, 2010), in India (Gaan, 2011), in Africa (Tetty, 2006), in South Africa (Nzukuma and Bussin, 2011), in Kenya (Mokaya, and Kittony, 2008; Wesonga, Kombo, Murumba, and Makworo, 2011; Guyo, Gakure, and Mwangi, 2011; Kuria, Ondigi, and Wanderi, 2012;) and in Uganda (Mwanje, 2010; Candle, 2010). It is notable that most of these authors have attempted to unearth causes (contributing factors) and consequences of labor turnover. Only two of foregoing researches, Bula (2012) and Wesonga, Kombo, Murumba and Makworo (2011), have tackled factors contributing to labour turnover in the agricultural sector, precisely in the sugar industry. This is in agreement with Ongori's (2007) observation that most researcher have attempted to establish why employees quit their jobs.

The researcher agree with other authors that the cost of employee turnover is enormous in all industries. It is unhealthy situation that is far from being treated conclusively. However, it is notable that none of the foregoing authors has researched on the floriculture industry. Moreover, not even one of them has studied on how to use a performance management cycle as remedy to employee turnover. Thus, there is need to explore performance management cycle and its effects on employee turnover.

### 7.3.1 Solutions of Employee Turnover

When it comes to employee turnover, most businesses have sought to keep the rate as low as possible. Different firms, depending on the causes, have come up with different solutions to turnover. Since it is costly to replace leavers, holding on to current workers who are fully competent, knowledgeable and experienced in their positions is in the best interests of the company. For this reason, organisations have often offered incentives like bonuses. This helps to keep the

turnover low (<http://www.wisegeek.com/what-is-annual-turnover.htm>).

Armstrong's (2009) possible solutions of employee turnover include: dealing with uncompetitive, inequitable or unfair pay systems; designing jobs to maximize skill variety, task significance, autonomy, control over work and feedback, and ensuring that those tasks provide opportunities for learning and growth; creating and develop job engagement; developing and encouraging social ties within firms creates loyalty; guaranteeing fair selection and promotion procedures that match individuals' capacities and job demands; conducting proper job induction; improving work-life balance like having flexible working schedules; getting rid of distasteful working conditions; training workers and managers; and making certain policies that reduce harassments of any nature. Regarding social ties that create loyalty, Cappelli (2000, p. 132) states: 'loyalty to companies may be disappearing but loyalty to colleagues is not'. Wesonga, Kombo, Murumba and Makworo (2011) argue that to retain staff one ought to provide friendly working conditions, good salaries and recognition for good performance and ensure their involvement in decision making.

Consequently, it is advisable to calculate the employee turnover rates so as to take appropriate actions. Wayne (2006) and Armstrong (2009) offer a traditional formula for measuring turnover rate. The researcher finds it helpful, simple and easy to use in calculating employee turnover rates at Mairye estates. The formula is:

$$\frac{\text{Number of leavers in a specified period}}{\text{Average workforce size for the same period}} \times 100$$

The researcher' argument is that the five stages of performance management cycle when utilized efficiently can persuade employees to stay or leave a firm. Yet, none of the foregoing scholars has attempted to search on how to effectively utilize performance management cycle as remedy to employee turnover in Ugandan floriculture industry.

### 7.4 Performance Management Cycle and Employees' Turnover

From the foregoing, it is evident that the performance management cycle is cyclical process. It consists: collectively work is planned and expectations are set, performance is monitored, employee ability to perform is developed and enhanced due to deficiencies

identified, performance is rated and the ratings summarized and performance is rewarded accordingly. Each step is an important part of the process. Each of this stage demands for the involvement of individuals, supervisors and management. Depending on the implementations of the cycle, it may 'attract and retain skilled' employees or lead them to quit their jobs.

The success of every organization, public or private, depends largely on the availability and quality of the workforce. This is because employees propel the organisation forward by positively influencing the work climate, attitudes, customer satisfaction, and ultimately, organisational performance. Successful firms realise that their effectiveness is based on the management of employees, their talents, ability and willingness to perform. As a result, the consequences of high employee turnover are massive. When employees leave their jobs, it is often a sign that something is going wrong.

In desirous of low employee turnover, organisations have endeavored to manage their workforce and their performance (Dhar, 2008; Armstrong, 2009; Tippins and Coverdale, 2009). The performance management cycle is, after selection, probably the most powerful mechanism that managers have at their disposal for getting results and reducing turnover. It lies at the core of the supervisor-employee relationship (Wayne, 2006; Latham, Sulsky, and Macdonald, 2007). The performance management cycle is used largely in managing human resources so as to enhance organisational productivity.

Yet, performance management review process seems hated by employees and supervisors alike. They intuitively know that it is a game of 'let's pretend' (Grubb, 2007). Grubb (2007) maintains that the non-participatory tendencies of employees in the performance management cycle are generally high and they decrease job satisfaction. Ohemeng (2009) argues that the performance management is fraught with some problems and abuses that make its credibility dubious. Recently a study also reports that employees view performance management as discriminatory, punitive and judgemental processes, where cronyism and biased considerations dominated objectivity (Horsoo, 2010). This makes one to question the effectiveness of performance management cycle in achieving organizational goals. Another research also demonstrates that it has a little effect on increasing the motivation level (Leila, Yadolla, Sudabeh and Abdolhosein, 2010), which may lead to unsatisfactory performance and thus turnover. Paradoxically, why

should the implementation of the cycle be counterproductive? Then how well would one utilize it, as remedy to employee turnover in the floriculture industry?

According to Pulakos (2009), the most vital issue with any performance management 'system' is how seriously it is taken and how devotedly it is used by managers and employees. Illustratively, if managers often use this cycle to handle under-performers (Goodhew, Cammock and Hamilton, 2008; Armstrong, 2009) and to determine rewards for performers (Tippins and Coverdale, 2009); then it implies that it affects the livelihood of employees, directly motivating or de-motivating them. Cokins (2009) asserts that performance management cycle can be utilised as a tool to improve on employees' performance. It is in this context that the researcher intends to explore how one would utilize performance management cycle to manage employee turnover. Putting it differently, what is the role of performance management cycle in reducing employee turnover rates?

The performance management cycle has several intentions. Aguinis (2009) lists six purposes. Among them this system is used administratively as a source of information for making decisions about employees in relation to performance. They allow for communication of expectations and feedback to employees. They provide information relating to employee strengths and weaknesses, and in so doing enable the identification of developmental needs and recommend remedial action. To this end, performance management cycle conveys financial and non financial information that influences decision making and managerial action (De Waal, 2003). Additionally, according to Armstrong (2009) and Tippins and Coverdale (2009), its efficacy helps to improve organisational effectiveness, improve organisational culture, and support total quality management.

The researcher's argument is that the five stages of performance management cycle if professionally utilized can persuade employees to stay or leave. The cycle can address factors highlighted above, especially the ones Nzimande draws attention to. For example, the performance management cycle can address poor performance evaluation, poor job alignment, the lack of involvement in decision making, the lack of constructive employer-employee communication that relates to poor supervisor expectations; planning can deal with lack of direction, vision along with poor communication; developing can sort out lack of development and advancement issues; and rewarding can take care of poor pay. Yet, none of the scholars

above has attempted to search on how to effectively utilize performance management cycle as remedy to employee turnover in the floriculture industry in Uganda.

