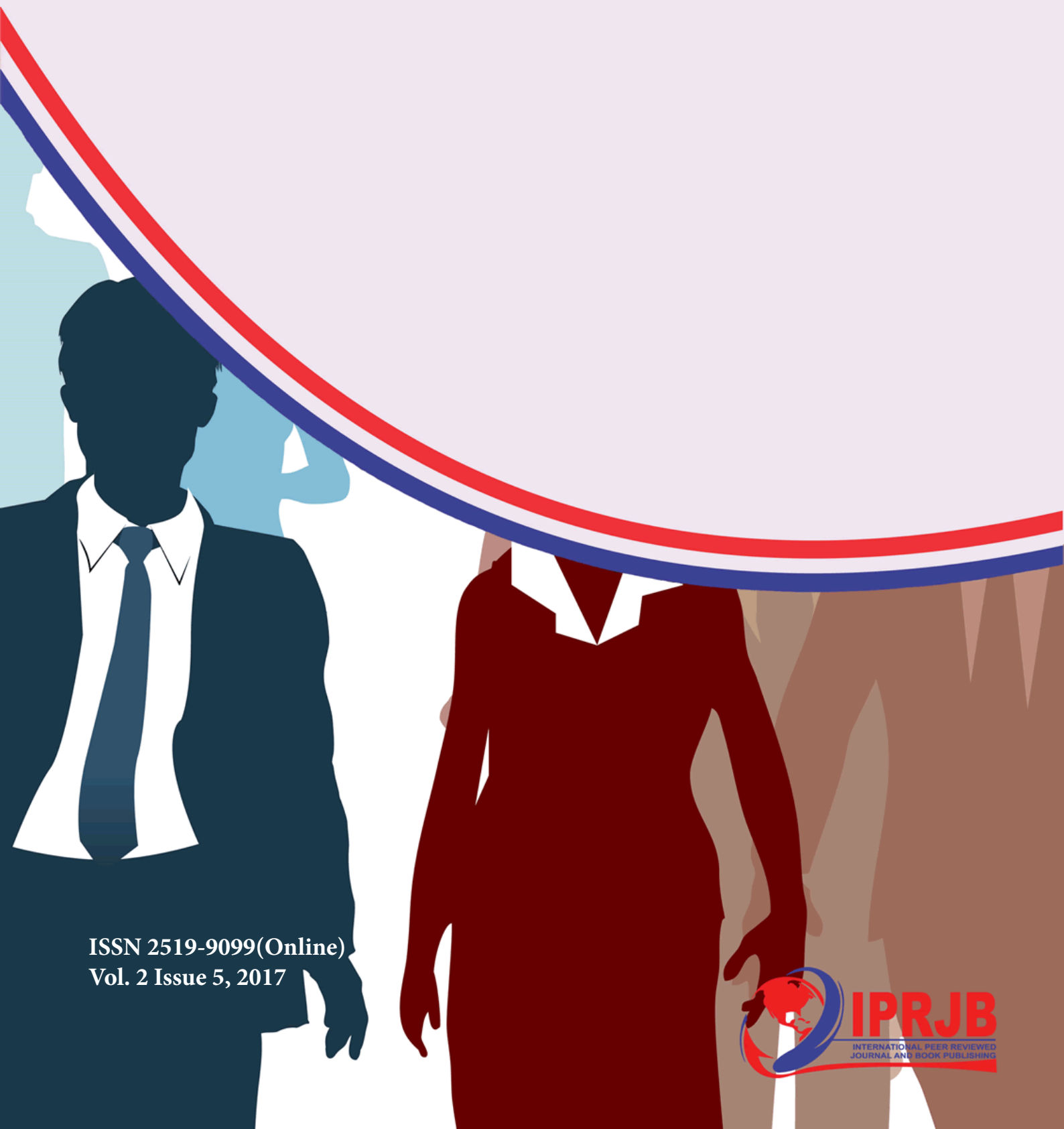


Journal of Human Resource and Leadership (JHRL)



ISSN 2519-9099(Online)
Vol. 2 Issue 5, 2017



Journal of Human Resource and Leadership (JHRL)

Vol. 2, Issue 5, 2017
www.iprjb.org

Copyright © 2017 by IPRJB

All rights reserved.

This book or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the publisher except for the use of brief quotations in a book review.

Printed in Kenya

ISSN 2519-9099 (online)

International Peer Reviewed Journals and Books (IPRJB)

journals@iprjb.org

<https://www.iprjb.org>

Editorial Board

John Kimani	University of Nairobi, Kenya
Dr Kennedy Ogollah	University of Nairobi
Dr David Mburu	Jomo Kenyatta University of Agriculture and Technology
Dr Patrick Ngumi	CEO – Institute of Public Accountants of Kenya, Kenya
Dr Simon Ngugi	United States International University, Kenya
James Maina Rugami	Strathmore University, Kenya
Dr Peter Ruto	Karatina University, Kenya
Dr Jonathan Mwau	Moi University, Kenya
Dr Evans Sagwa	Technical University of Kenya, Kenya
Dr Joyce Nzulwa,	Jomo Kenyatta University of Agriculture and Technology
Dr Charles Mbakaya	Kenya Medical Research Institute, Kenya
Dr Michael Cheruiyot	Masinde Muliro University, Kenya
Dr Bethuel Kinyanjui	University of Nairobi, Kenya
Dr Mirie Mwangi	University of Nairobi, Kenya
Dr Duncan Elly Ochieng	University of Nairobi, Kenya
Prof Peter Muchiri	Dedan Kimathi University, Kenya
Dr Elliubs Kimura	Jomo Kenyatta University of Agriculture and Technology ,
Dr Jane Macharia	Moi University, Kenya
Christopher Mutembei	Mt Kenya University, Kenya
Dr Christine Nanjala	KCA University, Kenya

Other Journals by IPRJB

BIOLOGICAL SCIENCES

International Journal of Agriculture
International Journal of Biology
International Journal of Food Sciences
Journal of Animal Health
Journal of Livestock Policy

BUSINESS AND ECONOMICS

European Journal of Business and Strategic Management
International Journal of Economics
International Journal of Entrepreneurship and Project Management
International Journal of Finance and Accounting
International Journal of Supply Chain Management

DEVELOPMENT, POLICY

Journal of Developing Country Studies
Journal of Poverty, Investment and Development
Journal of Public Policy and Administration
International Journal of Law and Policy

EDUCATION

African Journal of Education and Practice
International Journal of History Research
International Journal of Online and Distance Learning

ENGINEERING

Asian Journal of Computing and Engineering Technology
International Journal of Technology and Systems

MEDICAL AND HEALTH SCIENCES

Global Journal of Health Sciences
Journal of Health, Medicine and Nursing

PHYSICAL SCIENCES

American Journal of Physical Sciences
International Journal of Environmental Sciences
International Journal of Natural Sciences
Journal of Statistics and Actuarial Research
International Journal of Climatic Studies

SOCIAL SCIENCES

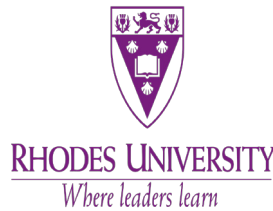
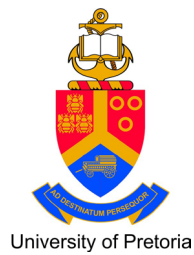
International Journal of Communication and Public Relation
International Journal of Psychology
Journal of Conflict Management
Journal of Human Resource and Leadership
Journal of International Relations
Journal of Philosophy, Culture and Religion
International Journal of Gender Studies
International Journal of Sociology

Affiliates /Partners

Kenya



South Africa



Tanzania



Morocco



United Arab Emirates

Nigeria



Ghana



Table Of Contents

- INFLUENCE OF ETHICAL CONSUMER RELATIONS ON THE FINANCIAL PERFORMANCE OF LISTED FIRMS IN KENYA** **PG: 1-13**
- By Dr. Manduku Daniel Ogwoka, Dr. Juliana Namada, and Dr. Damary Sikalieh
- INFLUENCE OF LEADERSHIP STYLE ON PERFORMANCE CONTRACTING RESULTS IN LOCAL AUTHORITIES, KENYA** **PG: 14-24**
- By Elliubs Kimura Mwangi, Dr. Roselyn W. Gakure, Dr. Robert Arasa and Dr. Anthony Waititu
- THE INFLUENCE OF INTELLECTUAL STIMULATION OF JUDICIAL OFFICERS ON THE PERFORMANCE OF JUDICIAL STAFF IN KENYA** **PG: 25-36**
- By George Ochilo Mbogo Ayacko, Prof. George K'Aol and Prof. Teresia Kavoo Linge
- RELATIONSHIP BETWEEN PERCEPTIONS OF DISTRIBUTIVE JUSTICE AND EMPLOYEE COMMITMENT IN HEALTH SECTOR NON-GOVERNMENTAL ORGANIZATIONS IN KENYA** **PG: 37-52**
- By Patrick M. Gichira, Dr. Susan M. Were, and Dr. George O. Orwa
- MONITORING AND EVALUATION OF HUMAN RESOURCE STRATEGIES AT INDUSTRIAL & COMMERCIAL DEVELOPMENT CORPORATION (ICDC)** **PG: 53-65**
- By Roseline J. Achar and Mary Mogute

Influence Of Ethical Consumer Relations On The Financial Performance Of Listed Firms In Kenya

¹Manduku Daniel Ogwoka,PhD, ²Juliana Namada,PhD, ³Damary Sikalieh,PhD

ABSTRACT

The objective of the study was to investigate the influence of ethical consumer relations on the financial performance of listed firms in Kenya. The study adopted a causal research design to establish the relationship between ethical leadership and financial performance of companies listed in the Nairobi Securities Exchange using correlation and regression analysis. Primary data was collected through a semi-structured questionnaire. Secondary data was collected from both the listed firms in the Nairobi Securities Exchange (NSE), and information from the sector regulator, the Capital Markets Authority (CMA). The target population of this study was 64 companies listed in the Nairobi Securities Exchange (NSE) with consistency being evaluated between the years 2011 to 2015. Data analysis was done using the Statistical Package for Social Scientists (SPSS). The study found out that there exists a strong relationship between ethical consumer relations and financial performance. The study showed that listed firms uphold consumer relation policies, and the firms put the interest of consumers first, before profitability. This study recommends that listed firms need to religiously adhere to conducts of ethical leadership. To the consumers, quality is of priority. Listed firms should formulate ways of always adhering to provision of quality services to consumers.

Keywords: Ethical consumer relations, Ethical leadership, financial performance, Listed Firms

¹Post graduate student: United States International University – Africa

danielmanduku@yahoo.com

²United States International University – Africa

³United States International University – Africa

1.0 INTRODUCTION

Ethical leadership is all about acting morally and doing what is required for the overall benefits of not just the stakeholders, but to the company as a whole (Oates and Dalmau, 2013; Osemeke, 2014 and; Omondi, & Muturi, 2013). By this argument, ethical leadership should thus be able to contribute to the overall profitability of the company. In addition, the researchers argue that ethical leadership is more or less about balancing the company's short term objectives and longer term goals in ways that enable the achievement of positive result for all those who could be affected by the organization and the decisions of its leaders. While demonstrating moral management behaviour, ethical leaders do not compromise both ethical standards in pursuit of short-term performance and bottom-line organizational performance (Oates and Dalmau 2013; Osemeke, 2014; Omondi, & Muturi, 2013).

An ethical customer relation refers to the way a business communicates and interacts with the public to gain and retain customers (Tallontire et al., 2001; Otuya, Onyango, Ofafa, Ojera, and Wachana, 2013). It is important as a requirement for organizations to inculcate appealing customer relations within the workforce to attract and maintain loyal customer base. A customer's relation is key to understanding consumer motivation. Without assessing customer relations, it is difficult for a company to know how visible it is concerning its client base. It is also hard to figure out how to grow the company without understanding the relationships it has with current customers (Shaharudin et al., 2009).

Performance refers to the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed (Persons, 2011; Wambua, 2013; Obiwuru et al., 2011). Performance can be measured using the balanced scorecard. Kaplan & Norton (1992) assert that the Balance Score Card (BSC) can generally be used for performance measurement. For its usage, BSC is composed of four dimensions namely; customer perspective, internal business process perspective, learning perspective and financial perspective, and innovation (Kaplan & Norton, 1992). The first three dimensions enable them to re-tool and provide leading measures of performance while the last dimension provides a lagging measure of performance. The current study focused on the financial perspective, since financial performance measures define the long-run objectives of the business unit (Kaplan & Norton, 1992).

A positive relationship between ethical leadership with good decision making among top administrators and productivity experienced among the lower ranking

employees in an organization (Fehr, Kai Chi, & Dang, 2015). This affirms the notion that ethical leadership creates an environment that condition Organizational Citizenship Behaviour (OCB) and other ethical practices. Financial performance is established on the idea that an organization is a voluntary association of productive assets to accomplish a common goal. These productive assets consist of human, physical and capital resources (Alchian & Demsetz, 1972). The financial performance for the firms listed in the Nairobi Securities Exchange (NSE) was measured by use of ROA. This is because ROA is both suitable and reliable method for such measurement (Achian & Demsetz, 1972; Barney, 2001; Jensen & Meckling, 1976).

In the Kenyan scenario, majority of firms listed on the Nairobi Securities Exchange (NSE) have been experiencing declining performance, and forecasts have indicated a similar trend in future. In one of the cases, seven listed agricultural firms have an average price to earnings (P/E) ratio of 4.74. This is below a third of the average stock market P/E of 16.70 (Omboi, 2011; Maina and Sakwa, 2010; Hutchings Beimer, 2010; Mwangi, Makau and Kosimbei, 2014). The companies that have of late witnessed declined financial performance in Kenya include: Eaagads Limited, Kapchorua Tea Company Limited, Kakuzi, Limuru Tea Company Limited, Rea Vipingo Plantations Limited, Sasini Limited and Williamson Tea Kenya Limited. These companies have reported frequent negative reports for the last ten years compared to other listed companies (Omboi, 2011; Mathenge, 2012).

Besides the above-mentioned firms, analysts have also cited firms such as Mumias Sugar Company, Uchumi Supermarket and Sameer Africa as also experiencing poor performance (Munda, 2015; Osemeke 2014; Bedicks, & Arruda, 2005 and Mathenge, 2012). Besides, some firms such as CMC Holdings Limited have also failed to practice ethical leadership. The suboptimal performance would have been caused by unethical management practices in human resource, advertising, consumer relations and investor relations. However, others have done well, e.g. Safaricom Company and Equity Bank (Munda, 2015; Osemeke 2014; Bedicks, & Arruda, 2005 and Mathenge, 2012). For those that have seen better performance, their ROA have been either steadily been rising or have relatively stayed in a constant value within the last five years, measured over the duration 2010-2015. The data on performance was obtained from the 2016 NSE handbook as well as information contained in the Capital Markets Authority (CMA).

The Capital Markets Authority of Kenya was established to oversee the orderly development of Kenya's capital markets. It is the government's regulator mandated to license and regulate the capital markets in Kenya. It also approves public offers and listings of securities traded at the Nairobi Securities Exchange (NSE). The NSE has a double responsibility for growth and regulation of the financial market operations to ensure efficient and reliable trading (Almajali et al., 2012; Liargovas, and Skandalis, 2008). Based on the data from both the CMA and NSE, this study sought to unravel whether ethical leadership has a role in the performance of firms listed on the NSE. From the perspective of governance, this research believed that ethical consumer relation is responsible for the financial performance of firms listed in the Nairobi Securities Exchange. This study thus aimed to ascertain the relationship between ethical consumer relations and financial performance of firms listed in the Nairobi Securities Exchange.

Problem Statement

Ethical consumer relations is crucial for the performance of organizations (Breene & Nunes, 2006). This is because ethical leadership implies that there is a focus on the triple bottom line which is profits, people and planet. With regard to people, ethical consumer relations ensure that the stakeholders such as suppliers and customers are satisfied with the activities of the company. Acting wholesomely, ethical leadership ensures that there is environmental sustainability (Nel & Beudeker, 2009). Theory suggests that ethical consumer relations may have an influence on performance (Bandura, 1977).

Happy customers due to ethical customer relations give repeat business and this leads to an improvement in the financial performance (Avtonomov, 2006; Deshpandé, 2000; Shaharudin *et al.*, 2009). Various studies have been conducted to examine the factors that affect the financial performance of listed firms at the Nairobi Securities Exchange (NSE). Studies such as Avtonomov (2006), Webster (1992), Deshpandé (2000), and Shaharudin *et al.* (2009) did not operationalize the ethical customer relations into its sub components. This study thus took into account that it is challenging to appreciate the importance of the ethical consumer relations in the emerging market because of the large number of poorly informed and unsophisticated investors, weak legal, regulatory and institutional framework and operational bottleneck.

Research Objective

The objective of the study was to establish influence of ethical consumer relations on the financial

performance of listed firms in Kenya.

2.0 LITERATURE REVIEW

Theoretical Framework: Stakeholder Theory

Stakeholders are involved in the generation of firms' ethical identity. Thus, a stakeholder approach appears as the suitable framework. Also, management scholars studying social and ethical issues have mostly drawn on stakeholder theory (Freeman, 1984), generating a wide-ranging body of research (Garriga & Melé, 2004). From Freeman's (1984) seminal works titled 'Strategic Management: A Stakeholder Approach', stakeholder theory deepens its roots in the notion of corporate social responsibility. The key thesis of this theory is that the firm coordinates and manages the constellation of cooperative and competitive interests of different stakeholders or constituencies (Carroll, 1979). Thus, firms have multiple goals other than the solely shareholder's value maximization end, contrary to the proposition of the traditional economic theory (Friedman, 1970).

As stakeholder theory increasingly became popular, it also varied in diverse interpretations and arguments for its justification (Donalson & Preston, 1995). In applying stakeholder theory, two almost entirely separate methodological strands of literature can be distinguished. On one hand, the normative stakeholder literature is theoretically based and emphasizes the ethical and moral standards as the only acceptable way for corporate behaviour, independently of the repercussions of these behaviours on the firm's performance (Deegan, 2006). There is considerable pressure from firms' stakeholders to become more transparent and accountable on their decisions, hence necessitating managers to disclose more information than what is legally required to satisfy the interest of their stakeholders (Ponnu & Okoth, 2009).

With the stakeholder being any group or individual who is affected and can affect the achievement of the organization's objectives (Freeman, 1984), the stakeholders' theory is deemed relevant in this study because it informs the ethical consumer relations. From the ethical perspective of the theory, each of these groups has different interests which conflict with those of others. It is therefore the responsibility of the individual entities to manage the firms in such a way that balances the interests of all these stakeholder groups (Deegan, 2002). The stakeholders are engaged in the construction of the ethical identity of firms, and its approach appears as the appropriate framework since the theory deepens its roots in the notion of Corporate Social Responsibility (Deegan & Blomquist, 2006).

The theory is also helpful in this study since listed firms manage and coordinate the constellation of competitive and cooperative interests of different constituencies or stakeholders. The theory however only believes that organizations wholly view as ultimately important, the interests of the stakeholders and thus, organizational performance is only a function of stakeholder satisfaction. The shortcoming of this theory is therefore that it is difficult, if not impossible, to make sure that firms fulfil their wider objectives, hence fails to give both managers and directors set priorities to live up to the organizations' full social obligations (Blair, 1995). To further develop an integrated system that concerns also the behaviour of organizational employees and with respect to their employers, the cognitive moral development theory was adopted by this study.

Empirical Review

With the satisfaction influencing customer loyalty, quality may therefore be one of the factors that affect performance. Studies have been conducted that seek to correlate customer satisfaction and loyalty (Fornell, 1992; Bowen & Chen, 2001; Silvestro and Low, 2006). Inasmuch as loyalty and satisfaction are greatly interdependent, one does not authentically translate to the other. This is especially true in scenarios of relatively few choices to be made by the customers. In the study by Jahanshahi et al. (2011) which analysed customer service and product quality on customer satisfaction and loyalty established high positive correlation between constructs of consumer satisfaction and loyalty. The researchers opine that quality to customers is a key factor in identifying new

customer needs. This is in line with findings of Bastos & Gallego (2008) and Chai et al., 2009.

Otuya et al. (2013) conducted a study on the influence of ethical treatment towards customers on the enterprise performance in Mumias Sugar Belt, Kenya. Findings showed that ethical treatment indicators are predictors of enterprise performance among the cane transport companies in Mumias Sugar belt. Their revelations were in tandem with those established by Cragg (2002) and Lorraine et al. (2004) who established that cooperate ethics enhanced the appeal of the firms share. The study by Tallontire *et al.*, (2001) however, focused on mumias sugar belt thus presenting a knowledge gap. This current study focused on the firms listed at the Nairobi Securities Exchange (NSE).

Consumers are quite skeptical regarding corporate ethics and firms should be more effective in communicating their ethical stand. Some researchers have stressed the fact that sufficient information is important in making ethical judgments and that consumers need more information to make ethical purchase (Carrigan, & Attalla, 2001; Uusitalo & Oksanen, 2004). Ethical consumption implies that consumers have an important role through their purchasing activities in promoting ethical corporate practices. Ethical consumerism also implies that the consumer considers not only individual but also social goals, ideals and values (Uusitalo & Oksanen, 2004). Ethical behaviour can also be affected by the nature of the product. For low involvement products (bath soaps) consumers are less ethically orientated.

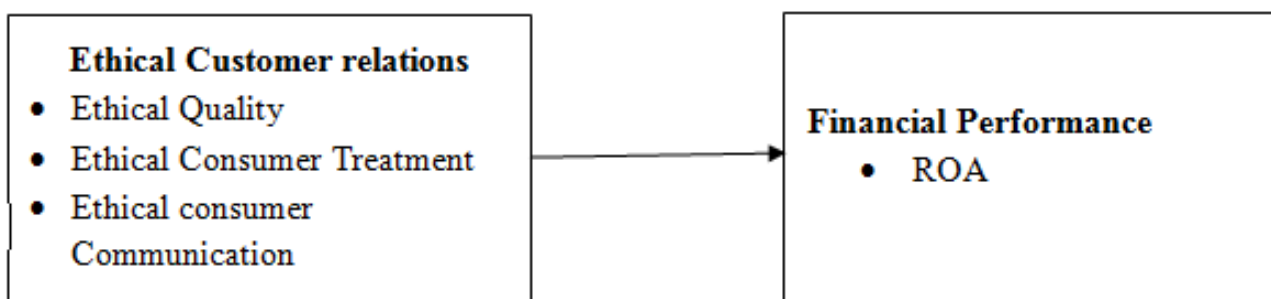


Figure 1: Conceptual Frame work

3.0 RESEARCH METHODOLOGY

The study used the causal research design. A causal design plays an instrumental role regarding identifying reasons behind a wide range of processes, as well as, assessing the impacts of changes in existing norms, processes (Olusola et al., 2013). The target population of this study was 64 companies listed in the Nairobi Securities Exchange (NSE) with consistency being evaluated between the years 2011 to 2015. The justification for the choice of NSE listed firms was that public firms have a duty of care to the public and hence ethical leadership is a major concern for these firms (Mweta, 2014). In addition, these firms have come to the spot light regarding poor ethical practices such as CMC holdings (Mweta, 2014). Senior managers were chosen to be the unit of analysis because these are the key personnel who have key information about the companies. The unit of analysis of this study was the top financial managers of the firms listed in the NSE.

The study used a census approach due to the small number of the listed companies in the NSE. The total number of firms that were used in the research was 64 firms in which each questionnaire was filled by either the Chief Finance Officer (CFO) or the Chief Executive Officer (CEO) from each of the 64 firms. Secondary data from the listed firms was collected on ROA. This secondary data was collected from the firms listed at the Nairobi Securities Exchange. Primary data was collected through semi-structured questionnaires. The questionnaire contained both the Likert scale and closed questions. The questionnaire was in form of a Likert scale. Simple regression analysis was conducted to establish the relationship between the ethical consumer relations and financial performance.

The regression model was as follows:

$$Y = \alpha + \beta X + \varepsilon$$

Where:

Y = Financial Performance (ROA)

α = Constant

β , = Regression coefficients of the independent variables

X=Ethical consumer relations

ε = Error term.

4.0 RESULTS AND DISCUSSIONS

It looked at ethical consumer relation practices. The variables of study under this objective were: firm endeavours to provide quality services to the customers; Firm's service delivery is timely; firm practices their customer relations policies; firm ensures that the demands of the consumers are met; firm promptly responded to customer feedback, and; the firm incorporated Corporate Social Responsibility in its consumer relations. Others were: The firm upheld building relationship-marketing; Customer satisfaction came before profitability and lastly; the firm's corporate strategy was focused on customer satisfaction.

Component Factor Loadings

The study sought to carry out factor analysis to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables. Factor analysis was used in the study to remove redundancy or duplication from a set of correlated variables. The factor loadings for Ethical Customer Relation Practices were obtained in the study. Two components were loaded. In the first component, "*The firm practices their customer relations policies*" had the highest factor loading of 0.758 while "*The firm ensures that the demands of the consumers are met*" had the highest factor loading of 0.553 in the second component. The findings are shown in Table 1.

Table 1: Factor Loadings for ethical customer relation practices

	Component	
	1	2
The firm endeavors to provide quality services to the customers	.483	-.410
The firm's service delivery is timely	.688	-.028
The firm practices their customer relations policies	.758	-.008
The firm ensures that the demands of the consumers are met	.675	.553
The firm promptly respondents to customer feedback	.447	.530
The firm incorporates Corporate Social Responsibility in its consumer relations	.647	-.071
The firm upholds building relation-marketing	.678	-.488
Customer satisfaction comes before profitability	.695	.422
The firm corporate strategy is focused on customer satisfaction	.672	-.452

Extraction Method: Principal Component Analysis.
a. 2 components extracted.

Assumptions for Regression

Linearity Test

The study conducted linearity test to determine whether the relationship between ethical customer relation practices and financial performance was linear or not. Findings are as shown in Table 2. If the significant deviation from linearity is greater than 0.05, then the relationship between the independent

variable is linearly dependent. If the significant deviation from linearity is less than 0.05, then the relationship between the independent variable and the dependent variable is not linear. According to the results, the significant deviation from linearity is 0.590 which is greater than 0.05 implying that there is a linear relationship between Ethical Customer Relationship Practices and Financial Performance.

Table 2: Linearity Test for ethical customer relation practices

		Sum of Squares	df	Mean Square	F	Sig.
Financial Performance * Ethical Customer Relations Practices	Between Groups	(Combined)	10.474	3	3.491	.369
		Linearity	.381	1	.381	.040
		Deviation from Linearity	10.092	2	5.046	.533
	Within Groups		492.507	52	9.471	
	Total		502.980	55		

Homoscedasticity Test

The study also conducted homoscedasticity test between ethical customer relation practices and financial performance of the firms. Ethical customer relation

practices was the independent variable while financial performance was the dependent variable of the study. A scatter plot was derived to show homoscedasticity in the study as shown in Figure 2.

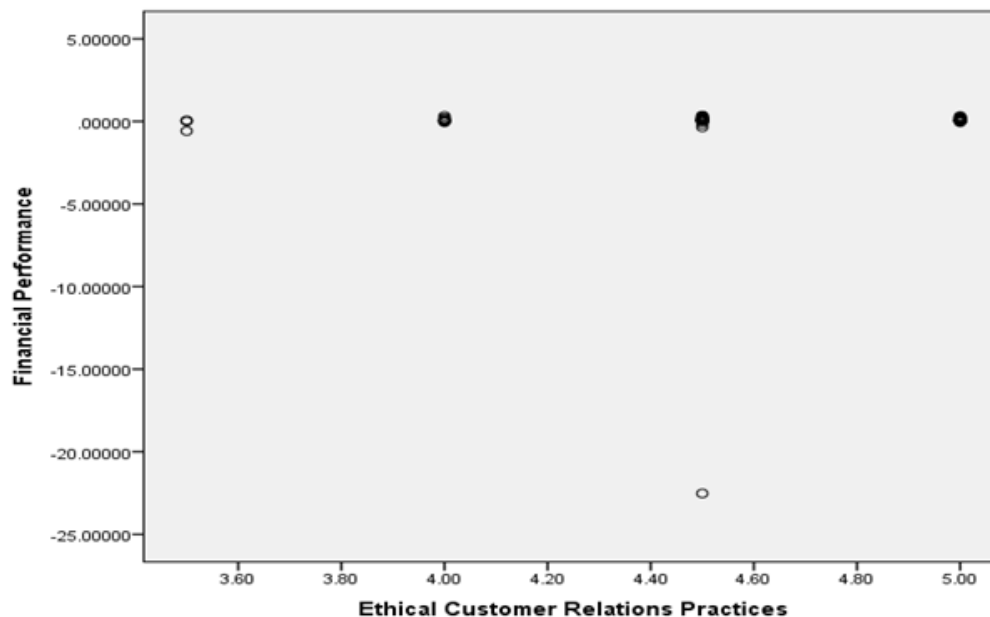


Figure 2: Homoscedasticity Test for Ethical customer relation practices

The violation of homoscedasticity is present when the size of the error term differs across values of an independent variable. Findings in Figure 2 show that the error term is the same across the values of ethical customer relationship practices (independent variable) and therefore homoscedasticity has not been violated in the study.

The study tested for normality of the data using the Shapiro-Wilk test. Normality test was done at 95% confidence interval for mean. If the p-value is less than 0.05, then the null hypothesis is rejected and there is evidence that the data tested are not from a normally distributed population. The results in the study shown in Table 3 indicate that the p value was 0.000 which implies that data tested is not from a normally distributed population.

Normality Test

Table 3: Tests of Normality for Ethical customer relation practices

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Ethical Customer Relations Practices	.261	56	.000	.823	56	.000

a. Lilliefors Significance Correction

Multicollinearity Test

Multicollinearity test was also done in the study to determine whether ethical customer relationship practices and financial performance were highly correlated, meaning that one can be linearly predicted from the other with a substantial degree of accuracy.

Findings are as shown in Table 4.33. If the VIF value lies between 1 – 10, then there is no multicollinearity. If the VIF value is less than 1 or more than 10, then there is multicollinearity. As shown in Table 4, the VIF value was 7.989 which indicate that there were no multicollinearity issues in the study.

Table 4: Multicollinearity Test for Ethical customer relation practices

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Ethical customer relationship practices	5.784	7.989

a. Dependent Variable: Financial Performance

Principal Component Analysis

Principal component analysis was done for ethical customer relationship practices. KMO Test was used to measure of how suited the data was for Factor Analysis. KMO values close to zero imply that there

are large partial correlations compared to the sum of correlations. The study found that KMO had a value of 0.741 and Bartlett's test, $\chi^2(3, N = 57) = 163.210, p = .000$. This implies that sampling was adequate for ethical advertising practices in the study. Results are shown in Table 5.

Table 5: KMO and Bartlett's Test for Ethical customer relation practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.741
Bartlett's Test of Sphericity	Approx. Chi-Square	163.210
	df	3
	Sig.	.000

Communalities for Ethical Customer Relationship Practices were also sought in the study. The findings shown in Table 6 indicate that “The firm ensures that the demands of the consumers are met” had the

highest communality of 0.762 under ethical customer relationship practices whereas “The firm endeavors to provide quality services to the customers” had the lowest community value of 0.401

Table 6: Communalities for Ethical Customer Relation Practices

	Initial	Extraction
The firm endeavors to provide quality services to the customers	1.000	.401
The firm's service delivery is timely	1.000	.475
The firm practices their customer relations policies	1.000	.575
The firm ensures that the demands of the consumers are met	1.000	.762
The firm promptly respondents to customer feedback	1.000	.481
The firm incorporates corporate social responsibility in its consumer relations	1.000	.423
The firm upholds building relation-marketing	1.000	.697
Customer satisfaction comes before profitability	1.000	.661
The firm corporate strategy is focused on customer satisfaction	1.000	.657

Extraction Method: Principal Component Analysis.