More appropriately, as argued in the previous sections, performance management cycle has been utilised to reduce turnover rates (Dhar, 2008). It improves organisational ability to 'attract and retain high performers' (Dhar, 2008, p. 191) or 'attract and retain skilled' employees (Armstrong, 2009; Tippins and Coverdale, 2009). It enables supervisors to carry out separate 'risk analyses' for any key staff and their 'likelihood of their leaving'. The cycle, when properly carried out, increases employees' 'engagement and motivation' through the provision of feedbacks and recognitions (Armstrong, 2009). It is in this context that the researcher intends to explore how one would utilize the cycle to manage employee turnover at Mairye Estates.

## 8. DISCUSSIONS OF THE FINDINGS

This section analyzed data from the questionnaires administered to the respondents. It also presents information obtained through interviews from the study area. The findings of the study are shown in a tabular and graph formats as percentages and frequencies.

### 8.1 Socio-Demographic Characteristics of the Respondents

The study first looked at the socio-demographic characteristics of the respondents, which included: respondents' gender, age, marital status, education level, years of services, and category of workers, current department, and respondents' total income. The socio-demographic characteristics were essential in an attempt to know and understand the type of respondents, in an attempt to understand their variations that would have an influence on their opinions.

Out of the sample size of 271 respondents that the researcher targeted, the questionnaires were administered to the respondents and 267 questionnaires were collected back with full information filled out. This means that the response rate was at 98.5%. These respondents were gotten through stratified sampling of senior, middle and junior managers and all headworkers. The researcher also did a simple random sampling from the category of general workers in order to obtain other respondents.

<i>Gender</i>	<b>Frequency</b>	<b>Percent</b>
Female	124	46.4
Male	143	53.6
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>Age bracket</i>		
Below 20	34	12.7
21-30 years	165	61.8
31-40 years	49	18.4
41-50 years	16	6.0
51+ years	3	1.1
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>Marital status</i>		
Single	106	39.7
Divorced	5	1.9
Widowed	26	9.7
Married	110	41.2
Separated	20	7.5
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 2: Socio-demographic information: Source - Primary Data analyzed by SPSS**

In Table 2, the respondents' profile revealed that 54% of the respondents were male, while 46% were female. It was also observed that that Mairye Estates Limited was an equal opportunity employer. It was further exposed that 62% of respondents were aged between 21 and 30 years, 18% between 31 and 40 years, 13% below 20 years, 6% between 41 and 50 years and only 1% were aged over 50 years of age. This indicated that most of the employees (62%) in Mairye Estates Limited were aged between 21 and 30 years, followed by those (18%) aged between 31 and 40 years. This is because this age brackets are believed to be young, active, flexible and productive.

Additionally, considering the marital status of the respondents, it was noted that 41% were married, 40% were single, 10% were widowed, 8% were separated and 2% were divorced. Brief interactions revealed that though married, many women were staying alone with their children.

<i>Level of education</i>	<b>Frequency</b>	<b>Percent</b>
No formal education	70	26.2
Primary	105	39.3
Secondary	60	22.5
Certificate/ Diploma	15	5.6
Degree/ Post-Degree	17	6.4
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>Years worked at Mairye</i>		
Below 2 years	145	54.3
3-4 years	63	23.6

5 -7 years	32	12.0
8-9 years	12	4.5
Above 10 years	15	5.6
<b>Total</b>	<b>267</b>	<b>100.0</b>
<b>Category of workers</b>		
Departmental Managers	6	2.2
Sectional Managers	7	2.6
Supervisors	47	17.6
Head workers	54	20.2
General workers	153	57.3
<b>Total</b>	<b>267</b>	<b>100.0</b>
<b>Current Department</b>		
Human Resources	29	10.9
Production	132	49.4
Finance and Administration	34	12.7
Maintenance	12	4.5
Post Harvest	60	22.5
<b>Total</b>	<b>267</b>	<b>100.0</b>
<b>Total monthly income</b>		
Below 100, 000	138	51.7
Between 100, 001- 200, 0000	71	26.6
Between 200, 001- 300, 000	12	4.5
Between 300, 001- 500, 000	38	14.2
Over 500, 001	8	3.0
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 3: Education and Employment Data: Source - Primary Data analyzed by SPSS**

Table 3 presents the level of education of the respondents, in which 39% of the respondents were primary level graduates, 26% never obtained any formal education, 23% were secondary school graduates, and 6% had obtained a certificate or a diploma in various fields of study. Results also showed that 6% of the respondents had gone through degree or post degree level. This indicates that most of employees in Mairye Estates Limited are primary school graduates (39%) followed by those who had no formal education (26%). This implied that their jobs are easily gotten and retention maybe hard. In relation to the years respondents had worked at Mairye, 54% of the respondents had served for less than 2 years, 24% have worked for a period of between 3 and 4 years, 12% for a period of between 5 and 7 years, 6% indicated to have worked for over 10 years and only 5% have worked for a period of between 8 and 9 years. This indicated that more than half, 54%, are newly recruited workers who have served Mairye Estates

Limited for less than 2 years. This confirms that Mairye Estates Limited experiences employees' turnover. As regards to loyalty, only 11% had served Mairye Estates Limited for more than 8 years, despite the fact that the company started in 1956.

Considering the category of workers of the respondents, it was revealed that 57% of the respondents were general workers, 20% were head workers, 18% were supervisors, 3% were sectional managers and 2% were departmental managers. This implies that most of the workforce at Mairye Estates Limited who participated in this study was general workers, the lowest in the administration hierarchy. Pertaining to their current department, 49% of respondents indicated that they work in production department, 23% in post harvest department, 13% in finance and administration department, 11% in human resources department and 5% in maintenance department. This indicated that the department with the highest number of employee was production, followed by the post harvest. On the subject of respondents' monthly income, the study findings revealed that 52% of the respondents earned below 100,000 Ugandan shillings, 27% earned between 100, 001 and 200, 0000, 14% between 300, 001 and 500, 000, 5% between 200, 001 and 300, 000 and only 3% of the respondents earned over 500, 001 Ugandan shillings. Since most of the employees at Mairye Estates Limited are general workers, majority earn less than 100,000 Ugandan shillings. This implies that salary maybe a reason why the majority leaves their jobs, especially the general workers, a state that is supported by Armstrong (2009) who notes that poor remunerations and search for more pay as part of others reasons for employee turnover.

### 8.3 Concept of Employee Turnover

The study assessed employee turnover rate at Mairye Estates Limited. As already mentioned, labour turnover is a condition that prevails when employers gain and lose employees in a given period of time. It refers to the movement of employees in and out of an organization (Bula, 2012).

	Frequency	Percent
Yes	253	94.8
No	14	5.2
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 4: Are there employees who leave their jobs (Mairye) every month? Source - Primary Data analyzed by SPSS**

In Table 4, when respondents were asked whether there were employees who left their jobs at Mairye



every month, 95% of the respondents agreed while only 5% disagreed. This indicates that Mairye Estates Limited experiences employee turnover.