The study findings shown in Table 7 give the Eigen values for the factors under ethical customer relationship practices. According to the findings, the first factor accounts for 41.658% of the variance

while the second factor accounts for 15.354% of the variance. All the remaining factors were found to be not significant hence were dropped.

Table 7: Total Variance Explained for Ethical customer relation practices

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.749	41.658	41.658	3.749	41.658	41.658
2	1.382	15.354	57.012	1.382	15.354	57.012
3	.954	10.605	67.617			
4	.939	10.433	78.050			
5	.596	6.619	84.669			
6	.478	5.306	89.975			
7	.381	4.230	94.204			
8	.290	3.226	97.430			
9	.231	2.570	100.000			

Extraction Method: Principal Component Analysis.

Based on the Eigen values, a scree plot was obtained as shown in Figure 3. The scree plot indicates that 2 factors had Eigen values greater than 1.

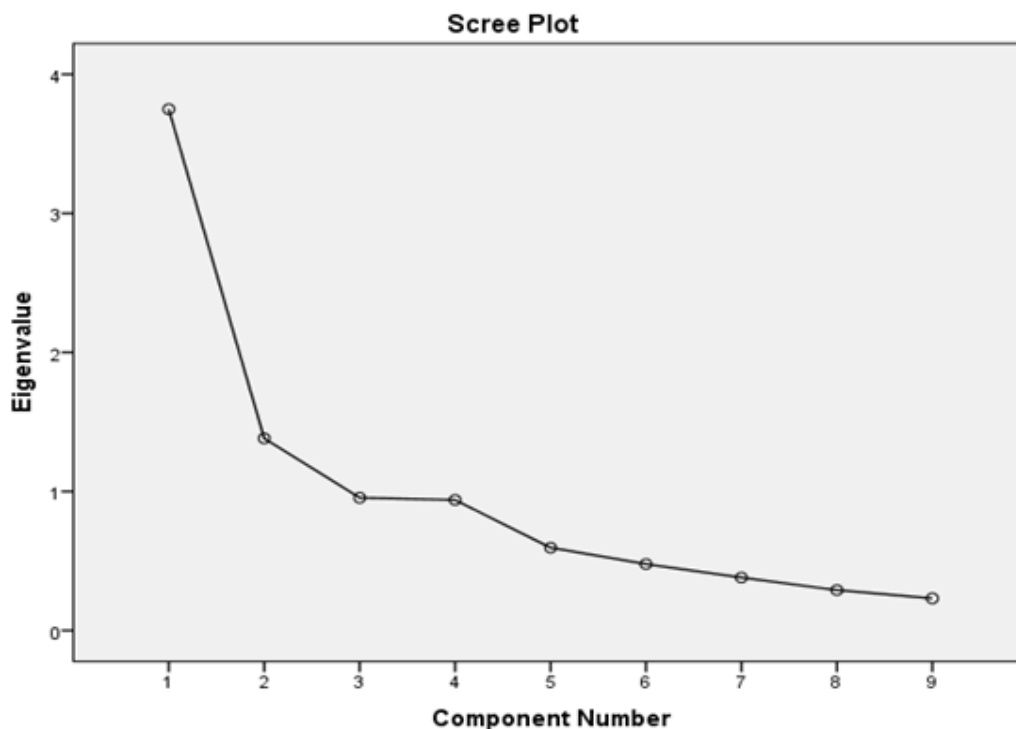


Figure 3: Scree Plot for Ethical customer relation practices

Descriptive Statistics for Ethical Customer Relations Practices

The study sought to determine the descriptive statistics for ethical customer relationship practices using means, standard deviations, skewness and coefficient of variation. Findings are as shown in Table 8. A Likert scale data was collected rating the views in a scale of 1 to 5 where 1 represents not at all whereas 5 represent always. The results from the

collected responses were analyzed based on means and their standard deviations to show the variability of the individual responses from the overall mean of the responses per each aspect. The mean results are therefore given on a scale interval where a mean value of up to 1 is an indication of no influence at all; 1.1 – 2.0 is rarely; 2.1 – 3.0 is sometimes, 3.1 – 4.0 is a fairly often and a mean value of 4.1 and above is an indication of always.

Table 8: Descriptive results for Ethical customer relations practices

	N	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
The firm endeavors to provide quality services to the customers	56	4.84	.371	.137	-1.899	.319
The firm's service delivery is timely	56	4.25	.640	.409	-.270	.319

According to the findings, firms always endeavored to provide quality services to the customers ($M = 4.84$, $SD = 0.371$). The standard deviation which is less than 1 show that the responses given did not vary significantly from the mean value and therefore changing the population units studied would not alter significantly the current results. Also, the firm's service delivery was timely ($M = 4.25$, $SD = 0.640$). The standard deviation was less than 1 implying that the responses given did not vary significantly from the mean value.

Correlation Analysis Results

The study sought to establish correlation between financial performance and each of the ethical customer relationship practices components. Financial performance was the dependent variable of the study. The correlation test was conducted at the 5% level of

significance with a 2-tailed test. Thus, the significance critical value is 0.025 above which the association is deemed to be insignificant and vice versa. The strength of the correlation is measured based on the Pearson correlation scale. The correlation coefficient ranges from -1.0 to +1.0 and the closer the coefficient is to +1 or -1, the more closely the two variables are related.

The findings illustrated in Table 9 show that, the components under Ethical Customer Relationship Practices had a positive and significant relationship with Financial Performance. The correlation coefficient for 'the firm endeavors to provide quality services to the customers' is 0.845 with a significance value of 0.006 which is less than 0.025 at the 5% level. 'The firm endeavors to provide quality services to the customers' has a correlation coefficient of 0.762 with significance value of 0.001 which is also less than 0.025 at the 5% level.

Table 9: Correlation between Ethical Customer Relation Practices components and Financial Performance

		Financial Performance
Financial Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	57
The firm endeavors to provide quality services to the customers	Pearson Correlation	.845
	Sig. (2-tailed)	.005
	N	56
The firm's service delivery is timely	Pearson Correlation	.762
	Sig. (2-tailed)	.001
	N	56

The study further conducted the correlation between ethical customer relationship practices and financial performance of the firms. The test was 2 tailed at 95% confidence level. The findings obtained show

a strong and significant association between ethical advertising practices and financial performance, $r(57) = .840, p < .018$. Table 10 gives the results of the study.

Table 10: Correlation between Ethical Customer Relation Practices and Financial Performance

		Financial Performance	Ethical Customer Relations Practices
Financial Performance	Pearson Correlation	1	.840
	Sig. (2-tailed)		.018
	N	57	56
Ethical Customer Relations Practices	Pearson Correlation	.840	1
	Sig. (2-tailed)	.018	
	N	56	56

Hypothesis Testing

Hypothesis was tested in the study using regression analysis. The following hypothesis was tested;

H_0 : Ethical customer relation practice does not have a significant influence on the financial performance of listed firms in NSE.

The study conducted regression analysis to determine the effect of customer relationship practices on the financial performance of the firms listed in Nairobi Securities Exchange (NSE). The regression was carried

out at 0.05 level of significance. Results in Table 11 indicate the regression model summary showing the extent to which ethical customer relationship practices influence financial performance. Based on the coefficients, the predictor variable (Ethical Customer Relationship Practices) explains 76.1% of the variation in Financial Performance of listed firms by NSE. This is as represented by the R^2 coefficient of 0.761. This therefore reveals that other factors not studied in this research contribute to 23.9% of the variability in the financial performance of firms listed by NSE.

Table 11: Model Summary for Ethical customer relation practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828 ^a	.761	.718	.05080114

a. Predictors: (Constant), Ethical Customer Relations Practices

From Table 12, the significance value in testing the reliability of the model for the relationship between ethical customer relationship practices and financial performance was obtained as 0.000 which is less than 0.05 the critical value at 95% significance level. Therefore the model is statistically significant in predicting the relationship between ethical customer

relationship practices and financial performance in the listed firms by NSE. The model was significant for the relationship as given by the regression coefficients $F = 6.041, p = .000$. The study therefore concludes that ethical customer relation practices have a significant influence on the financial performance of listed firms in the Nairobi Securities Exchange (NSE).

Table 12: ANOVA Table for Ethical customer relation practices

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.381	1	.381	6.041	.000 ^b
	Residual	502.599	54	9.307		
	Total	502.980	55			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Ethical Customer Relations Practices

The estimates of the regression coefficients, t-statistics and the p-values for the relationship between ethical advertising practices and financial performance are

as shown in Table 13. These coefficients answer the regression model relating the dependent and the independent variable.

Table 13: Coefficients Table for Ethical customer relation practices

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.230	4.484		2.274	.005		
Ethical Customer Relation Practice	.199	.983	.028	3.202	.000	5.784	7.989

a. Dependent Variable: Financial Performance

The findings imply that for every unit increase in ethical customer relationship practices, financial performance increases by Kshs. 0.199. This is a significant and positive influence of ethical customer relationship practices on financial performance.

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

Findings

The findings of the study agree with the findings of Aguilera *et al* (2007) who determined that when firms demonstrate customer relation practices, they demonstrate fairness to key stakeholders. By this, they raise customer satisfaction, which is one of the most essential goals of firms and is an important aspect in business strategy. Other scholars supporting the present findings include Homburg *et al.* (2005) and Fornel *et al.* (2006) who determined that financial performance of firms are influenced by ethical customer relations positively through good relationship with their customers.

The findings of the study also agree with the findings of Schultz and Good (2000) who determined that consumers are essentially customers, whose satisfaction and delight are pegged on longevity and profitability. Their satisfaction is also a substantial issue in relationship marketing. Further, Schultz and Good (2000) added that positive relationship between salespeople and their customers resulted into organizational success. In addition, Keiningham *et al.* (2005) found out that there is a significant affiliation between customer satisfaction, purchase intentions, and consequently financial performance.

Other studies such as Kotler and Keller (2009) agree

with the present study. Kotler and Keller (2009) revealed that marketing is geared to matching service promise to customer needs, essentially to increase customer loyalty. Such a relationship is an index for consumer satisfaction, of which Armstrong and Kotler (2009) added that maintenance of solid relationship marketing strategy is beneficial in enhancing customer loyalty and subsequently financial performance of organizations.

Conclusions

Consumers have been characterized as the lifeblood of any business. The relationship between quality customer service and loyalty has been observed by a number of researchers, who insist on the quality of customer service as that which is not just reliable but also ethical. Ethical customer satisfaction and loyalty are positively correlated as have been determined by this research. It is also possible that firms can fulfill their customers' demands while remaining ethical themselves. Well serviced customers are likely to remain part and parcel of a business. In other words, it suffices to say that ethical customer service, in the long run, brings about good financial returns that enables an organization to flourish. The relationship between satisfaction and loyalty is required to be reliant on ethical foundations and not just the nature of the item and services involved. The study determined that ethical customer relation practices had a significant influence on Financial Performance of listed firms in NSE. In addition, ethical customer relation practices had a strong correlation with financial performance, significantly influenced financial performance and had a significant value with Financial Performance. The study therefore concluded that firms always endeavored to provide quality services to the customers and that the firm's service delivery was timely.

Recommendations

The study determined that financial performance is high when firms endeavored to provide quality services to the customers and when the services delivery was on time. The study therefore recommends that firms should always endeavor to provide quality services to the customers and to ensure that service delivery is done within the required time.

5.4 Suggestions for Further Studies

This study was only conducted in the listed firms by NSE in Kenya. This limited the study to one the listed firms. The study also only measured the viewpoints of top managers only; therefore, the views of other employees were not taken into account. The researcher recommends that other studies be conducted on the ethical leadership aspects and financial performance in listed firms using the views of the junior employees in the firms. Other researchers could carry out a similar research in other firms other than the listed firms studied in this research and the results be compared so as to establish whether there is consistency among the firms. Other researchers could also introduce moderating variables such as size of the firm, which the present study did not cover.

REFERENCES

- Adeniji, A. A., Osibanjo, A. O., & Abiodun, A. J. (2013). Organizational Change and Human Resource Management Interventions: An Investigation of the Nigerian Banking Industry. *Serbian Journal of Management*, 8(2), 139-154.
- Allan, P., Sienko, S., (1997). A comparison of contingent and core workers' perceptions of their jobs' characteristics and motivational properties. *SAM Advanced Management Journal* 62, 4-9.
- Anderson, E. & Barton W. (1992). The use of pledges to build and sustain commitment in distribution channels. *Journal of Marketing Research*, XXIX, (February), 18-34.
- Antokanis, J., Avolio, B. J., Sivasubramaniam, N. (2003). Context and Leadership: an examination of the nine-factor full-range leadership theory using the Multifactor Leadership Questionnaire. *The Leadership Quarterly*, Vol. 14, pp. 261-295.
- Avolio, B. J., Gardner, W. L., Walumbwa, F. O., Luthans, F., & May, D. R. (2004). Unlocking the mask: A look at the process by which authentic leaders impact follower attitudes and behaviours. *The Leadership Quarterly*, 15, 801-823.
- Avtonomov, V. (2006). Balancing state, market and social justice: The Russian experiences and lessons to learn. *Journal of Business Ethics*, 66, 3-9.
- Bamiduro J. A. (2001). An Analysis of Sales Promotion on Sales Volume in the Beverage Industry: The Case Study Nigeria Bottling Company Plc. *J. Intellect. Scient. and Cult. Interest*. 10 (1), pp. 11- 19.
- Chai, K.H; Ding, Y. & Xing, Y., (2009). Quality and Customer Satisfaction Spill-overs in the Mobile Phone Industry Service Science: 1(2), pp.93 – 106
- Cragg, W. (2002). Business Ethics and the Stakeholder Theory, *Business Ethics Quarterly* 12(2), 113-142.
- Deshpande, S. P. (1996). Ethical climate and the link between success and ethical behavior. An empirical investigation of a non-profit organization, *Journal of Business Ethics*, pp. 315-320.
- Gray, R., Owen, D. & Adams. T. (1996.). Accounting and accountability Changes and challenges in corporate social and environmental Reporting. Prentice Hall Europe, Hemel Hempstead.
- Oates, V., and Dalmau, T. (2013). Ethical leadership: A legacy for a longer future. *Performance*, 5(2):20-27.
- Olusola, A.J., Olugbenga, O.M., Adeoluwa, Z.O., & Oluwagbemiga, O.E. (2013). Accounting Information on Investment in the Nigerian Poultry Agricultural Sector. *Research Journal of Finance and Accounting*, Vol. 4(19).
- Omboi, B.M. (2011). Reasons for Low Listing by Agricultural Companies in the Bourse: The Case Study of DelMonte Limited Kenya. *Research Journal of Finance and Accounting*, Vol. 2(3), pp.57-60.
- Omondi, M. M., & Muturi, W.(2013). The Factors Affecting the Financial Performance of Listed Companies at the Nairobi Securities Exchange in Kenya. *Research Journal of Finance and Accounting*, Vol. 4(15).

- Osemeke, M. (2014). The Impact of Human Resource Management Practices on Organizational Performance: A Study of Guinness Nigeria Plc. *AFRREV IJAH: An International Journal of Arts and Humanities*, 1(1), 79-94.
- Patterson, K. (2003). Servant leadership: A theoretical model. Unpublished doctoral dissertation, Regent University, Virginia Beach, VA.
- Shaharudin, M., Elias, S. & Mansor, S. (2009). Factors Affective Customer Satisfaction in after Sale Service of Malaysian Electronic Business market. *Canadian Social Science*, 5(6), 10-18
- Wambua, P. (2013). Influences of agency costs on the financial performance of companies listed on the Nairobi Securities Exchange. *The International Journal of Social Sciences and Entrepreneurship*, Vol. 1 (5), pp. 587-607.

Influence of Leadership Style on Performance Contracting Results in Local Authorities, Kenya

¹Elliubs Kimura Mwangi, ²Roselyn W. Gakure (PhD), ³Robert Arasa (PhD), ⁴Anthony Waititu (PhD)

ABSTRACT

The purpose of the study was to investigate the influence of leadership style on performance contracting results in local authorities in Kenya. The study used a Correlational research design. The target population comprised of 41867 employees. This study used stratified random sampling to select a sample of 328 from the 175 Local Authorities in Kenya as per the Ministry of Local Government. Questionnaires were used to collect data from local authority employees. Descriptive and inferential statistics was used to conduct analysis. The study found out that Leadership style significantly affect the effectiveness of performance contracting. The study recommended that local authorities' management should emphasize and enhance good leadership styles in the organization. The recommendation maybe critical to the successful running of the county governments which takes over the services performed by local authorities.

Keywords: Performance Contracting, Leadership Style, Local Government

¹Post graduate student, School of Business, Jomo Kenyatta University of Agriculture and Technology
mwangikimura@gmail.com

²Lecturer, School of Business, Jomo Kenyatta University of Agriculture and Technology

³Lecturer, School of Business, Jomo Kenyatta University of Agriculture and Technology

⁴Lecturer, School of Business, Jomo Kenyatta University of Agriculture and Technology

1.0 INTRODUCTION

Jenkins (2007) states that a performance contract is defined as a management tool for measuring performance that establishes operational and management autonomy between government and public agencies. It reduces quantity of controls and enhances the quality of service. The performance contract privatizes the style of public sector management by focusing on results and not processes. It also measures performance and enables recognition and reward of good performance and sanction bad performance.

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

Performance contracting is a freely negotiated agreement between government acting as the owner of a public enterprise itself in which the intentions, obligations and responsibilities of the two are freely negotiated and then clearly set it out (GOK 2010).

Traditionally, the shortcomings of the public sector were seen as organizational problems capable of solution by appropriate application of political will, powerful ideas and managerial will. The overriding concern with economic growth has led to a refocusing (Fernandez, 2010). Over the years, poor performance of the public sector, especially in the management of public resources has hindered the realization of sustainable economic growth (Spivey, 2005). Some of the factors adversely affecting performance include: excessive regulations and controls, frequent political interference, poor management, outright mismanagement and bloated staff establishment. To improve performance, the Government has been undertaking a number of reform measures (Trivedi, 2009).

In the implementation of performance contracts, an Ad-hoc Negotiations and Evaluation Task Forces whose members are drawn from outside the public service assist the steering committee (Trivedi, 2009). The ad-hoc task forces are responsible for negotiating and evaluating performance contracts of ministries/ departments, state corporations and Local Authorities

on behalf of the Permanent Secretary, Secretary to the Cabinet and Head of the Public Service. The task forces are independent and comprises of eminent private sector practitioners, retired public servants with track records, business executives and academia. This ensures independence in the entire process of setting performance targets and in their evaluation (Kobia and Muhamed, 2006; Muganda-Ochara and Van Belle, 2008)

Kenya's Vision 2030 has recognized performance contracting among the key strategies to strengthen public administration and service delivery. The strategies will in this regard focus on deepening the use of citizen service delivery charters as accountability tools, and entrenching performance as a culture in the Public Service. (Obongo, 2009). The challenge of securing commitment for results is profound, particularly at this time when the rhetoric of public service performance improvement is as prevalent as the reality. This commitment takes willingness to commit before hand, taking responsibility for, as well as owning and accepting praise and blame for delivery of services agreed upon in a performance contract (Akaranga, 2008; Obongo, 2009).

The expected outcomes of the introduction of Performance Contracts include improved efficiency in service delivery to the public (Akaranga, 2010). This is made possible through ensuring that holders of public office are held accountable for results and improvement in performance (Kobia & Muhamed, 2006). In addition, it ensures efficiency in resource utilization and that public resources are focused on attainment of the key national policy priorities. Other expected outcomes include: ability to link reward for work to measurable performance, instilling accountability for results at all levels in the government and ensuring that the culture of accountability pervades all levels of Government (Muganda-Ochara & Van Belle, 2008). Performance contracting also has other outcomes such as the reduction or elimination of reliance on Exchequer funding by Public Agencies, ability to strategize the management of public resources and recreating a culture of results-oriented management in the Public Service (Mittullah & Waema, 2007).

Local Government is the part of government which deals with matters concerning the inhabitants of a particular area or form usually, financed at least in part by local taxes (Hutclison Encyclopaedia, 2004). The local government is the closest government to the people hence it is often referred to as grass roots government. Bearuaster (2002) believes that the local government holds a unique position within the system.

The Republic of Kenya recognized the need to enhance efficient service delivery in local authorities. The need was expressed through the policy paper on Economic Recovery Strategy for Wealth and Employment Creation (ERS 2003 - 2007) which envisaged efficient service delivery by local authorities as a basic necessity to growth and development (GOK, 2010). Local authorities in Kenya have been endowed with huge resources including Local Authorities Transfer Fund (LATF) which is allocated 5% of the National budget and local revenues which they are mandated to collect from the business community. All this is meant to service the operating expenses and deliver quality service to the community (Evaluation on the Performance of Public Agencies 2011).

problem statement

Public outcry on quality of services is not uncommon in public sector local authorities included. Despite government's inputs and concern and introduction of performance contracting, performance of local authorities on service delivery is far below expectation (Afro Barometer Briefing Paper, 2010). Based on the lower performance ranking of local authorities in Kenya and the continued drop in rank for local authorities, there is a justifiable need for a study to establish factors hindering performance contracting in improving service delivery in Kenyan local authorities. Mitullah (2004) brings out the deteriorating performance of Kenyan local authorities while the Afrobarometer survey of 2004 decries the poor service delivery of local authorities.

The reviewed local studies Akaranga (2010), Kobia and Muhamed (2006), Muganda-Ochara and Van Belle (2008) and Mittullah and Waema (2007) did not critically address the factors hindering performance contracting from improving service delivery of Local Authorities. Studies by Mitullah and Waema (2007) and Muganda-Ochara and Van Belle (2008) were narrow and suffered from conceptual gaps since they only addressed the role of ICT in local authorities service delivery. The study by Kobia and Mohamed (2006) suffered from a contextual gap since it concentrated on the Kenya Institute of Administration while the focus of the current study is on Local Authorities. The study by Akaranga (2010) also faced methodological issues since it was a desk-based study in addition to exploring a different contextual area (the general public sector). It is due to these conceptual and contextual gaps that the current study wishes to establish the employees perception on the determinants influencing performance contracting results of local authorities in Kenya.

Objectives of the Study

To investigate whether leadership style influences performance contracting results.

2.0 LITERATURE REVIEW

Theoretical Review

Agency theory

According to Jensen & Meckling (1976), principal-agent theory in economics rests on several key assumptions about human and organizational behavior. Individuals and organizations are assumed to rationally pursue their self-interest, resulting in divergence of interests between the principal (owner) and agent (producer) (Adams, & Ferreira, 2009; Ahn, Jiraporn, & Kim, 2010). The separation of ownership from production increases the cost and difficulty involved in monitoring the agent's behavior. This creates information asymmetry that benefits the agent as he goes about performing a task on behalf of the principal. Under these conditions, two agency problems arise: moral hazard and adverse selection (Baker, 2002).

Moral hazard refers to instances of opportunistic behavior by the agent. Divergent interests and information asymmetry favoring the agent create opportunities for the agent to engage in behavior that maximizes his utility but that conflicts with the goals of the principal (Abdullah, 2006). Monitoring allows the principal to detect opportunistic behavior and align the agent's behavior with his own goals, thus helping to improve the outcomes of contractual relationships (Adams & Mehran, 2003). The theory is relevant to this study as the implementers of Performance Contracting Act as the agents of the departments and must act in good faith to fulfill the principles of the Principal. The theory informs the variable of leadership style.

Systems theory

Bertalanffy (1972) defines system theory as the trans disciplinary study of systems in general, with the goal of elucidating principles that can be applied to all types of systems at all nesting levels in all fields of research. The term does not yet have a well-established, precise meaning, but systems theory can reasonably be considered a specialization of systems thinking, a generalization of systems science, a systems approach. The term originates from Bertalanffy's General System Theory (GST) and is used in later efforts in other fields, such as the action theory of Talcott Parsons and the system-theory of Niklas Luhmann. According to Patton, (2006) systems framework is fundamental to organizational theory as organizations are dynamic entities that are goal oriented.

The systems approach to organizations relies heavily upon achieving negative entropy through openness and feedback.

The theory is relevant to the study because all organizations interact with outside world as they are often systems. Sections of organizations interact amongst themselves in exchange of key information and materials. The theory is important in this study as the Local Authorities are often systems interacting with outside world in service delivery and other inputs. In this regard, it is an important tool in diagnosing management deficiencies and providing principles through which they can be remedied. Systems theory is therefore evident in the leadership styles adopted by the local authorities.

Goal Setting Theory

Goal-setting theory places less emphasis on rewards and stresses the motivating power of defining appropriate work goals and engaging employee commitment to them (Marsden, 2004). A number of studies have attempted to examine the relationship between goal-setting and performance. It was found that the majority of evidence suggests strong support for the theory. In fact, it is where managers were not sure of their objectives, doubts into the credibility of the system evolved. Marsden and French, (2001), found that when employees thought performance contracting had led managers to set targets more clearly (because they have to appraise them afterwards), and if they thought their last appraisal fair, then they were more likely to experience positive incentive effects .

Goal setting theory is at the centre of performance contracting. The theory is therefore relevant to this study as performance contracts have a lot in setting goals and agreeing with the Ministry on the same. They are evaluated on the goals they have set themselves which form the basis of performance contracting. Further, the financial management practices, human resource management practices and governance practices adopted by local authorities stem from the goal theory premise.

Empirical Literature Review

Leadership style is the personal approach of guiding a group of people by providing purpose, direction and motivation. There are many approaches to leadership styles that exist today. Three leadership styles exist which are: democratic, autocratic and laissez-faire. Best leadership use different styles at differing situations as depicted in Hersey- Blanchard Situational Leadership

Theory (George, 2003). Effective leadership is not simply based upon a set of attributes, behaviour or influence but a wide range of abilities and approaches in very many corporate situations.

According to Kouzas and Posner (2007), participative leadership seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. Most participative activity is within the immediate team. Participatory leadership is also known as consultation, empowerment, joint decision making, democratic leadership, management by objectives and power sharing. Participative leadership can be a shame when managers ask for opinions and then ignore them. This is likely to lead to cynicism and feelings of betrayal.

Obongo (2009) conducted a study on implementation of performance contracting in Kenya. To reverse the trend of falling service delivery, Kenya introduced performance contracting not only to improve service delivery but also to refocus the mind set of public service away from a culture of inward looking towards a culture of business as focused on customer and results. The author argues that whereas the general public and even some high ranking public servants may very much welcome the idea of performance contracting and measuring performance, it might not be readily accepted by everybody. This is especially those who might feel exposed (negatively in terms of poor performance) by the outcomes. In other cases, resistance may come in the grading structure, those who feel that no grading system can even out the effects of lumping big and small ministries together. In the state corporations similar sentiments can be expressed, that it is unfair to grade state corporations operating in different sectors of the economy together.

Obongo (2009) notes that despite the application of composite score, which allows for comparisons of different ministries and state corporations, some ministries and even state corporations would still prefer to be grouped and ranked differently citing their uniqueness emerging from their areas of service delivery (industry), size in terms of turnover, number of employees and even their mandate. The separation of the negotiation committee and the evaluation committee may have its challenges too. It may be argued that for consistency and to help put the evaluation into perspective, it may be advisable for the same team that has done the negotiation to also undertake the evaluation. The reviewed study compares well with the current study as it endeavors to identify the determinants of the effectiveness of performance contracting in service delivery in local authorities in Kenya.

Transformational leaders are true leaders who require diverse skills associated with charismatic and visionary leadership. They have a zest and enthusiasm, add new value and look after initiative. Transformational leadership occurs when leader and follower unite in pursuit of higher order or common goals. Here, one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality. This implies that the leader-follower relationship is one which the purpose of both become fused creating unity and collective purpose (Avolio & Gardner, 2005).

Transactional leadership style is more task-oriental that is comparable to the scientific approach to management. Completion of a task is commensurate rewards given, just like the “carrot and stick (contingent rewards). Some researchers like it to the scientific mode of management. The leaders specifies standards for

compliance as well as what happens in non compliance. Close monitoring for deviances, mistakes and errors, and taking corrective action when incidences occur (management-by-exception-active). Another factor is the concept of management-by exception (passive), where leaders make no clear guideline or goals, and taking action only when something is not going as per the effectiveness of anticipated occurs. Passive leadership makes subordinates more likely to avoid initiating change and prefer maintaining status quo (Antonakis, Avolio & Sivasubramaniam, 2003). Lastly, there is the laissez faire or avoidant leader who avoids responsibility as supervisor, exhibiting low initiative and participation but tries closeness to subordinates. The leadership here aims at getting things done and satisfaction is relative (Avolio, Gardner 2005; Luthans 2002).

2.3: Conceptual Framework

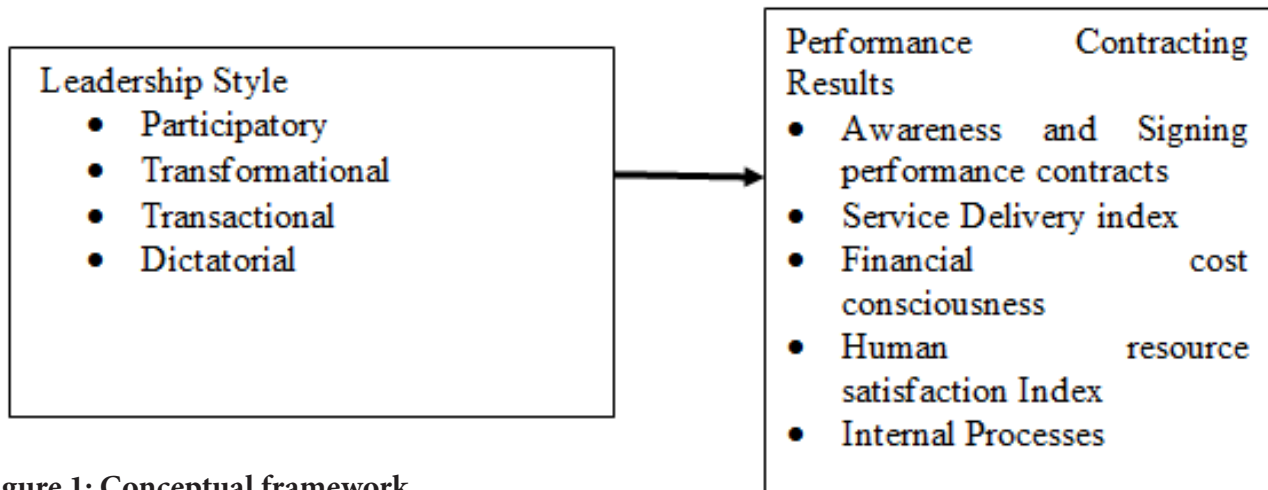


Figure 1: Conceptual framework

3.0 RESEARCH METHODOLOGY .

Correlational research design was used to conduct the study in 175 Local Authorities in Kenya as per the Ministry of Local Government. The population

was 41,867 employees. Sampling was not done at the organizational level but rather at the employee level. A sample of 328 was selected using a stratified systematic sampling technique.