SUMMARY OF TURNOVER 2012			
	TOTAL EMPLOYEES	TOTAL LEAVES	TURNOVER %
January	510	18	3.53
February	725	19	2.62
March	753	21	2.79
April	803	11	1.37
May	798	18	2.26
June	796	23	2.89
July	810	28	3.46
August	814	15	1.84
September	830	23	2.77
October	828	12	1.45
November	834	23	2.76
December	838	67	8.00
<b>Total</b>	<b>9,339</b>	<b>278</b>	<b>35.74</b>
<b>Average</b>	<b>778.25</b>	<b>23</b>	<b>2.98</b>

**Table 5: Summary of Employee Turnover in 2012: Source - Mairye's HR Annual Report.**

Table 5 contains the average number employees who left Mairye monthly in the year 2012. In the interview with the HRM, it was revealed that on average 23 employees (3%) permanently left Mairye Estates Limited monthly in 2012. The worst month was December when Mairye lost 67 workers (8%), and according to HRM, the previous month the company did not give performance bonus. This affirms that there were employees who left permanently Mairye Estates Limited monthly and performance bonus influenced that rate.

	Frequency	Percent
Departmental (senior) Managers	7	2.6
Sectional (Middle level) Managers	2	.7
Supervisors (junior managers)	18	6.7
Head workers	8	3.0
General workers	232	86.9
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 6: Category of workers who contribute to employee turnover: Source - Primary Data analyzed by SPSS**

According to Table 6, the subject of category of workers that largely contribute to employee turnover, it was found out that 87% of those who left jobs at Mairye were general workers, 7% were supervisors, 3% were departmental managers, 3% were head workers and less than 1% were sectional managers. This implies that the majority of those who permanently left their jobs were general workers /casuals, possibly due to low salaries that this category earned.

If you got another job will you leave Mairye?	Frequency	Percent
Yes	247	92.5
No	20	7.5
<b>Total</b>	<b>267</b>	<b>100.0</b>
Is Mairye doing enough to reduce employee turnover?		
Yes	86	32.2
No	181	67.8
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 7: Possibility of leaving: Source - Primary Data analyzed by SPSS**

Table 7 contains respondents' views on whether they could leave Mairye once they got another job elsewhere. Shockingly, the study findings revealed that 93% of the respondents would leave Mairye for another job, while about 8% only had dissimilar views. This implies that the management of Mairye Estates Limited must do something since almost 93% employees would leave their jobs and take up new jobs. The foregoing experience of Mairye Estates Limited with reference to employee turnover was not exceptional, as Ng'ethe, Iravo, and Namusonge (2012) argue that employee turnover is one of the challenges facing all types of firms. Reed (2001, p. 67) states: 'Every worker is five minutes away from handing in his or her notice, and 150 working hours away from walking out of the door to a better offer'.

The study further sought to find out whether respondents were aware of management's efforts to reduce employee turnover. In reference to Table 4.6, on the subject of reduction of employee turnover, 68% of the respondents stated that Mairye is not doing enough to reduce employees' turnover rate, and only 32% indicated that Mairye is doing enough. This indicates that majority felt the company is not doing

enough to reduce the effects of labour turnover. This is in agreement with finding of study conducted by Wesonga, Kombo, Murumba, and Makworo (2011) who had asked the same question in their on Factors Contributing to Labour Turnover in the Sugar Industry in Kenya. All their respondents (100%) felt that Sony Sugar Company Limited not doing enough reduce of employee turnover.

What does Mairye management do to reduce employee turnover?	Frequency	Percent
Finding out why employees are leaving	56	21.0
Involving employees and/or workers 'union in decision-making	26	9.7
Transferring employees to other sections/departments	24	9.0
Providing free meals and other things to employees	17	6.4
Introducing bonuses (PMC' rewards)	144	53.9
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 8: Management's efforts to reduce employee turnover: Source - Primary Data analyzed by SPSS**

In Table 8, as regards to what Mairye management did to reduce employee turnover, 54% of the respondents revealed that the introduction of bonuses (PMC' rewards) had reduced employee turnover, 21% stated that the management finds out why employees left, 10% that employees and/or workers' union were involved in decision-making, 9% that the management transferred employees to other sections/departments, and 6% of the respondents revealed that the management provided free meals and other things to employees with the aim of reducing employee turnover. Although many interviewees said that the company was not doing enough to reduce labour turnover, but they noted that the company had introduced bonuses or performance rewards. This is supported by Wesonga, Kombo, Murumba and Makworo (2011) who argues that to retain staff one ought to provide good salaries, friendly working conditions, and recognition for good performance and ensure their involvement in decision making.

#### 8.4 Utilization of the Performance Management Cycle

The precise objective here was to assess the utilization of performance management cycle at Mairye Estates Limited. This section presents the analyzed data from the questionnaires administered to the respondents on this particular variable. It also presents information obtained through interviews with specific staff during the study.

	Frequency	Percent
Yes	112	41.9
No	155	58.1
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 9: Employees understand policies that guide performance management: Source - Primary Data analyzed by SPSS**

One way of ascertaining the utilization of performance management cycle was to understand policies that guide the cycle. The results are reflected in Table 4.8. Pertaining to understanding of policies that guide performance management, 58% of the respondents stated that employees did not clearly understand policies that guide performance management; 42% indicated that employees did clearly understand policies. This is an indication that Mairye Estates Limited had policies that guide performance management, but they were not understood by majority of the employees. It is important for all stakeholders to understand the principles that direct performance management if it is going to be perceived as fair and transparent. On contrary, Armstrong (2009) and Weiss and Hartle (1997, p. 12) regards the performance management as 'process for establishing a shared understanding about what is to be achieved and how it is to be achieved...'

<i>The PMC is implemented in the order of planning, monitoring, developing, rating and then rewarding</i>	Frequency	Percent
Yes	153	57.3
No	114	42.7
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>Is implementing all PMC burdensome and bureaucratic?</i>		
Yes	186	69.7
No	81	30.3
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>The PMC has enabled the</i>		

<i>establishment of clear performance goals and objectives</i>		
Yes	92	34.5
No	175	65.5
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 10: Implementing performance management cycle: Source - Primary Data analyzed by SPSS**

Table 10 contains respondents' views on whether performance management cycle at Mairye is implemented in the order of planning, monitoring, developing, rating and then rewarding. Majority of the respondents, 57% stated that Mairye implemented performance management cycle in that order, while 43% indicated that Mairye didn't follow the order while implementing the cycle. The findings above indicate that Mairye Estates Limited implemented performance management cycle in the order of planning, monitoring, developing, rating and then rewarding averagely since the percentage that said no was worth noticing. It is essential that Mairye Estates Limited follows the order as they implement the cycle.

According to Table 9, 58% of the respondents indicated that implementing all stages of the cycle was burdensome and bureaucratic; and only 30% of them stated that it was not. These findings imply that implementing performance management cycle in the order of planning, monitoring, developing, rating and then rewarding was regarded as burdensome and bureaucratic.

In accordance with Table 9, 66% of the respondents revealed that performance management cycle had not enabled the establishment of clear performance goals and objectives. About 35% of them indicated that the cycle has established performance goals and objectives. This was a revelation that performance management cycle had not enabled Mairye Estates Limited to institute clear performance goals and objectives. If there were, then they were not communicated. This finding contradicts Armstrong's (2009) view that performance management ought to set clear goals and objectives, and a mutual understanding among employees on *what* is to be accomplished and *how*. For productivity and profitability, obviously Mairye Estates Limit has to endeavour to attain the set performance goals and objectives.