Table 1 Target Population

Stratum	Population(N)
City Council	15,785
County Council	13,693
Municipal Council	6,426
Town Council	5,963
Grand Total	41867

(Source: GOK 2011)

The sample estimate was calculated using the formula below recommended by Mugenda and Mugenda (2003). The formula yielded a sample of 384 respondents proportionately distributed in the 175 local authorities. The respondents were selected through random stratified sampling across all the departments as per each local authority. Local authorities were stratified into four strata based on type of local authority as per table 1. Under stratified sampling, the population is divided into several sub-populations that are individually more homogeneous than the total population and then we select items from the total population (Kothari, 2004). A sample of 384 respondents was used.

4.0 RESULTS AND DISCUSSIONS

Performance Contracting Factor Analysis Component Matrix

In order to reduce the data to a meaningful and manageable set of factors, factor analyses was conducted. Factor analyses reduces the data to a manageable set of factors (Sekaran, 2006). Table 2 shows the component matrix of performance contracting which indicates that all the statement with a coefficient of 0.4 were retained and those with less than were dropped during regression analysis. This is in line with Sekaran (2006) who averred that statements with a coefficient of less than 0.4 should not be analyzed further. Out of 17 items 12 were retained for further analyses since they were the only items that made the threshold of 0.4 and 5 were dropped.

Table 2: Performance Contracting Component Matrix

Statement	Retained	Dropped
The council complies 100 with the budget	0.708	
The council undertakes periodical monitoring and Evaluation to ensure compliance with the budget	0.669	
The council implements the service delivery charter 100	0.663	
The council circulates the baseline survey results to the employees	0.612	
I have assigned a performance contract	0.594	
The council fully implements baseline survey recommendations	0.584	
The council achieves the set revenue collection targets	0.577	
The council undertakes periodical monitoring and evaluation to ensure compliance with service delivery charter	0.567	
The council achieves its development index targets every year	0.54	
The council is ISO certified	0.47	
The council funds are utilized on programmed activities	0.383	
The council complies 100 with the strategic plan	0.351	
The council provides adequate working tools and protective clothing to the employees.		0.207
I find my work challenging and interesting		0.19
The council has a service delivery charter		0.174
I am aware that the council has a performance contract		0.122
The council has a strategic plan		0.083

Descriptive Analysis- performance Contracting

The section addresses the various measurements of effectiveness of performance contracting in local authorities in Kenya. Table 3 shows that 90% of the respondents agreed that they were aware that the council has a performance contract, 80% disagreed that they have signed a Performance contract and 82 % disagreed that the council complied 100% with the budget. In addition, 7% agreed that the council funds are utilized on programmed activities, 78% disagreed that the council undertakes periodical monitoring and evaluation to ensure compliance with the budget and 55% disagreed that the council achieves the set revenue collection targets. Eighty percent of the respondents disagreed that the council achieves its development index targets every year, 87% agreed that the council has a strategic plan and 71% disagreed that the council complies 100% with the strategic plan.

Furthermore, 79% of the respondents agreed that they find their work challenging and interesting, 94% agreed that the council has a service delivery charter, 77% disagreed that the council implements the service delivery charter 100% and 88% disagreed that the council undertakes periodical monitoring and evaluation to ensure compliance with service delivery charter. Eighty-eight percent disagreed that the council circulates the baseline survey results to the employees, 70% disagreed that the council fully implements baseline survey recommendations and

Table 3: Leadership Style Component Matrix

Statement	Retained	Dropped
Employees' views are taken into consideration in the management	0.764	
Leadership qualities are visible in management	0.717	
Leadership style of senior management is participatory	0.663	
Employees are fairly empowered to be creative and innovative in their jobs	0.572	
Proper delegation is done to enhance service delivery	0.531	
There is good guidance to the staff in executing their duties by supervisors	0.517	
Leaders make clear guidelines to ensure effective performance	0.461	
Leaders motivate employees by rewarding good performance	0.443	
Leaders set sound performance standards	0.363	
There is proper co-ordination between the departments		0.092

94% disagreed that the council was ISO certified. The score of the responses for this section disagrees at 55% indicating that more employees disagreed with the statements in regard to performance contracting in the local authorities in Kenya.

The findings imply that there were no strong systems that guided performance contracting in the local authorities in Kenya. This was evidenced by the disagreements from the respondents that the council was ISO certified, they have signed a performance contract, the council complied 100% with the budget and the council funds were utilized on programmed activities. This implies that there were very poor measures of performance contracting at local authorities in Kenya.

It also implies that the benefits of performance contracting may not be achieved unless sound

Leadership Style Factor Analysis Component Matrix

To reduce the number of variables to a meaningful interpretable and manageable set of factors, factor analyses were done. Out of 10 questions only one was dropped and 9 were retained as they met the acceptable threshold 0.4 as per Sekaran (2007). Results on Table 3 indicates that leadership style statements retained 9 statements and dropped one after the factor analysis was done.

Descriptive Analysis-Leadership Style

The objective of the study was to investigate whether leadership style influences performance contracting in local authorities in Kenya. Results on Table 4 indicate that 80% of the respondents agreed that leadership style of senior management was participatory, 78% agreed that leadership qualities are visible in management and 56% disagreed that employees' views are taken into consideration in the management. Fifty-eight percent agreed that, proper delegation was done to enhance service delivery, 67% disagreed that employees are fairly empowered to be creative and innovative in their jobs and 72% agreed that there was proper co-ordination between the departments. In addition, 56% of the respondents agreed that there was good guidance to the staff in executing their duties by supervisors, 53% agreed that leaders made clear guidelines to ensure effective performance, 56% disagreed that leaders set sound performance standards and 92% disagreed that leaders motivated employees by rewarding good performance. The scores of responses for this section agrees at 52% indicating that more employees agreed that leadership styles were a key driver of performance contracting. This finding is shown in Table 4.

The findings are consistent with those in Ohemeng (2009) who conducted a study on the Constraints in the Implementation of Performance Management Systems in Developing Countries and noted that Social cultural norms influence public management practices and organizational decision making. In addition, the role of political authorities, as well as of administrative leadership, is also vital to the success of performance management. The author reckons that such leaders should be seen at the forefront of any reforms. The shortage of experienced staff, inadequate remuneration, the poor morale of the public service, and unwieldy administrative systems has weakened the capacity of institutions to carry out any meaningful reform agenda. Leadership thus becomes an essential instrument to reverse such a trend and inspire enthusiastic concern for the reforms.

The findings imply that there were good leadership styles at local authority because there was proper delegation to enhance service delivery, there was proper co-ordination between the departments, good guidance to the staff in executing their duties by supervisors and leaders made clear guidelines to ensure effective performance.

Table 4: Leadership Styles

Statement	Strongly Disagree %	Disagree %	Neutral %	Agree %	Strongly Agree %
Leadership style of senior management is participatory	2	12	6	48	33
Leadership qualities are visible in management	2	16	5	52	26
Employees' views are taken into consideration in the management	17	39	2	28	15
Proper delegation is done to enhance service delivery	3	36	3	50	9
Employees are fairly empowered to be creative and innovative in their jobs	23	44	4	25	5
There is good guidance to the staff in executing their duties by supervisors	6	32	7	48	8
Leaders make clear guidelines to ensure effective performance	4	39	4	45	9
Leaders set sound performance standards	9	47	8	31	6
Leaders motivate employees by rewarding good performance	66	25	2	6	2
Mean	14	30	4	40	12

Leadership and performance Contracting Odd Ratio Regression

Binary logistic regression was used to model relationship between leadership styles and performance contracting results. Table 5 shows that leadership styles regarding whether employees' views are taken

into consideration in the management and whether employees are fairly empowered to be creative and innovative in their jobs are statistically associated to performance contracting results ($p < 0.050$). A change in these leadership styles increases the probability of good performance contracting by 2.702 and 1.674 times respectively.

Table 5 Leadership and performance Contracting Odd Ratio Regression

	B	S.E.	Wald	Sig.	Exp(B)	95% C.I. for EXP(B)	
						Lower	Upper
Leadership style of senior management is participatory	0.259	0.182	2.028	0.154	1.295	0.907	1.849
Leadership qualities are visible in management	-0.029	0.186	0.024	0.878	0.972	0.674	1.4
Employees' views are taken into consideration in the management	0.994	0.185	28.995	0.000	2.702	1.882	3.879
Proper delegation is done to enhance service delivery	0.25	0.185	1.822	0.177	1.284	0.893	1.844
Employees are fairly empowered to be creative and innovative in their jobs	0.515	0.185	7.79	0.005	1.674	1.166	2.404
There is good guidance to the staff in executing their duties by supervisors	-0.048	0.176	0.075	0.784	0.953	0.676	1.344
Leaders make clear guidelines to ensure effective performance	0.176	0.175	1.013	0.314	1.192	0.847	1.678
Constant	-6.152	1.215	25.621	0	0.002		

5.0 CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concludes that the leadership styles of local authorities are transformational and participatory. However, a lot needs to be done as far as empowering employees is concerned that the particular aspects that influenced performance contracting positively.

Recommendations

Modern management styles engages leadership as a very pertinent function and hence top management need to ensure that good leadership by example is taken into consideration in a very democratic style. Administrative procedures and manual need to be put in place and sensitized to employees down the line. The study recommended that local authorities management should emphasize and enhance good leadership styles in the organization. They should also

ensure that they engage the employees views whenever making changes in the authority so that there will be smooth operations of the activities.

Areas for Further Study

The study focused on local authorities whereby only 18 local authorities were studied. The benefits of performance contracting surpasses the costs in public sector. There is therefore an opportunity to study other organizations in Kenya such as State corporations, learning institutions and government ministries to enhance generalization.

REFERENCE

- AAPAM, (2005). The Enabling State and the role of the Public Service in Wealth Creation abroad. *Organizational Dynamics*, 9: 42-63.
- Abdullah, S., (2006). Board structure & ownership in Malaysia: the case of distressed listed companies', *Corporate Governance: The International Journal of Effective Board Performance*, 6, 5, 582-594
- Adams, R. & Ferreira, D. (2009). Women in the boardroom & their impact on governance & performance, *Journal of Financial Economics*, 94, 2,291-309
- Adams, R. & Mehran, H. (2003). Is Corporate Governance Different for Bank Holding Companies?. *Economic Policy Review*, 9, 1, 123-309
- Afro Barometer Briefing Paper (2010). *Local Government in Kenya: Negative Citizen Perception and Minimal Engagement in Local Government Affairs*. Briefing Paper 89.
- Ahn, S., Jiraporn, P. & Kim, Y. (2010). Multiple directorships & acquirer returns', *Journal of Banking & Finance*, 34, 9, 2011-2026
- Ajayi, A., Olatokun, W.M. and Tihamiyu, M. A. (2001), "Computer anxiety, phobia, obsession and work stress at the University of Ibadan, Nigeria, *African Journal of Library Archives and Information Science* 11(2), 125-138 Nigeria.
- Akaranga, E. M. (2008). The Process and Effects of Performance Contracting in Kenyan Public Sector, MBA Project; United States International University (USIU), Nairobi.
- Akaranga, F.M. (2010) E. M. A Critical Literature Review Of Performance Contracting. www.aibuma.org/.../Akaranga,20Kenya.pdf
- Aliyua, M.B. and Issa, A.O (2002). The Role Of Information Technology In Nation Building: The Librarian's Perspective . Department of Library and Information Science, The Federal Polytechnic, Offa, Kwara State.
- Antonakis, J., Avolio, B. J., & Sivasubramaniam, N. (2003). Context and leadership: An examination of the nine-factor full-range leadership theory using the Multifactor Leadership Questionnaire. *The Leadership Quarterly*, 14(2), 261-295.
- Armstrong, M. & Baron, A. (2004). *Managing performance: performance management in action*. London: Chartered Institute of Personnel and Development.
- Armstrong, M. (2006). Competition in two-sided markets. *The RAND Journal of Economics*, 37(3), 668-691.
- Armstrong, M. (2006). *Performance Management: Key Strategies and Practical guidelines*, 3rd Ed. MPG Books Ltd., Bodmin, Cornwall.
- Arthur, J.W. (2009) *Modern Financial Management Theories on SMEs*.
- Asian Development Bank (ADB)(2007). *Governance*. (<http://www.adb.org/Documents/Policies/PCP/PCP-RPaper.pdf>, 27 September 2007).
- Avolio, B. J., & Gardner, W. L. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. *The Leadership Quarterly*, 16, 315-338.
- Avolio, B. J., Gardner, W. L., Walumbwa, F. O., Luthans, F., & May, D. R. (2004). Unlocking the mask: A look at the process by which authentic leaders impact follower attitudes and behaviors. *The Leadership Quarterly*, 15, 801-823.
- Awe, J. (1997), *Learning Computer Operations and Usage*, Jidaw Systems Ltd, Lagos.
- Babbie, E. (2004). Survey research. *The practice of social research*, 10, 242-280.
- Babbie, E.R., (1973). *Survey Research Methods*. Belmont, C.A. Wadsworth.
- Baker, G. (2002). Distortion and Risk in Optimal Incentive Contracts. *Journal of Human Resources* 37: 728-751.
- Bateman, T. S. & Snell, S. (2007). *Management: Leading and Collaborating in a Competitive World* (7th ed., pp. 16 -18). McGraw - Hill.

- Bateman, T.S. & Snell, S. (2004). *Management: The New Competitive Landscape*, (6th ed.,) McGraw – Hill
- Baumgartner, T. A., Strong, C. H., & Hensley, L. D. (2002). *Conducting and Reading Research in health and human performance* (3rd ed.). New York: McGraw – Hill.
- Beaumaster, S. (2002), *Local Government IT Implementation Issues: A Challenge for Public Administration*, Jidaw Systems Limited Lagos
- Beck, C. (2003). *Nursing Research Methods: Principles and Methods*, 7th Edition. Lippincott, Williams and Wilkins.
- Bertalanffy, von, L. (1968). *General systems theory*. New York: Braziller.
- Bouckaert, G., Verhoest, K. and De Corte, J., (1999). *Public Sector Performance Contracting In Belgium and Flanders*. Public Management Centre, Katholieke Universiteit Leuven. *Public Affairs and Communications, OECD, 2, rue André-Pascal, 75775 Paris Cedex 16, France*.
- Burns, N. and Grove, S. K (2003) *The practice of Nursing Research: Conduct, Critique and Utilization*. Philadelphia: W. Saunders
- CAPAM(2005)*In Pursuit of Excellence: Developing and Maintaining A High-Quality Public Service. A Report on a CAPAM High-Level Seminar on Commonwealth Training and Development Institutes*, October, 2005.
- Castels, M. (1996), Quoted in Pradhan, Junelee (2002), *Information Technology in Nepal: What Role for the Government?*
- Cohen, West, S.G. Aiken L.S. (2003). *Applied Multiple Regression/Correlation Analysis for the Behavioural Sciences*. 3rd Edition. L. Erlbaum Associates.
- Cooper, C. D., Scandura, T. A., & Schriesheim, C. A. (2005). Looking forward but learning from our past: Potential challenges to developing authentic leadership theory and authentic leaders. *The Leadership Quarterly*, 16, 475-493.
- Cooper, D.R., Schindler, P.S., (2006). *Research Design: Qualitative and Quantitative Approaches*. Thousand Oaks, CA: Sage Publications.
- Creech, S. (2011). *Statistically Significant Consulting*;
- Cronbach., L.J. (1951). Coefficient Alpha and the Internal Structure of Tests. *Psychometrika* 16: 297-334.

The Influence of Intellectual Stimulation of Judicial Officers on the Performance of Judicial Staff in Kenya

¹George Ochilo Mbogo Ayacko, ²Prof. George K'Aol, ³Prof.Teresia Kavoo Linge

ABSTRACT

Across all sectors of the society, leadership is pivotal in ensuring that organizational goals and objectives are achieved as well as its continuity. Moreover, the type of leadership style has a significant contribution on an organization's performance and overall success. One such leadership style, that most scholars have attributed with good performance in organizations, is transformational leadership. Transformational leadership has different components that, in aggregate, lead to better performance and success of organizations. One such component that is exhibited by leaders who are transformational, is intellectual stimulation. It is based on this influence of transformational leadership in organizations and its people that motivated this study. The study set to find out the influence of intellectual stimulation of judicial officers on the performance of judicial staff in Kenya. Descriptive correlational research design was used in the study to find out the degree, direction and the significance of influence of individualized consideration on the performance of judicial staff. The target population of the study consisted of 770 judicial staff in the Kenyan Judiciary. The study used stratified random sampling technique to select 385 judicial staff from High Courts and Magistrate Courts in Nairobi County. Bivariate correlations were used to establish the relationship between the study variables, while one-way ANOVA was used to examine variability. Besides, the strength of association between the variables was determined using Chi-square tests. The study found that intellectual stimulation of judicial officers significantly influenced the performance of judicial staff, $r(312) = 0.679, p < .05$; $r(312) = 0.685, p < .05$; $r(312) = 0.630, p < .05$. The study found out that intellectual stimulation of judicial officers did positively and significantly influence the performance of judicial staff in Kenya. The study recommends that to improve judicial staff performance, judicial officers should be innovative on efficient ways of completing work duties, should encourage creativity in solving work-related problems, and appreciate staffs who are inquisitive and seek to know more.

Key Words: Performance, intellectual stimulation, leadership, transformational leadership, organization, judicial service, judicial officers and staff.

¹Doctor of Business Administration (DBA) Scholar, United States International University-Africa
ochilog@gmail.com

²Professor of Leadership , United States International University-Africa

³Associate Professor of Management, United States International University-Africa

1.0 INTRODUCTION

Corporate entities, as well as individuals, both have goals and objectives that they exist to pursue in line with their vision and mission. The realization of these goals, and or objectives comes at a great cost. All the same, the probability of success levels will, and is always pegged on effective and efficient leadership (Yukl & Van, 2015). Various leadership styles and their influence on organizational success have been advanced and studied (Nanjundeswaraswamy & Swamy, 2014). One such style is the transformational leadership style, which according to Bushra, Usman and Naveed (2011), acts as a driving force for organizational performance and innovation.

Transformational leadership enhances employee job satisfaction as the transformational leader interacts with subordinates to motivate them to achieve maximum output in their work responsibilities (Jalal, Khawaja, Kamariah, Fosa, Muhd & Ahmad, 2012). It could be said therefore that in the current hyper-competitive and globalized world, to achieve organizational effectiveness and relevance sustainably, leaders must adopt effective leadership styles that are responsive to the dynamic operating environment. These are aspects of transformational leadership style and they significantly contribute to the effectiveness of an organization, besides enabling employees to experience job satisfaction (Pillai & Williams, 2014). One such aspect is intellectual stimulation. Inspiring people's creativity and innovativeness, encouraging the questioning of norms and seeking for new approaches and solutions to problems is the behaviour of a transformational leader known as intellectual stimulation (Bass & Avolio, 2006).

The environment of work is ever changing due to globalization, technological changes and fierce competition. All these dynamics affect the world of work as well as the behaviours and attitudes of employees. The organizations, which through deliberate leadership practices have psychologically empowered and motivated workers are growing apace, expanding their empires, as well as coping with the dynamically changing business environment (Naqvi, Ishtiaq, Kanwal & Ali, 2013). Geyer and Steyrer (2010) explain that transformational leadership and or its components have been associated with the gains in individual, unit, and or organizational functioning in a variety of Meta-analyses. The foregoing is consistent with Grant's (2012) quasi-experimental investigation, which established that while there are possibly several mechanisms for motivating employees, a transformational leadership culture is

one such sure way. Relationships/associations between organizational leadership style to performance is well documented in various scholarly literature (Fey & Denison, 2013).

Key aspect of intellectual stimulation is promoting innovation and creativity by the leader, so that team members don't settle for conventional norms and known ways of tackling issues (Elkins & Keller, 2013). Geyer and Steyrer (2010) further argue that through intellectual stimulation, frameworks are established that enable people to constructively dismantle old assumptions and essentially develop more innovative methods and approaches. By this, Bass (1985) clarify that team members will feel that they have the power to consider new paths and ideas to follow without fear of reprimand. Leaders who are transformational challenges followers to collectively participate in finding new solutions to work-related problems. These leaders go further to establish an organizational atmosphere that makes participation both as an individual and collectively as teams is the norm. These leaders intellectually stimulate followers to question common assumptions and status quo, besides finding innovative and creative ways of solving challenges (Smother, Doleh, Celuch, Peluchette, & Valadares, 2016).

Intellectual stimulation of leaders has a significant contribution on how the subordinates perform in their arena of work. However, fewer studies have been carried out regarding the influence of intellectual stimulation of leaders on the performance of subordinates in public organizations. Moreover, no known studies have been carried out to investigate the influence of intellectual stimulation of judicial officers on the performance of judicial staff in Kenya. The study that was the closest was on testing the relationship between transformational leadership and employee performance within corporate sector organizations (Muchiri, Cooksey & Walumbwa, 2012). Indeed little has been studied about the judicial system, especially about the influence of intellectual stimulation of leadership on performance of judicial staff.

The Kenyan Judiciary faces many challenges on leadership and management (Judiciary 2015a; Judiciary, 2015b). The key ones are limited new initiatives in administration and creativity at workplace. These includes absence of mentorship, ethnic biases, excessive centralization, privatization and personalization of authority, clientelism, weak states of mind and morals, leading to segregation and ethnic origin and a frail culture of demonstrable skill in the administration of the courts (IBAHRI, 2010).

In Kenya, various studies have made a compelling argument for the need to improve the performance of the legal system but ignored transformation of judicial officers (Maingi, 2012). Recently, Njogu (2015) studied the effect of transformational leadership style, and another recent study carried out in Kenya among Companies of the Year Award, Lumbasi et al. (2015), all concluded that leadership style had a significant impact on employee performance. Accordingly, Maingi (2012) and Sihanya (2013) point out that previous research have not sufficiently focused on the existing linkages between the components of transformational leadership style of judicial officers and the performance of judicial staff. Other accessible writings concentrated on, change activities which incorporate decentralization of force, basic changes, embracing ICT as an empowering agent of equity and efficacious service delivery. The conclusion is that knowledge gaps exist in understanding the relationship between intellectual stimulation of judicial officers on judicial staff performance, leadership styles, including transformational leadership, and performance of courts (Judiciary, 2015b).

2.0 REVIEW OF RELATED LITERATURE

Inspiring unique and original way of doing tasks among the followers is a key aspect of transformational leaders, an attribute commonly known as intellectual stimulation. They do this by not only challenging their followers to question why things are as they exist/appear, but also to do tasks through unconventional approaches (Sundi, 2013). Alvolio and Bass (1995) add that at the core of intellectual stimulation is the continuous promotion of utilizing creative methodologies in executing tasks. In other words, employees are encouraged to come up with new ways for resolving problems experienced in the organization. Under such circumstances, the new approaches are presented to develop the organization. According to Cossin and Caballero (2013) leaders intellectually stimulate those they are leading to envision the performance outcomes of every task or problem they are dealing with. Its suffice to emphasize that, envisioning the outcome of every task at hand, puts followers and/or subordinates to look for knowledge and to capitalize on both existing formal and informal channels of getting new means of executing duties (Ahanger, 2009). Ahanger further emphasized that an organizational culture and climate that encourages innovation and creativity, must also

ensure that people rejoice in equal proportion when an idea or approach is successful, or unsuccessful: that is the true environment where true inspiration to be innovative and creative flourishes.

It's the responsibility of the transformational leader not only to stimulate the follower's intellect by painting a directional picture, but also the methodology for execution. Koys (2014) views the transformational leader's task as that of harnessing the people's intellectual capital towards organization's goals. Further, Anjali and Anand (2015) point out that the development of staff commitment in an organization is enhanced in part, when a leader intellectually stimulates. There needs no emphasis that when staff are developed, organizational performance is improved. Indeed, Sundi (2013) emphasizes that employees function well in an environment where rationality and creativity thrives, and that intellectual stimulation is key in entrenching it. Intellectual stimulation could be looked at from various standpoints, which include but not limited to creativity and innovativeness, significance of leadership in innovation processes, articulation of ideas etc.

Creativity and Innovativeness

Creativity and innovativeness are the engagement in, or the application of more advanced approaches or discoveries in dealing with issues (Sundi, 2013 ; Myrtle, 2010). It is agreed that leaders who are transformational, exhibit significant creativity and innovativeness in the operations (Elkins & Keller, 2013).

Koys (2014) opines that, creativity and innovation must do with the intelligent use of intellectual foresight in conceptualizing new, unique and original ideas, and going ahead to create products and services. The business landscape is often enabled or constrained by the level of innovation and creativity exhibited by the leadership. Even though innovation and creativity applied by the leadership propel organizations to grow, they are still affected by external factors ranging from social, economic political and institutional variables. Transformational leaders have an important role to play as far as organizational development is concerned. Important to note therefore, that fostering innovation and creativity by the leadership has strong correlation with the ability of organizations to influence the environment they operate (ADB, 2008).

There is substantial information demonstrating even with innovation and creativity, efforts in transforming government institutions and even businesses are still faced with challenges both in developed and developing economies (Koys, 2014). Per Harvard Manage Mentor (2000), a lot of innovation and creativity is widely observed in Micro, Small and Medium scale business are the cornerstone of many emerging and developed economies. Lukacs (2005) points out that considerable amount of jobs are created by SMEs and a substantial percentage of global economic growth can be attributed to SMEs. Looking at the Chinese economy for instance, over 60% of industrial output and jobs created can be attributed to the SMEs industry. There is empirical evidence therefore that SMEs are the primary industrial influence behind economic and social development in China (Singh & Garg, 2009) accounting for advancement in job creation, industrial output and economic prosperity. Thus, even in growing Micro, Small and Medium scale business, the leadership is expected to creatively innovate.

A study within Malaysian companies showed that transformational initiative and development were identified with innovative authoritative execution. Both transformational administration and advancement were observed to be the critical impact to hierarchical execution. This demonstrates transformational authority and development have altogether improved the authoritative execution in Malaysian logistics companies (Zheng, Yang & Mclean, 2010). Lale (2012) investigated the effect of transformational initiative on authoritative development, and to figure out if inside and outer support for advancement as logical conditions impact this impact. Data were gathered from 163 R&D workers and chiefs of 43 smaller scale Turkish software companies. Two separate polls were utilized to gather the data. Workers' polls included measures of transformational authority and interior support for development; though, Chiefs' surveys included inquiries concerning item advancements of their organizations, and the level of bolster they got from outer establishments. Progressive regression examination was utilized to test the speculated impacts. The consequences of the investigation gave support to the positive impact of transformational authority on hierarchical development.

Innovation and creativity has a critical role in promoting a vibrant business environment among growth of corporations. This is evident by the fact that matters on innovation and creativity outstandingly feature at current enterprise policy level (ADB, 2008). A very important line of argument put forth by

Freeman and Stewart (2012) is that when innovation is supported by policy in the supply marketplace, there is automatically a subsequent increase in the quantity and quality of competition. This thus, capitulates into lower bid prices and the better choices by public sector entities. Freeman and Stewart (2012) contends that while culture, systems, innovation, and other administration instruments are vital in producing continued performance, effective leadership and continued inventions is what sustains it. Woodman and Boomer (2012) contend that for associations to have the capacity to accomplish consistent innovation, pioneers must set up a domain helpful for recharging and fabricate authoritative culture that energizes creativity and innovation. Hierarchical creativity additionally relies on upon how pioneers support and oversee differences in the association, and additionally build up a successful administration structure that manages the innovation procedure.

Numerous organizations and businesses across the globe are facing challenges arising from sustained technological revolution and evolution (Fenwick & Gayle, 2014). Indeed, technology is pushing businesses to adopt new business models, or else face complete extinction in their respective industries. Be that as it may, because of the unstable environment in these divisions, numerous such associations are falling flat and need creativity and consistent innovation to stay aggressive and fruitful. Yukl and Van (2015) notice that vital plan, technology, culture, and hierarchical procedure will be unable to manage them long unless associations likewise build up a structure that constantly creates innovative pioneers to run and support the procedure. This methodology will help the associations set up situations that are helpful for recharging, fabricate hierarchical culture that empowers innovations, and set up authoritative differences that thusly helps these associations stay aggressive.

Significance of Intellectually Stimulating Leadership in the Innovation Process

Yukl and Van (2015) submit that researchers have indicated how hierarchical structure, technique, technology, culture, and other administration instruments convey viability and upper hand to associations. While innovation and creativity is required at the workplace, its urgent need in government-leaning organizations does not need any emphasis. Innovation, when embraced in the public supply markets, the desire of enabling a sustainable domestic business sector that creates employment, gets entrenched into the local economy and adds to the agenda of national prosperity.

As so far sufficiently mentioned, Boomer (2012) add that it is the desire of the all organisations and the economy that Innovation and creativity be inculcated in the public service institutions. This desire is in stark contrast with what has been portrayed within SMEs in application of innovation. The foregoing literary discussions on the significance of creativity and innovation in the marketplace gives credence to the fact that indeed there is varying need in approaching work from a non-conventional standpoint (Dumdum et al., 2012).

The type of authority structure, determines whether creativity and innovation can thrive in organizations. That notwithstanding, not all authority structures can enhance a culture of innovation and creativity. Interests in specific sorts of initiative styles and models can deliver about that produce creativity, contends Askenas, et al, (2002). As per Howell and Frost (2013), fruitful associations have found that common and shared initiative, instead of chivalrous and dictator administration, is the thing that opens the capability of associations. Geyer and Steyrer (2010) opines that associations that work from the dictatorial authoritative structures, are not sufficiently able to establish a culture that not only embraces innovation and creativity, but also fosters it. In such associations, the pioneers involve focal spots, and the adherents trust these pioneers are eventually in charge of each result, and additionally guaranteeing that the authoritative procedures work easily.

Yates (2014) concurs that the world is extremely competitive, and it is the leaders with foresight, creativity and innovation, that easily navigate the accompanying challenges. The success of organizations is often enabled or constrained by the leadership, organization structure. Thus, with the ensuing global challenges, organizations require a type of leadership authority that encourage innovation and creativity exhibited across the organizational spectra. Even though innovation and creativity applied by the leadership propel organizations to grow, they are still affected by external factors ranging from social, economic political and institutional variables. Transformational leaders have an important role to play as far as organizational development is concerned. Important to note therefore, that fostering innovation and creativity by the leadership has strong correlation with the ability of organizations to influence the environment they operate (Small bone & Welter, 2001). There is substantial information demonstrating even with innovation and creativity, efforts in transforming government institutions and even businesses are still faced with challenges both in developed and developing economies (Niska &

Vesala, 2013; Dennis, 2011).

At the heart of sustained creativity and innovation, is a leadership that relentlessly supports and invests in it (Bushra et al.,2011). Pioneers can effectively energize whatever authoritative structure to support innovation and creativity that yield returns to the company. This can be done through making working conditions to be facilitative of innovation as well as establishing incentives and rewards structure. When employees are aware that their innovative, and or creativity will be recognized, they will go the extra mile to bring new solutions to their organizations (Huse, 2012).