		Frequency	Percent
<i>Is there regular involvement in planning and setting expectations?</i>	Yes	124	46.4
	No	143	53.6
<b>Total</b>		<b>267</b>	<b>100.0</b>
<i>Is there regular involvement in monitoring performance?</i>	Yes	138	51.7
	No	129	48.3
<b>Total</b>		<b>267</b>	<b>100.0</b>
<i>Is there Regular training and developing employees for better performance?</i>	Yes	155	58.1
	No	112	41.9
<b>Total</b>		<b>267</b>	<b>100.0</b>
<i>Is there regular involvement in rating performance?</i>	Yes	119	44.6
	No	148	55.4
<b>Total</b>		<b>267</b>	<b>100.0</b>
<i>Is there regular involvement in rewarding performance?</i>	Yes	111	41.6
	No	156	58.4
<b>Total</b>		<b>267</b>	<b>100.0</b>

**Table 11: Respondents' level of involvement in the PMC: Source - Primary Data analyzed by SPSS**

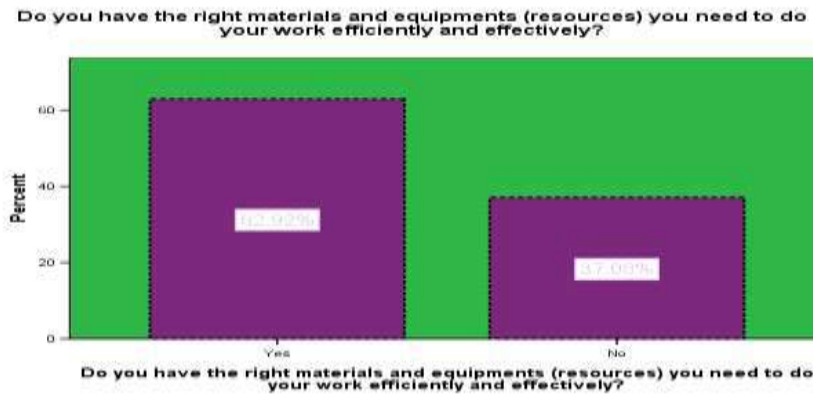
Table 11 presents findings on the respondents' level of involvement in the performance management cycle. The findings revealed that 54% of the respondents were not involved regularly in planning and setting expectations and 46% of them were involved; 52% were involved in regular monitoring performance and 48% were not involved; 58% were involved in regular training and developing employees for better performance and 42% were not involved; 55% were not involved in regular rating performance and 45% were involved; and 58% of the respondents confirmed that they were not regularly involved in rewarding performance and 42% of them were involved in rewarding. These findings indicated that the level of regular involvement of employees in the performance management cycle was low. More than 50% of employees were not regularly involved in planning and setting expectations, monitoring performance, training and developing, rating performance and rewarding performance. The implication were that without their involvement, the cycle's success could be frustrated. Pulakos (2004), Fletcher (2004) and Armstrong (2009) articulate that employee's involvement is of paramount

significance. Nations (2009, p. 2) noted: ‘The basis of all effective performance management is dialogue’.

	Frequency	Percent
Yes	168	62.9
No	99	37.1
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 12: The right materials and equipments for efficiency and effectiveness: Source - Primary Data analyzed by SPSS**

In accordance with Table 12 and Figure 1, 63% of the respondents revealed that they had the right resources, materials and equipments they needed to do their work efficiently and effectively and 37% of them indicated that they did not have right resources. The foregoing findings indicated that majority of employees had right resources, materials and equipments they needed to do their work efficiently and effectively. This ultimately enhances productivity and profitability.



**Figure 3: The right materials and equipments for efficiency: Source - Primary Data analyzed by SPSS.**

Table 13 below depicts findings on the appropriate trainings of respondents. The findings revealed that 70% of the respondents had not been trained on performance management cycle and 30% had been trained; 72% had not been trained on planning performance and 28% had been trained on setting expectations and goals; 73% had not been trained on how to seek and give feedbacks effectively and constructively and 27% had been trained on the same.

		Frequency	Percent
<b>Performance management cycle (PMC)</b>	Yes	80	30.0
	No	187	70.0
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to plan performance: setting expectations and goals</b>	Yes	74	27.7
	No	193	72.3
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to seek and give (reactions) feedbacks effectively and constructively</b>	Yes	72	27.0
	No	195	73.0
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to monitor performance effectively</b>	Yes	113	42.3
	No	154	57.7
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to identify and address development</b>	Yes	92	34.5
	No	175	65.5

<i>needs</i>			
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to use the automated system and software for effectively implement PMC</b>	Yes	51	19.1
	No	216	80.9
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to rate performance accurately</b>	Yes	87	32.6
	No	180	67.4
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to effectively manage performance rewards</b>	Yes	78	29.2
	No	189	70.8
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>Roles and responsibilities of employees and managers in PMC</b>	Yes	90	33.7
	No	177	66.3
<b>Total</b>		<b>267</b>	<b>100.0</b>
<b>How to handle the underperformers</b>	Yes	84	31.5
	No	183	68.5
<b>Total</b>		<b>267</b>	<b>100.0</b>

**Table 13: Respondents' Appropriate Trainings: Source - Primary Data analyzed by SPSS**

Further according to Table 13, the findings of the study revealed that 58% of the respondents had not been



trained on how to monitor performance effectively and 42% had been trained; 66% of the respondents had not been trained on how to identify and address development needs and about 35% had been trained; 81% of the respondents had not been trained on how to use the automated system and software for effectively implement performance management cycle and 19% had been trained; 67% of the respondents had not been trained on how to rate performance accurately and 33% had been trained; and 71% of the respondents had not been trained on how to effectively manage performance rewards and 29% had been trained.

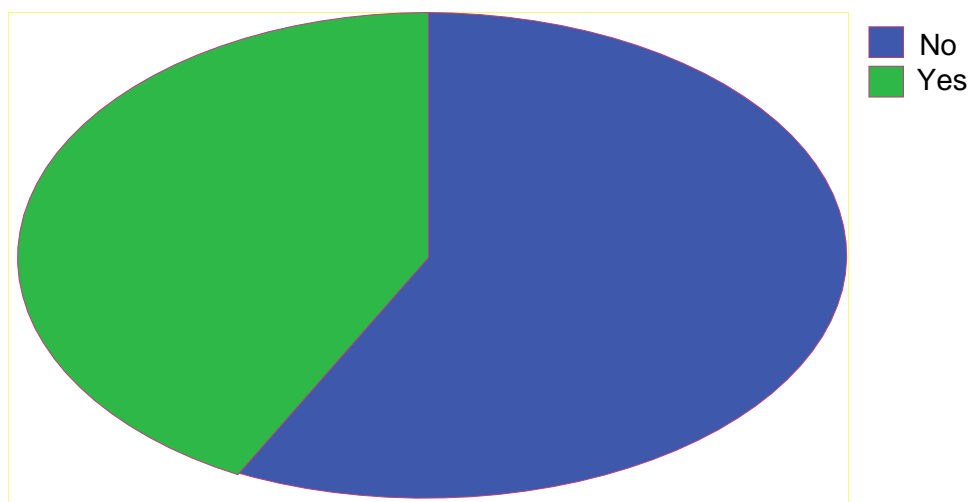
Additionally, in Table 13, the findings of the study revealed that 66% of the respondents had not been trained on roles and responsibilities of employees and managers in PMC and only 34% had been trained; and 69% of the respondents had not been trained on how to handle the underperformers and about 32% had been trained on handling underperformers. The findings in Table 13 display that the level of training of employees in the performance management and related areas is extremely low. Majority of employees (almost 70%) were not trained in various aspects of performance management. The implication is that without proper training, the success of performance management cycle could be troubled. Opportunities for training and

development are among the most important reasons why employees stay in organizations, particularly youthful and enthusiastic ones (Ng'ethe, Iravo and Namusonge, 2012).