Yates (2014) underlines that authoritative pioneers should accordingly regard, esteem, and saddle the extravagance of thoughts, foundations, and points of view of each representative and permit them to utilize their one of a kind individual resources and encounters to work for the association. Also, he says, the top initiative of the association must esteem creativity themselves and be excited about empowering new improvements. Accordingly, an energizing vision creates a workplace where everybody can take an interest completely and accomplish proficient and self-improvement in the quest for a typical vision (Howell & Frost, 2013). Per Rai and Sinha (2014), the pioneer motivates others with a reason and a more noteworthy feeling of mission. This sort of workplace is helpful bringing out the best from employees as well as optimal utilization of organization's resources. Huse (2012) contend that pioneers must refrain from treating the people as capital goods but instead as people with feelings and needs.

Idea Articulation

From a leadership standpoint, an idea can be defined in many ways, all of which includes but not limited to futuristic insight. An organization can be formulating a direction for achieving certain goals through articulation of ideas. Bell and Menguc (2012) opines that vision plays the role of pointing the direction an institution intends to take. It's the responsibility of the transformational leader not only to stimulate the follower's intellect by painting a directional picture, but also the methodology for execution. Koys (2014) views the transformational leader's task as that of harnessing the people's intellectual capital towards organization's goals.

Transformational leadership is quite intentional in exercise. Bass and Avolio (2006) argue that it is also an important forerunner to construction of the confidence or force that is required by group's to be successful when facing difficult challenges.

Fenwick and Gayle put forth a caution to those exercising leadership authorities through various styles, by asserting that, their sustained effectiveness will largely hinge on continuous improvement and development. Even with the much-admired transformational style of leadership, in terms of its organization-wide gains (Koys, 2014), the leader(s) will always have to deliberately improve himself (Bushra et al., 2011). It has a significant but indirect effect on the performance of an organization by influencing the behaviour of subordinates to optimize their performance and outcomes (Yukl & Van, 2015). Burns introduced the concept of transformational leadership for the first time in late 70s (Burns, 1978). This was espoused in his book "Leadership" to the effect that transformational leadership is not a predetermined set of behaviours, but a way in which followers and leaders commit to grow to greater heights of ethics and impetus.

3.0 METHODOLOGY OF THE STUDY

Descriptive correlational research design was used in the study to find out the degree, direction and the significance of influence of individual measurement parameters of intellectual stimulation on the performance of judicial staff. The target population of the study consisted of 770 judicial staff in the Kenyan

Table 1: Mean and Standard Deviation for Intellectual Stimulation

Intellectual Stimulation	Mean	Standard Deviation	N
The judicial officer suggests new ways of completing work duties.	2.94	0.250	312
The judicial officer encourages creativity in solving work related problems.	2.91	0.143	312
The judicial officer appreciates when I am inquisitive and seek to know more.	2.86	0.168	312
Influence of intellectual stimulation on performance of judicial staff			
I perform my work effectively because the judicial officer suggests modern ways of completing tasks.	2.98	0.393	312
I put extra effort in my work because the judicial officer encourages innovativeness in solving work related challenges.	3.17	0.363	311
I am satisfied with my work because the judicial officer encourages me to be inquisitive and seek to know more.	2.89	0.218	312

Correlation between Intellectual Stimulation on Performance of Judicial Staff

The results of correlation analysis between intellectual stimulation and performance of judicial staff indicated that these variables were positively correlated. The results for Pearson Correlation test showed that there was a positive correlation between judicial officer's ability to suggests new ways of completing work duties and performance of judicial staff, $r(312) = 0.679$,

Judiciary. The study used stratified random sampling technique to select 385 judicial staff from High Courts and Magistrate Courts in Nairobi County. The research instrument for collecting data was a structured questionnaire. Out of the total sample respondents, 312 returned dully-filled questionnaire representing response rate of 81%. Bivariate correlations were used to establish the relationship between individual measurement parameters, while one-way ANOVA was used to examine variability. Besides, the strength of association between the variables was determined using Chi-square tests. SPSS was used to analyze the data, and results presented in tables.

4.0 THE STUDY FINDINGS

Mean and Standard Deviation for Intellectual Stimulation on Performance of Judicial Staff

The results showed that there was a general minimal variation on judicial staff's view concerning how intellectual stimulation of judicial officers influences their performance. From the table 1, what could be considered as large variation compared to the rest of the measurement parameters was on whether judicial staff perform their work effectively because the judicial officers suggests modern ways of completing tasks; $M=2.98$, $SD=0.393$.

$p < .05$. There was a positive correlation between the judicial officer's ability to encourage creativity in solving work-related problems and performance of judicial staff, $r(312) = 0.685$, $p < .05$. Finally, the results for Pearson Correlation test showed that there was a positive correlation between judicial officer's ability to appreciate when staff is inquisitive and seek to know more and performance of judicial staff, $r(312) = 0.630$, $p < .05$. These results were presented in table 2.

Table 2: Correlation Analysis between Intellectual Stimulation and Performance of Judicial Staff

	Performance of Judicial Staff	
The judicial officer suggests new ways of completing work duties	Pearson Correlation	0.679
	Sig. (2-tailed)	0.000*
	N	310
The judicial officer encourages creativity in solving work related problems	Pearson Correlation	0.685
	Sig. (2-tailed)	0.000*
	N	310
The judicial officer appreciates when I am inquisitive and seek to know more	Pearson Correlation	0.630
	Sig. (2-tailed)	0.000*
	N	310

*Correlation is significant at the $p < .05$ level (2-tailed)

One-Way ANOVA

The study conducted one-way ANOVA to test the mean difference between the measurement parameters of intellectual stimulation and the performance of judicial staff. The study treated the likert scale (1-

5) responses of individual questions (measurement parameters) as group responses and thus calculated their group means. The results as indicated in table 3 found that there was no significant difference in means of measurement parameters of intellectual stimulation and the performance of judicial staff.

Table 3: Analysis of Variance for Intellectual Stimulation

		Sum of Squares	df	Mean Square	F	Sig.
The judicial officer encourages creativity in solving work related problems	Between Groups	214.179	9	23.798	82.272.000*	
	Within Groups	34.434	302	0.114		
	Total	248.613	311			
The judicial officer suggests new ways of completing assignments	Between Groups	243.763	9	27.084	23.793.000*	
	Within Groups	44.834	302	0.148		
	Total	288.597	311			
The judicial officer appreciates when I am inquisitive and seek to know more	Between Groups	219.236	9	24.360	98.234.000*	
	Within Groups	40.333	302	0.134		
	Total	259.569	311			

INFLUENCE OF INTELLECTUAL SIMULATION ON PERFORMANCE OF JUDICIAL STAFF

I work smart since the judicial officer encourages innovativeness in solving work related challenges	Between Groups	296.175	9	32.908	235.834.	
	Within Groups	.000	302	.000		
	Total	296.175	311			
I perform my work efficiently as the judicial officer suggests modern methods of completing tasks	Between Groups	296.278	9	32.920	335.334.000*	
	Within Groups	10.679	302	.035		
	Total	306.957	311			
I seek self – improvement because the judicial officer encourages me to be inquisitive.	Between Groups	289.351	9	32.150	204.349.000*	
	Within Groups	36.911	302	.1222		
	Total	326.262	311			

* $p < .05$

Chi-Square Test on Intellectual Stimulation and Performance of Judicial Staff

Chi-square test was used to test the strength of association between intellectual stimulation and performance of judicial staff. The results for chi-square test showed that there was a strong association between judicial officer's ability to suggests new ways of completing work duties and performance of judicial staff, $\chi^2(16, N=310) = 237.534, p<0.05$. There

was a strong association between judicial officer's tendency to encourage creativity in solving work-related problems and performance of judicial staff, $\chi^2(16, N=310) = 221.827, p<0.05$. In addition, the results for chi-square test showed that there was a strong association between judicial officer's ability to appreciate when a judicial staff was inquisitive and sought to know more and performance of judicial staff, $\chi^2(16, N=310) = 198.513, p<0.05$. These results were as presented in the table 4.

Table 4: Chi-square Association between Intellectual Stimulation and Performance of Judicial Staff

	Performance of judicial staff	
The judicial officer suggests new ways of completing work duties.	Pearson Chi-Square	237.534
	Sig. (2-tailed)	0.000*
	df	16
The judicial officer encourages creativity in solving work related problems.	Pearson Chi-Square	240.994
	Sig. (2-tailed)	0.000*
	df	16
The judicial officer appreciates when I am inquisitive and seek to know more.	Pearson Chi-Square	198.513
	Sig. (2-tailed)	0.000*
	df	16

*p<.05 level (2-tailed)

5.0 DISCUSSIONS AND CONCLUSIONS

The aim of the study was to establish the influence of intellectual stimulation on performance of judicial staff in Kenya.

Discussions

Correlation test showed that there was a positive correlation between judicial officer's ability to suggest new ways of completing work duties and performance of judicial staff, $r(312) = 0.679, p<.05$ and Judicial Officer ability to encourage creativity in solving work-related problems and performance of judicial staff, $r(312) = 0.685, p<.05$. The findings agree with Lale (2012) who investigated the effect of transformational leadership on institutional innovation, and found that positive impact of transformational leadership on organizational innovation and staff performance. The findings are also in agreement with Samad (2012) study that found transformational leadership and innovation have significantly enhanced the overall organizational performance in Malaysian logistics companies.

By considering the result, $M=3.17, SD=0.363$, intellectual stimulation stirs up the spirit of innovation that causes questioning of old assumptions and old methodologies of executing the task to develop most efficient ways of accomplishing a task (Sundi, 2013).

Bushra et al., (2011) argues that leader persuades employees to be creative and/or innovative when carrying out work related tasks. Myrtle (2010) argues that intellectual stimulation enhances one's cognitive development at work and tends to create a deeper connection to the work and a stronger feeling of responsibility to the organization. Wheatley (2001) contend that the leader inspires others with a purpose and a greater sense of mission, changes in supporters that eventually converts them into productive and creative leaders by recognizing innovation is a potential that exists in all the people.

It was imperative for the study to find out the strength of association between intellectual stimulation and performance of judicial staff, Chi-square tests revealed that there was a significant association between intellectual stimulation and the performance of judicial staff, that is, $\chi^2(16, N=310) = 237.534, p<0.05$. That implied that the judicial officers encouraging creativity in solving work related problem, suggesting new ways of completing assignment and appreciating staff inquisitive nature have direct influence on overall job satisfaction, extra effort and effectiveness (Misbah & Sabreen, 2014). From the results, $\chi^2(16, N=310) = 237.534, p<0.05$, intellectually stimulating leaders allow others to be inquisitive and to question their beliefs, assumptions, and values.

Leaders encourage creativity and innovative thinking by empowering their employees to have different perspective to different situations to have new ways of completing tasks that are assigned to them (Wang & Howell, 2010). The study affirms intellectual stimulation by showing that extent of variability of job satisfaction that is influenced by employee creativity and innovation.

Ladd and Marshall (2014) explains that creative and innovative thinking improves individual and organizational development, which in turn provides a sense of job satisfaction. Intellectual stimulation advocates for innovative and creative way of doing tasks (Abugre, 2011), which agrees with the study finding M-0.291, SD-0.143 and M-0.317, SD-0.363. The stimulation that pushes critical thinking for problem solving using new approaches of completing tasks (Zainnudin & Isa, 2011). This goes to show that the judiciary is in the right tract of encouraging creativity and innovation with the judicial officer creating an environment which allows for intellectual stimulation thus improving performance of the judicial staff.

The study underscored, from the finding M-0.291, SD-0.143, that encouraging creativity explained a larger part of stimulation. Meaning that, even though more suggestions accounted for intellectual stimulation, it was not extracted first. In today's workplace, creativity and innovation is required due to the evolving business environment created by new technology, globalization, instability and business turbulence (Dodi, 2014). There is need to package oneself with abilities that can enable one to wade the murky waters of the workplace (Naqvi et al., 2013). A judicial officer suggesting new ways of completing tasks contributes more to the variability of intellectual stimulation of judicial staff as compared to other factors listed. It is important for leaders to encourage creativity and they can do this by building benevolent and good working conditions for their subjects (Braun et al., 2013). Creativity is drawn out when employees reaches a point where they feel secured and acknowledged (Merhabi, 2013).

Chi-square tests revealed that there was a significant association between intellectual stimulation and the performance of judicial staff, that is, $\chi^2(16, N=310) = 237.534, p<0.05$. Chi-square test on the influence of intellectual stimulation on judicial staff performance revealed that there was a strong association between judicial officer's tendency to encourage creativity in solving work-related problems and performance of judicial staff, $\chi^2(16, N=310) = 221.827, p<0.05$; and judicial officer's ability to appreciate when staff is

inquisitive and seek to know more and performance of judicial staff, $\chi^2(16, N=310) = 198.513, p<0.05$. These results showed that intellectual stimulation as an attribute of transformational leadership style, influences the performance of judicial staff. Thus, the study rejects the null hypothesis that there is no significant relationship between intellectual stimulation of judicial officers and performance of judicial staff. This result, $\chi^2(16, N=310) = 221.827, p<0.05$ agrees with

Bushra et al., (2011), who argued that leaders encourage creativity and innovative thinking by empowering their employees to have different perspectives to different situations in order to have new ways of completing tasks that are assigned to them. Intellectual stimulation urges for innovative and creative way of doing tasks, which in turn provides a sense of job satisfaction. It is important for leaders to encourage creativity, which they can do by building benevolent and good working conditions for their subjects (Lale, 2012).

From the foregoing description, and the study finding, $\chi^2(16, N=310) = 198.513, p<0.05$, it is apparent that intellectual stimulation of the transformational leader influences the staff at a personal level. The more reason, in comparison to other independent variables associated with transformational leadership why intellectual stimulation did significantly influence the performance of judicial staff. This observation and hence the argument is corroborated by Anjali and Anand (2015), who pointed out that the development of staff commitment in an organization is enhanced in part, when a leader intellectually stimulates. It is obvious that when staff are developed, organizational performance is improved. Indeed, Sundi (2013) emphasizes that employees function well in an environment where rationality and creativity thrives, and that intellectual stimulation is key in entrenching it.

From the result, M-2.89, SD-0.218, transformational leadership enhances employee job satisfaction as the transformational leader interacts with subordinates to motivate them to achieve maximum results in their work assignments and responsibilities (Jalal et al., 2012). It could be argued therefore that in the present hyper-competitive and globalized universe, to achieve organizational excellence in a sustainable manner, leaders must adopt efficacious leadership style that are responsive to the dynamic operating universe. A leadership style is the disposition a concerned leader deploys while guiding organizational members in the team in appropriate framework (Fenwick & Gayle, 2014).

Conclusion

The study sought to find out the influence of intellectual stimulation of judicial officers on the performance of judicial staff in Kenya. The study concluded that all the measurement parameters of intellectual stimulation had a positive and significant influence on the performance of judicial staff. When the intensity or magnitude of the measurement parameters were determined, suggesting new ways of accomplishing work duties had the greatest influence on the performance of judicial staff, followed by encouraging creativity in solving work related problems and lastly, appreciating staff when they are inquisitive in and willing to know more.

The study assertively points out that intellectual stimulation of judicial officers, positively and significantly influenced the performance of judicial staff in Kenya's Judiciary. The study concluded that judicial officers should suggest innovative ways of completing work duties; should encourage creativity in solving work-related problems and be appreciative when a judicial staff is inquisitive and seek to know more. These will significantly assist judicial staff to perform their work efficiently, put extra effort in their work and help them attain job satisfaction.

Recommendations

To improve staff performance judicial officers should be innovative on efficient ways of completing work duties, should encourage creativity in solving work-related problems, and appreciate staffs who are inquisitive and seek to know more. These will significantly help judicial staff perform their work effectively, put extra effort in their work, and help them attain job satisfaction respectively.

REFERENCES

Abugre, W. (2011). *Transformational Leadership Theory - The 4 Key Components in Leading Change & Managing Change*. [Retrieved 08/05/2011].