	Frequency	Percent
Yes	113	42.3
No	154	57.7
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 14: Availability of formal performance agreements: Source - Primary Data analyzed by SPSS**

In relation to Table 14 and Figure 2, 58% of the respondents revealed that they there are no formal, written, performance agreements for all employees, and only 42% agreed that they are there. The preceding study findings specify that majority of employees had no formal performance agreements. This would mean that if majority have no targetable goals then productivity and profitability is limited. Armstrong (2009) advocates for formal performance agreements.



**Figure 4: Availability of formal performance agreements**

**Table 15: Non-monetary rewards for excellent performance: Source - Primary Data analyzed by**

		Employee Turnover
Performance Management Cycle	<i>r.</i> value	<b>.153*</b>
	<i>p.</i> value	<b>.012</b>

\*. Correlation is significant at the 0.05 level (2-tailed). (n=267)

**SPSS**

Table 15 contains respondents' views on whether non-monetary rewards such as praise, appreciation and recognition were given for excellent performance. Majority of the respondents, 79% confirmed that there were no non-monetary rewards, while 21% indicated that non-monetary rewards were given for excellent performance. This study finding suggests that whereas money (bonus) is one of the main ways of rewarding performance at Mairye Estates Limited, non-monetary rewards such as praise, appreciation and recognition are hardly given to excellent performers. As deemed appropriate, management ought to consider and explore these other ways of rewards. Kuria, Ondigi and Wanderi (2012) agree that employee recognition and appreciation is a basic human need and workers respond to it positively. Nelson and Spitzer (2002) advise against resorting to cash rewards in trying to motivate employees and to increase productivity.

**Table 16: Effective utilisation of PMC: Source - Primary Data analyzed by SPSS**

The interpretations in Table 16 were about respondents' views on whether performance

In your view, is PMC utilised effectively?	Frequency	Percent
Yes	107	40.1
No	160	59.9
<b>Total</b>	<b>267</b>	<b>100.0</b>

management cycle is utilised effectively. The findings of the study revealed that 60% of the respondents felt that PMC was not utilised well, and 40% indicated cycle was utilised effectively. These findings indicate that, according to the majority of the employees, performance management cycle was not utilised effectively. Mairye management ought to change this perception if the performance management aims at increasing and sustaining productivity.

**8.5 Performance Management Cycle and Employee Turnover**

The particular objective here was to examine the relationship between performance management cycle and employee turnover at Mairye Estates Limited. This section presents the analyzed data from the questionnaires administered to the respondents on this

	Frequency	Percent
Yes	55	20.6
No	212	79.4
<b>Total</b>	<b>267</b>	<b>100.0</b>

specific set objective. It also presents information obtained through interviews with some staff during the study.

**Table 17: Correlations: Source - Primary Data analyzed by SPSS**

According to Table 17 and Appendix 3, the findings pertaining to the relationship between performance management cycle and employee turnover revealed an *r.* value of .153 and *p.* value .012. The *p.* value was less than the set  $\alpha$  0.05, the *r.* value and *p.* value implied that there was a significant positive relationship between performance management cycle and employee turnover in Mairye Estates Limited.

Consequently the subsequent findings also affirmed that performance management cycle influenced the employee turnover rate in one way or the other. For example, in Table 18, in connection with which stage of the cycle influenced employees to leave, 40% of the respondents indicated that it was rating, rewarding was at 27%, monitoring was 18%, developing was 9% and planning was 7%. With regard to which stage of the cycle influenced employees to not leave Mairye, 61% of the respondents indicated that it was rewarding, developing was 15%, monitoring was 9%, planning was 8% and rating was 8%.

Which stage of performance management cycle has influenced employees to leave?	Frequency	Percent
Planning	18	6.7
Monitoring	49	18.4
Developing	23	8.6
Rating	106	39.7
Rewarding	71	26.6
<b>Total</b>	<b>267</b>	<b>100.0</b>

<i>Which stage of performance management cycle has influenced employees to stay (not leave)?</i>		
Planning	21	7.9
Monitoring	24	9.0
Developing	39	14.6
Rating	20	7.5
Rewarding	163	61.0
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 18: Performance management cycle and employee turnover: Source - Primary Data analyzed by SPSS**

The implications of the study findings in Table 18 are that there is relationship between performance management cycle and employee turnover. Whereas rating step of the cycle was found to be leading in influencing employees to leave Mairye Estates Limited, it was rewarding that extremely influences employees not to leave. According to respondents, majority of the employee are retained by rewarding performance. The implication is that without their rewarding performance, the employee turnover rates would be higher.

Table 19 below presents respondents' views on whether performance management cycle gives a chance of giving and receiving feedbacks on performance regularly, on one-on-one basis. About 55% of the respondents agreed that the cycle granted a chance of giving and receiving feedbacks, and almost 45% of them did not agree. This study finding imply that when the cycle offers a chance of giving and receiving feedbacks, if constructively given, workers will feel involved and valued. This will lead to high retention rate. Since almost half did not agree, the implication is that management of Mairye Estates Limited ought to improve on giving regular feedbacks on performance, on one-on-one basis, so as to improve their productivity. The implication is that without regular feedbacks, the success of performance management cycle could be troubled and may lead to high turnover rates (Nzimande, 2012).

Table 19 contains respondents' views on whether performance management cycle offers training and development opportunities for underperformers. Of all respondents, 61% agreed that the cycle granted training and development opportunities for underperformers and almost 38% of them indicated that cycle did not

<i>Performance management gives a chance of giving and receiving feedbacks on performance regularly</i>	<b>Frequency</b>	<b>Percent</b>
Yes	147	55.1
No	120	44.9
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>Are there training and development opportunities for underperformers?</i>		
Yes	164	61.4
No	103	38.6
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 19: PMC and feedbacks on performance: Source - Primary Data analyzed by SPSS**

offers training and development opportunities for underperformers. The implication of this finding was that, using the cycle, if underperformers cannot access training and development opportunities then this may increase turnover rates at Mairye Estates Limited. In agreement, Armstrong (2009) advises that performance management cycle ought to rectify deficiencies and support underperformers for improvement.

Table 20 contains findings about respondents' views on the fairness of performance management cycle. With reference to fairness and accuracy of ratings, 75% of the respondents indicated that the rating was not fair and accurate, and only 25% pointed out that the rating was fair and accurate. Pertaining to fairness and adequacy of rewards or bonuses, 57% of the respondents declared that the rewarding was not fair and adequate, and only 43% indicated that the rewards were fair and adequate at Mairye Estates Limited. The implications of such study findings are that degree of fairness of performance management cycle has an impact on turnover rates. Since rating and rewarding steps of the cycle greatly influence the employee turnover rates, according to respondents, then the way employees perceive the fairness of these two is of great value in retaining employees. Consequently, Mairye management has to change this perception if the performance management aims at productivity, effectiveness and employee retention.

<i>Normally performance ratings are fair and accurate</i>	Frequency	Percent
Yes	66	24.7
No	201	75.3
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>Employees are fairly and adequately rewarded for their good performance through bonuses?</i>		
Yes	115	43.1
No	152	56.9
<b>Total</b>	<b>267</b>	<b>100.0</b>
<i>If Mairye stops paying performance bonuses turnover will be higher?</i>		
Yes	228	85.4
No	39	14.6
<b>Total</b>	<b>267</b>	<b>100.0</b>

**Table 20: The fairness of PMC and turnover:  
Source - Primary Data analyzed by SPSS**

In order to examine if there was a relationship between performance management cycle and employee turnover, respondents were finally asked if employee turnover could be influenced in any way by stopping performance bonuses. The interpretations in Table 20 confirmed that the two significantly related. The findings of the study revealed that 85% of the respondents felt that if Mairye stopped paying performance bonuses it could greatly increase employee turnover; and only 15% indicated otherwise.

In sum, the preceding findings demonstrate that there was a significant relationship between performance management cycle and employee turnover in Mairye Estates Limited. The implication was that without rewarding performance, the employee turnover rates would be higher. Putting it differently, the employee turnover would tremendously increase if Mairye Estates Limited abolished performance management cycle and its performance rewards or bonuses. This agrees with Dhar (2008) Armstrong (2009), Tippins and Coverdale (2009) who insists that performance management cycle can be utilised to reduce turnover rates.

## 9. SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 9.1 Summary of Findings

#### 9.1.1 Recapitulation of the Findings

The study assessed the relationship between performance management cycle and employee turnover. It assessed: *'Implementation Performance Management Cycle and Employees' Turnover in the Floriculture Industry: A Case of Mairye Estates Limited'*. The researcher used a stratified sampling of senior, middle and junior managers and headworkers, and a simple random sampling from the category of general workers.

The response rate was at 98.5%. The study used 267 respondents, of whom 54% were male and 46% were female. Out of all respondents, 62% of them were aged between 21 and 30 years because this age brackets are young, active, flexible and more productive. Most of the respondents were married (41%) and single (40%). Interactions during field study revealed that many women, whether married or single, were staying alone and had children. It was also observed that some of Mairye's sections such as spray teams, carpenters, hydroponics, stores, packing and security were dominated by men employees simply because of the nature of work required in these areas. For the same reason, other delicate sections like grafting, harvesting and grading extensively had women employees. But taken as a whole, the ratio of men to women was almost 1:1. This indicates that Mairye Estates Limited was an equal opportunity employer.

According to the research findings, the highest numbers of employees in Mairye were primary school graduates (39%) and 26% had no formal education, and 54% of them were newly recruited workers who had served for less than 2 years. Yet, a company started in 1956. Shockingly, as regards to loyalty, it was 6% of them who had served for more than 10 years. This information was relevant to the study because it confirmed that Mairye Estates Limited had been experiencing employee turnover.

Considering the category of workers who were respondents, 57% were general workers, the lowest in the administration hierarchy whose total monthly income is low. It was revealed that 52% earned below 100,000 Ugandan shillings. Since most of the employees at Mairye are general workers, majority earn less than 100,000 Ugandan shillings. Interviews



also confirmed that majority of those who left their jobs were general workers, may be due the low salaries they earn. This significantly pointed out to the category of workers and reason that led them to leave their jobs at Mairye Estates Limited. This poor remuneration has been cited by various scholars (Armstrong, 2009; Kuria, Ondigi, and Wanderi, 2012; Bula, 2012) as major reason for employee turnover as they search for better pay elsewhere.

### 9.1.2 Concept of Employee Turnover

In this study employee turnover was regarded as the permanent departures of employees from the organization, the in and out movement (Bula, 2012). Majority of the respondents, specifically 95%, agreed that this condition prevailed because Mairye gained and lost employees monthly. In the interview with the HRM it was also revealed that on average 23 employees (3%) permanently left Mairye Estates Limited monthly in 2012. The worst month was December when Mairye lost 67 workers (8%), as shown in the table 4.4. All interviewers confirmed that the cycle had reduced employee turnover in 2012. One of them state: "In 2012 the labour turnover reduced compare to 2011 when there was no bonus".

The study findings revealed that 87% of those who left jobs at Mairye were general workers, casuals; as argued maybe due to low salaries that this category earned. Surprisingly, the study findings revealed that 93% of the respondents would leave Mairye for another job elsewhere. This experience was not exceptional. Ng'ethe, Iravo, and Namusonge (2012) argue that employee turnover is one of the challenges facing all types of firms. Reed (2001, p. 67) wrote: 'Every worker is five minutes away from handing in his or her notice, and 150 working hours away from walking out of the door to a better offer'.

Further respondents were asked what made workers to leave Mairye and almost all cited poor pay and inadequate bonuses. In their own language, other reasons they gave included: poor working condition, extra pressure, lot of time spend at work but little pay, high living conditions, bank charges, deduction of money on pay slip, poor supervision, poor administration or management, abusive language, increase of tribalism, rudeness from bosses and dictatorship, lack of transparency, lack of appreciation by administration, poor communication, no appointment letter after probation, poor health services and poor feeding, better pay at the competitor's farm, lack of proper safe drinking water, personal issues and

search for better opportunities. All these reasons for turnover may be summarised into poor payment, poor working condition, poor supervisory and administration skills and personal issues. Several scholars (Armstrong, 2009; Hasun, 2011; Nzukuma and Bussin, 2011; Nzimande, 2012; Bula, 2012) have also listed all the above-cited reasons.

The researcher also discovered that 68% of the respondents perceived Mairye not to be doing enough in reducing employee turnover. Answering the same question, all respondents (100%) felt that Sony Sugar Company Limited, a Sugar Industry in Kenya, was not doing enough reduce of employee turnover (Wesonga, Kombo, Murumba, and Makworo 2011). As regards to what Mairye management was doing to reduce employee turnover, 54% of the respondents revealed that the introduction of bonuses (PMC' rewards) had reduced employee turnover. This was besides those who said that management endeavoured to find out why employees left, employees and/or workers' union were involved in decision-making, appropriate transfers, and the provision of free meals and other things to employees had helped in reducing employee turnover. Interviews also demonstrated that Mairye had put in place some strategies of reducing employee turnover. They included: the introduction of co-curriculum activities like football, volleyball and netball; the provision of facilities like day care, clinic and canteen; performance bonuses, and training of supervisors on supervisory skills, grievance handling, and communication skills. Wesonga, Kombo, Murumba and Makworo (2011) have argued that provision of good salaries, friendly working conditions, and recognition for good performance and ensure their involvement in decision making can be a retention strategy.

When respondents were asked what the company should do to reduce employee turnover, majority of them suggested that management should increase wages, salaries and bonuses. A good number of them also suggested that management should improve standards of working-conditions. They also suggested the following as the remedies to labour turnover: create standard scales for scoring, make bonuses standard, pay salaries in time, reduce cutting people's bonuses, appraise employees on one-to-one basis, give feedbacks and enough time to ask queries, reduce high pressures, improve on diet and health facilities, improve on workers' interaction with their seniors, improve social status, have motivational skills trainings, and improve on supervisory and administration and interpersonal skills. Most of these

suggestions can be summarised into the increment of wages, salaries and bonuses, improvement of working-conditions, and better supervisory and administration of performance management cycle. Among possible solutions of employee turnover that Armstrong (2009) has suggested include dealing with inequitable or unfair pay systems. Wesonga, Kombo, Murumba and Makworo (2011) argue that to retain employees one ought to provide friendly working conditions, fair pay systems, good salaries and recognition for good performance and ensure their involvement in decision making. On their part the interviewed managers recommended the following as the remedy: involvement of workers in performance management cycle and decision making and implementation of the finding on the causes of labour turnover and increment of wages and performance bonuses.

## 9.2 Utilization of the Performance Management Cycle

The research also assessed the utilization of performance management cycle at Mairye Estates Limited. It was established that Mairye instituted the cycle for various reasons. Interviewers revealed that the cycle was set up in an attempt to increase productively, to reduce labour turnover, to monitor, improve and reward performance. When asked on how the cycle had impacted departmental operations, interviewers revealed that it was somehow effective in making workers do more to get bonuses and in reducing labour turnover. Some stability of the labor had enabled departments to achieve their goals and objective. One avowed: “very effective if followed to the dot”.

It was found out that 58% of the respondents didn't clearly understand policies that guided performance management. When interviewees were asked how they utilised the cycle, they stated that it is top Management that plans, middle management implements and monitors, performance was rated and rewarded by top management. One stated: “different departmental heads plans and do all rating and rewarding of the performance”. Yet, it is essential for all stakeholders to understand performance management policies and to share them (Weiss and Hartle 1997; and Armstrong 2009). Majority of the respondents, 57% stated that Mairye implements the cycle in the order of planning, monitoring, developing, rating and then rewarding; and 58% of the regarded implementing of all stages of the cycle as burdensome and bureaucratic.

According to the findings of the study, 66% of the respondents stated that the cycle had not established clear performance goals and objectives. This finding contradicted Armstrong's (2009) view that performance management ought to create goals and objectives, and a mutual understanding among employees on *what* is to be accomplished and *how*.

The findings also revealed that 54% of them were regularly not involved in planning and setting expectations, 52% were involved in regular monitoring performance, 58% were involved in regular training and developing employees for better performance, 55% were not involved in regular rating performance and 58% of them confirmed that they were not regularly involved in rewarding performance. These findings indicated that the level of regular involvement of employees in the performance management cycle was very low. From interviews it was confirmed that major partners of the cycle were top and middle management. The implication is that without their involvement, the cycle's success could be compromised. Pulakos (2004), Fletcher (2004) and Armstrong (2009) articulate that employees' involvement is of paramount significance. United Nations (2009) highlight several benefits of employees' involvement in the performance management cycle. Consequently, getting employees involved helps them to comprehend organizational goals, what needs to be done, why and how best it should be done. It enables employees, supervisors and firms to keep track of accomplishments. It is in this context that Armstrong (2009, p. 620) states: ‘Performance management is not just a top-down process in which managers tell their subordinates what they think about them, set objectives and institute performance improvement plans. It is not something that is done *to* people’.

Turning to appropriate trainings of respondents, the study findings revealed that 70% of the respondents had not been trained on performance management cycle; 72% had not been trained on planning performance; 73% had not been trained on how to seek and give feedbacks effectively and constructively; 58% had not been trained on how to monitor performance effectively; 66% had not been trained on how to identify and address development needs. Additionally, 81% of the respondents had not been trained on how to use the automated system and software for effective implementation of the cycle; 67% have not been trained on how to rate performance accurately; 71% had not been trained on how to effectively manage performance rewards; 66% had not been trained on

roles and responsibilities of employees and managers in PMC; and 69% had not been trained on how to handle the underperformers.

The forgoing research findings displayed that the level of training of employees in the performance management and related areas was extremely low. Majority of employees were not trained in various aspects of performance management. Yet, Nzimande's (2012) study on employee turnover established that poor performance evaluation and no or poor feedback on performance, among others, were causes of high employee turnover. So training employees in various aspects of performance management is of great value in reducing employee turnover. Pulakos (2004) and Kirk (2012) have emphatically pointed out different performance management training areas and have justified why such trainings are very crucial. Opportunities for training and development are among the most important reasons why employees stay in organizations, particularly youthful and enthusiastic ones (Ng'ethe, Iravo and Namusonge, 2012). Majority of Mairye's workers are youthful, thus training ought to be effected.

Majority of the respondents, 79% confirmed that there were no non-monetary rewards for excellent performance. As considered fitting, management ought to consider and explore non-monetary rewards such as praise, gifts, trips, appreciation and recognition are scarcely given to excellent performers. Kuria, Ondigi and Wanderi (2012) agree that employee recognition and appreciation is a basic human need and workers respond to it positively. Nelson and Spitzer (2002) advise against resorting to cash rewards in trying to motivate employees and to increase productivity.

The findings of the study revealed that 60% of the respondents felt that performance management cycle was not utilised effectively. Respondents further were asked why they felt that Mairye was not utilizing performance management cycle effectively. Their reasons were: little performance bonuses, no involvement of other workers, no feedbacks are given, no training for underperformers, rate and rewards are not open and not fair, no listening to employees and their views are not considered, no fixed rate for equal scores, poor performers make it difficult for others in the same team to get performance bonuses and few are motivated in rewarding bonuses. Mairye management ought to change this perception if the performance management aims at increasing and sustaining productivity.

Interviewers also clarified that, when implementing the cycle, they encountered challenges. Challenges included: majority of the workers are not involved; too many steps to be followed; lack of training in many areas of the cycle; workers keep on demanding for more bonuses, and thus not very contented; and difficulties when rating and rewarding service providers.

### 9.3 Performance Management Cycle and Employee Turnover

The objective under this variable was to examine the relationship between performance management cycle and employee turnover at Mairye Estates Limited. Correlational analysis was used in an attempt to establish the relationship between performance management cycle and employee turnover. The findings revealed an *r.* value of .153 and *p.* value .012. The *p.* value was less than the set  $\alpha$  0.05. The researcher established that there was a significant positive relationship between performance management cycle and employee turnover in Mairye Estates Limited. The cycle influenced the in and out movement of employees from Mairye Estates Limited.

The relationship between performance management cycle and employee turnover was further affirmed in subsequent answers to the questionnaire. For instance, 61% of the respondents indicated that rewarding stage influenced employees to stay; 40% maintained that rating influenced employees to leave. In agreement, 85% of the respondents felt that if Mairye stopped paying performance bonuses it could greatly increase employee turnover. This relationship could go either way. Evidently, from the study findings, whereas rating step of the cycle was found to be leading in influencing employees to leave Mairye Estates Limited, it was rewarding that extremely influenced them not to leave. Interviews with the Department Heads also confirmed that, majority of the employees had been retained by rewarding performance. One of them stated: 'one month last year the company did not performance bonuses, because of the reasons that were beyond company's control, employee turnover rate doubled in the subsequent month in my department all'. It is advisable for organizations to institute clear and realistic goals for performance rewards before implementing the system (Dhar, 2008). The study conducted by Kuria, Ondigi and Wanderi (2012) recommended that firms should: 'establish a rewarding system that would motivate workers other than monetary remunerations'. Dhar (2008) has stated objectives for performance rewards including

attracting and retaining high performers; and then contends: 'Unfortunately, organisations have found that pay for performance has not achieved these objectives in all instances' (p. 191).

About 55% of the respondents agreed that the cycle granted a chance of giving and receiving feedbacks. Of all respondents, 61% agreed that the cycle granted training and development opportunities for underperformers. If this was the case at Mairye, workers felt involved and valued which led to high retention rate. However, interviews revealed that feedbacks on performance are not regularly given on one-on-one basis. The explanation for these is that supervisors and managers are so busy to have one-on-one meetings. The implication was that without regular feedbacks, training and developing underperformers, the success of performance management cycle could be troubled. For example, if underperformers cannot access training and development opportunities then they may decide to leave, thus increasing employee turnover rates at Mairye Estates Limited. Armstrong (2009) insists that performance management cycle ought to rectify deficiencies and support underperformers for enhancement.

With regards to fairness and accuracy of ratings, 75% of the respondents indicated that the rating was not fair and accurate and 57% of them declared that the rewarding was not fair and adequate. When performance management cycle is perceived as unfair and inaccurate, its effectiveness in reducing turnover is greatly compromised. This is because, as revealed in this study, rating and rewarding steps of the cycle significantly influence the employee turnover. Dhar (2008), Armstrong (2009), and Tippins and Coverdale (2009) insist that performance management cycle can be utilised to reduce turnover rates. The researcher's argument is that foregoing perceptions must change if performance management will attain employee retention. The preceding findings demonstrate that there is a significant relationship between performance management cycle and employee turnover in Mairye Estates Limited.

Respondents finally were asked how best Mairye can utilize performance management cycle to effectively reduce employee turnover. Almost all of them suggested that management should increase performance bonuses. Other suggestions included: at least two evaluators ought to rate, rather than one, and then find average, evaluators must have adequate knowledge, improve on rating, standardized rating, make known the rewards, consistency payment performance rewards, equal pay for equal work done,

give job security, genuine and committed to setting workers' grievances and involve more workers in performance management cycle and decision making process. Interviewers suggested that Mairye should publically recognise and praise excellent performers; and should give accurate and timely feedbacks to workers, besides involving them. According to Armstrong (2009), Equity theory is concerned with the perceptions people have about how they are being treated as compared with others. Failure to find equity leads to various actions like leaving the organization (Ng'ethe, Iravo and Namusonge, 2012). In turn this contributes to labour mobility. The interviewed managers recommended the following: involvement of workers in performance management cycle and increment of wages and performance bonuses.

## 10. CONCLUSION

This subsection presents the conclusions of the study based on the set research objectives. Objectives were: to evaluate employees' turnover in Mairye Estates Limited, to assess the utilization of performance management cycle at Mairye Estates Limited, and to examine the relationship between performance management cycle and employee turnover at Mairye Estates Limited.

### 10.1 Concept of Employee Turnover

With reference to evaluation of employees' turnover, major conclusions include the findings that most current employees (93%) of the Mairye Estates Limited are ready to quit if offered another job elsewhere. The general workers or casuals, contribute to the highest employees' turnover rate experienced at the farm. This is because their wages are low. Consequently, majority suggested that management should increase wages, salaries and bonuses. According to 68% of the respondents, the management has not done enough to reduce employees' turnover rate.

### 10.2 Utilization of the Performance Management Cycle

Pertaining to the utilization of performance management cycle, whereas Mairye Estates Limited utilizes performance management cycle, majority (70%) of employees are not trained in various aspects of the cycle. These findings indicated that the level of regular involvement of employees in the performance management cycle is very low. According to 79% of the respondents, the company gives no non-monetary rewards for excellent performers.



### 10.3 Performance Management Cycle and Employee Turnover

Regarding the relationship between performance management cycle and employee turnover, the study findings revealed an  $r$ . value of .153 and  $p$ . value .012. The  $p$ . value was less than the set  $\alpha$  0.05, which implies that there is a significant positive relationship between performance management cycle and employees' turnover at Mairye Estates Limited. Mairye utilizes the cycle which significantly influences employees' turnover. In the year 2012, employees' turnover reduced from 20% to 3% when the company started to reward performance, and it doubled in December when performance rewards was not given in the previous month.

## 11. RECOMMENDATIONS

### 11.1 Concept of Employee Turnover

From the preceding findings, the following are recommendations to policy makers and implementers, the management of Mairye Estates Limited and that of floriculture Industry. With regards to the evaluation of employees' turnover rate, the management should first address factors that lead to employee turnovers and then introduce better performance rewards in an attempt to reduce the employees' turnover. Furthermore, it is also recommended that the management, policy makers and implementers implements the findings of this study with the purpose of reducing employees' turnover rate and its effects.

### 11.2 Utilization of the Performance Management Cycle

As regards the utilization of performance management cycle in attempt to reduce employees' turnover rate, the line managers in the floriculture industry and Mairye Estates Limited in particular should involve workers, especially general workers, in the performance management cycle. The management should train employees in various aspects of the cycle, and should ensure fairness when implementing the cycle. The management should review its implementation of the cycle, especially rating and rewarding, with the purpose of retaining the workforce. They should also streamline all procedures of performance management cycle and ensure that it is followed strictly. It is recommended that management ought to improve on giving regular feedbacks on performance, on one-on-one basis, so as to improve their productivity as well as retention rate.

### 11.3 Performance Management Cycle and Employee Turnover

Additionally, the management of Mairye and the floriculture industry, policy makers and implementers ought to consider and explore non-monetary rewards to excellent performers. Such rewards may include praise, appreciation and recognition that are scarcely given. Lastly, the government officials who enact laws that govern performance management and employee turnover should also consider the recommendations of these findings. This will improve on employee retention, which will lead to sustainable productivity and profitability that means great taxes and revenues for the Government.

## 12. New Knowledge Created

Based on the findings of the study, the researcher has exposed the paradox that lies in the fact that performance management cycle had reduced drastically employees' turnover from 20% (2011) to 3% in 2012 and the fact that 93% of the respondents would leave Mairye for another job elsewhere. From this study, there are several reasons that may account for the above mentioned paradox. The majority of the employees felt that performance management cycle is not utilised well (60%), it has not enabled the establishment of clear performance goals and objectives (66%), almost 70% of employees are not trained in its various aspects, and more than 50% of employees are not regularly involved in any of its five steps.

Additionally, the two stages of the cycle that had largely influenced employees to leave are rating and rewarding, which accounts up to 67%. At worse, the cycle doesn't grantee a chance of giving and receiving feedbacks to almost half of employees. The implication is that without involvement, regular constructive feedbacks and proper trainings, the cycle's success is frustrated and this leads to high turnover rate instead if reducing.

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**Table 21: Appendix of Performance Management Cycle and Employee Turnover: Source - Primary Data analyzed by SPSS**

**Table 1: Correlations**

		PMC	turnover
PMC	Pearson Correlation	1	.153*
	Sig. (2-tailed)		
	N	267	267
Turn-over	Pearson Correlation	.153*	1
	Sig. (2-tailed)	.012	
	N	267	267

\*. Correlation is significant at the 0.05 level (2-tailed).

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