ADB. (2008). *Managing Knowledge Workers*. Manila. Available: www.adb.org/documents/information/knowledge-solutions/managing-knowledge-workers.pdf

Ahanger, S. G. (2009). Effects of leader intelligence, personality and emotional intelligence on transformational leadership and managerial

performance. *The Leadership Quarterly*, 23(3), 443-455.

Anjali, K., & Anand M. (2015). "Setting the stage for effective leadership: Antecedents of transformational leadership behaviour", *The Leadership Quarterly*, Vol. 15, pp.195-210.

Askenas, R., Ulrich, D., Jick, T., & Kerr, S. (2002). *The boundaryless organization: Breaking the chains of organizational structure*. San Francisco: Jossey-Bass, 1-3.

Bass, B. M. & Avolio, B. J. (2006) Transformational Leadership and Organizational Culture, *Public Administration Quarterly*, 12, 113-121.

Bass, B.M. (1985), "*Leadership and Performance beyond Expectations*," Free Press, New York

Bass, B.M. (1987). "*Concepts of Leadership*," In Vecchio, R.P. (ed), *Leadership: Understanding the Dynamics of Power and Influence in Organizations*, University of Notre Dame Press.

Bell, Z., & Menguc M. (2012). Transformational leadership in an acquisition: A field study of employees. *The Leadership Quarterly*, 18, 49-68.

Boomer, L. G. (2012). Leadership, management and administration: What's the difference? *Accounting Today*, 26(9), 34-34.

Braun, S., Peus, C., Weisweiler, S., & Frey, D. (2012). Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust. *The Leadership Quarterly*.

Burns, J. M. 1978). *Leadership*. Harper& Row, New York.

Bushra, F., Albion, M. J., & Gagliardi, R. E. (2011). A study of transformational leadership, organizational change and job satisfaction. Retrieved from http://eprints.usq.edu.au/3098/1/Albion_Gagliardi.pdf

Cossin, M., & Caballero, H. (2013). Transformational Leaders and Work Performance: The Mediating Roles of Identification and Self-efficacy. *The Leadership Quarterly*, 2013;(April):490-512.

- Dennis, W.J. (2011), "Entrepreneurship, small business and public policy levers", *Journal of Small Business Management*, Vol. 49 No. 1, pp. 92-106.
- Dodi, W. I. (2014). Employee Participation in Decision-Making: Evidence from a State-Owned Enterprise in Indonesia. University of Brawijaya, Faculty of Economics and Business, Management Department, Jl. M.T. Haryono No. 165, Malang, 65145 East Java, Indonesia, UDC 005.32 (594)
- Dumdum, U. R., Lowe, K. B., & Avolio, B. J. (2012). A meta-analysis of transformational and transactional leadership correlates of effectiveness and satisfaction: An update and extension. In B. J. Avolio & F. J. Yammarino (Eds.). *Transformational and charismatic leadership: The road ahead* (pp. 36-66). Oxford: Elsevier Science.
- Elkins, M., & Keller. (2013). Leadership models, methods, and applications. In I. B. Weiner (Series Ed.) & W. C. Borman, D. R. Ilgen, & R. Klimoski (Vol. Eds.), *Handbook of psychology, Vol. 12: Industrial and organizational psychology* (pp. 277- 307). Hoboken, NJ: Wiley.
- Fenwick, T. & Gayle, M. (2014). *Reconceptualising Professional Learning in Turbulent Times: changing knowledges, practices, and responsibilities*. London: Routledge
- Freeman, E., & Stewart, L. (2006). *Developing ethical leadership*. Institute for Corporate Ethics
- Geyer, T., & Steyrer, N. (2010). An exploration of perspective taking as an antecedent of transformational behaviour. *Leadership and Organisational Behaviour Journal*, 32(8), 807-816.
- Grant, A. M. (2012). Leading with meaning: Beneficiary contact, prosocial impact, and the performance effects of transformational leadership. *Academy of Management Journal*, 55(2), 458-476.
- Harvard Manage Mentor (2000). *Managing for Creativity and Innovation*. Boston: Harvard Business School Press
- Howell, M., & Frost, Y. (2013). Evaluating Performance in State Judicial Institutions in the Georgia Judiciary. *State and Local Government Review*, 38 (3), 176-190
- Huse, T. D. (2012). *Transformational Leadership in the Era of Change*. School of Advanced Military Studies United States Army Command and General Staff College
- IBAHRI (2010). *Restoring integrity: An assessment of the needs of the justice system in the Republic of Kenya*. A Report of the International Legal Assistance Consortium and International Bar Association Human Rights Institute (IBAHRI), Supported by the Law Society of Kenya
- Jalal, R. M., Khawaja, K., Kamariah, N. M., Fosa, S., Muhd, Y. R., & Ahmad, S.Z., (2012). Transformational Leadership and Job Satisfaction. *American Journal of Economics June 2012, Special Issue: 145-148 DOI: 10.5923/j.economics.20120001.32*
- Judiciary (2015a). *Institutionalising Performance Management and Measurement in The Judiciary*. Nairobi, Kenya.
- Judiciary (2015b). *Judiciary Transformation Framework, 2012-2016*. Nairobi, Kenya.
- Koys, D.J., (2014). Inductive measures of psychological climate, *Human Relations*, 44(3):265-285.
- Ladd, Y., & Marshall, M. (2014). "Transformational leadership and dimensions of creativity: Motivating idea generation in computer-mediated groups", *Creativity Research Journal*, vol. 11, no. 2, pp. 111-121.
- Lale, T.M. (2012).). Explaining the effects of transformational leadership: An investigation of the effects of higher-order motives in multilevel marketing organizations. *Journal of Organizational Behavior*, 22, 849-869.
- Lucas, M., & Donnellan, F. (2012). Design and analysis in dissemination and implementation research. *Purposeful Sampling for Qualitative Data Collection and Analysis in Mixed Method Implementation Research*. Springer Science+Business Media New York 2013 42(5): 533-44.
- Lumbasi, G.W., (2015). The Effect of Leadership Styles on Employee Performance Among Company of The Year Award Senior Managers in Kenya.
- Maingi (2012). A Review of the literature on employment turnover. *African Journal of Business Management*, Vol. 1, pp. 49-54.

- Merhabi, Q. G. (2013). A Survey on the Relationship between Transformational Leadership and Employee's Empowerment: A Study among Iranian Hospital Employees. *Indian Journal of Fundamental and Applied Life Sciences* Vol. 4 (S4), pp. 1651-1655
- Misbah, K., & Sabreen, J. (2014). *Educational research in an age of accountability*. Boston: Pearson Education.
- Muchiri, K., Cooksey, R. & Walumbwa, F. (2012). Transformational and social processes of leadership as predictors of organizational outcomes. *Leadership & Organization Development Journal*, 33 (7), 662 – 683
- Myrtle, S.R. (2010). The Impact of Top Management Actions on Employee Attitudes and Perceptions. *Group & Organization Studies*, 15(3), 337-352.
- Nanjundeswaraswamy, T. S. & Swamy, D. R., (2014). "Leadership styles" *Advances in Management* Vol. 7(2) February (2014) 57.
- Naqvi, S. M., Ishtiaq, M., Kanwal, N & Ali, M. (2013). Impact of Job Autonomy on Organizational Commitment and Job Satisfaction: The Moderating Role of Organizational Culture in Fast Food Sector of Pakistan. *International Journal of Business and Management*, 8(17), 92-102. New York: Longman.
- Niska, M. and Vesala, K.M. (2013), "SME policy implementation as a relational challenge", *Entrepreneurship and Regional Development: An International Journal*, Vol. 25 Nos 5-6, pp. 521-540.
- Njogu, L. N., (2015). The Effect of Transformational Leadership on Staff Performance in State Owned Enterprises in Kenya.
- Pillai, R., & Williams, E. S. (2014). Fairness perception and trust as mediators for transformational and transactional leadership: A two-sample study. *Journal of Management*, 25(6), 897–933.
- Samad, W. S. (2012). The effect of organizational learning on organizational commitment, job satisfaction and work performance. *Journal of Applied Business Research*, 25(6), 55–65.
- Sihanya, K. (2013). Effects of transformational leadership on empowerment and team effectiveness. *Leadership and organization development Journal*, 24(6), 335-344.
- Smallbone, D. & Welter, F. (2001), "The role of government in SME development in transition economies", *International Small Business Journal*, Vol. 19 No. 4, pp. 63-77.
- Smothers, D., Celuch, P., & Valadares, K. (2016). The influence of financial participation and participation in decision-making on employee job attitudes, *International Journal of Human Resource Management*, 15, 3, 587-616.
- Sundi, K. (2013). Effect of Transformational Leadership and Transactional Leadership on Employee Performance of Konawe Education Department at Southeast Sulawesi. *International Journal of Business and Management Invention*
- Wang, X. H., & Howell, J. M. (2010). Exploring the Dual-Level Effects of Transformational Leadership on Followers. *Journal of Applied Psychology*, 95(6), 1134–1144.
- Wheatley, M. (2001). Innovation means relying on everyone's creativity. *Leader to Leader*, (Spring) <http://www.margaretwheatley.com/articles/innovationmeans.html>.
- Yakubu, M. (2012). Employing transformational leadership to enhance the quality of management development instruction. *Journal of Management Development* 22(1) 6-13.
- Yates, L. A. (2014) Exploring the Relationship of Ethical Leadership with Job Satisfaction, Organizational Commitment, and Organizational Citizenship Behaviour, *The Journal of Values-Based Leadership*, 7(1).
- Yukl, G. & Van F., (2015). An Evaluation of the Conceptual Weaknesses in Transformational and Charismatic Leadership Theories. *Leadership Quarterly*.10(2), 285–305.
- Zainnudin, W., & Isa, H. (2011). Transformational leadership and transactional leadership enabling (disabling) knowledge acquisition of self-managed teams: The consequences for performance. *Leadership and Organization Development Journal* 23(4) 186-197.
- Zheng, M., Yang, L., & Mclean, S. (2010). Leading by example with and without exclusion power in voluntary contribution experiments. *Journal of Public Economics* 91, 1023-1042.

Relationship Between Perceptions Of Distributive Justice And Employee Commitment In Health Sector Non-Governmental Organizations In Kenya

¹Patrick M. Gichira, ² Susan M. Were, PhD, ³ George O. Orwa, PhD

ABSTRACT

The purpose of the study was to establish the relationship between perceptions of distributive justice and employee commitment in health sector non-governmental organizations in Kenya. The study adopted descriptive and correlational research designs with a statistical sample of 195 employees responsible for key result areas in 17 health sector Non-Governmental Organizations. Justice perceptions were measured using Colquitt's four construct model comprising of distributive, procedural, interpersonal and informational justice while organizational commitment was measured through Meyer's three component model comprising of affective, continuance and normative commitment. Inferential statistics comprising of correlation, multiple linear regression models and ANOVA analysis were applied to establish the relationship between the independent and dependent variables. Qualitative data was analyzed through the use of questionnaires. Based on the results of the Pearson correlation, the study concluded that there is a significant relationship between perceptions of distributive justice and employee commitment in health sector non-governmental organizations in Kenya. The study recommends that health NGO organizations promote organizational commitment by designing employment terms that are internally commensurate with employee's efforts and externally competitive.

Keywords: perceptions, distributive justice, employee commitment, health sector non-governmental organizations

¹Post Graduate Student: School of Human Resources, Jomo Kenyatta University of Agriculture & Technology
pgichira@gmail.com

²Lecturer, Jomo Kenyatta University of Agriculture & Technology

³Lecturer, Jomo Kenyatta University of Agriculture & Technology

1.0 INTRODUCTION

Background of the Study

Many contemporary writings on organizations emphasize the importance of core values to the organization (Collins & Porras, 1997). Justice in terms of fair treatment of employees is identified as one of those values and fairness as one of the fundamental bases of cooperative action in organizations (Cropanzo *et al*, 2007). Truth telling, promise keeping, fairness, and respect for the individual are some of the key guiding principles of effective people management in organizations (Russell, 2001).

Justice perceptions can influence employees' attitudes and behaviour for good or ill, in turn having a positive or negative impact on their performance and the organization's success (Baldwin, 2006). Justice is therefore a basic requirement for the effective functioning of organizations and the personal commitment of the individuals they employ (McFarlin & Sweeney, 1992). Employee perceptions of organizational justice in terms of fair formal decision-making procedures (procedural justice), fair decision outcomes (distributive justice), fair interpersonal treatment (interpersonal justice) and information sharing (informational justice) by decision makers have been found to be related to a variety of work-related attitudes and behaviors including commitment (Colquitt, *et al*, 2001, Al-Zu'bi, 2010; Yucel, 2013; Akanbi & Ofoegbu, 2013).

Organisational commitment is the bond employees experience with their organization (Folger & Cropanzano, 1998). Employees who are committed to their organisation generally feel a connection with their organization, feel that they fit in and, feel they understand the goals of the organisation (Cohen *et al*, 2001). The added value of such employees is that they tend to be more determined in their work, show relatively high productivity and are more proactive in offering their support (Konovsky, *et al*, 2000). Meyer & Allen (1997) conceptualized organizational commitment in three dimensions namely affective, continuance and normative commitments.

Justice perceptions can influence employee attitudes and behaviour for good or ill, in turn having a positive or negative impact on individual, group and the entire organization's performance and success (Baldwin, 2006). Empirical evidence supports the notion that an employee's perception of organizational justice affects

their attitude toward the organization (Konovsky, *et al*, 2000). If the perception of organizational justice is positive, individuals tend to be more satisfied and committed to their job (McFarlin & Sweeney, 1992).

Organizational justice impacts on employees in organizations since they are the subject of work place decisions virtually every day of their organizational lives (Cohen *et al*, 2001). Some of these decisions deal with the salaries individuals earn, the projects or programmes they implement while others deal with work place interactions. The importance of those consequences causes individuals to judge the decision making they experience from a justice perspective (Colquitt, 2001). According to Baldwin (2006) the term organizational justice refers to the extent to which employees perceive workplace procedures, interactions, and outcomes to be fair in nature. He concluded that these perceptions can influence attitudes and behaviours of the employees. Cropanzano, Bowen and Gilliland (2007) defined it as a personal evaluation about the ethical and moral standing of managerial conduct.

Current literature on organizational justice identifies four different constructs; distributive justice, procedural justice, interpersonal justice and informational justice (Colquitt, Greenberg, & Zapata-Phelan, 2005). Distributive justice is the justice of an employee which he perceives as a result of comparing the commitments he makes to his work and the outcomes of these such as rewards, duties and responsibilities, compared to the commitments the other employees make and the outcomes of them (Colquitt, 2001).

Procedural justice implies that, while evaluating the fairness of the organizational decisions, employees are not only interested in what these decisions are but also with the processes which determine these decisions (Folger & Cropanzano, 1998). Interpersonal justice refers to people's perceptions of the fairness of the manner in which they are treated by those in authority during the enactment of organizational procedures (Lind & Bos, 2002) while informational justice refers to people's perceptions of the fairness of the information used as the basis for making a decision (Gurbuz & Mert, 2009). Each of these forms of justice has been found to have different effects on employee commitment (Colquitt, *et al*, 2005).

Problem Statement

Employees are the subject of decisions virtually every day of their organizational lives (Colquitt, 2001). In organizational settings, justice is not always administered through fair allocation of employment resources, provision of clear and adequate explanations for decisions made and employees are not always treated with dignity and respect during the implementation of policies and procedures (Cohen-Charash & Spector, 2001; Frontela, 2007).

Adoption of effective human resource management (HRM) practices in many Non-Governmental organizations (NGOs) is often low in the list of management priority (Batti, 2014) because NGO organizations discourages investment in human resource capacities and staff retention measures due to the short-term nature of the projects, funding constraints and subsequent short term employment practices. This in turn leads to negative justice perceptions and commitment. (Padaki, 2007).

In a study carried out by Frontela (2007) in Kenya and other developing countries, the researchers found that irrespective of the affiliation, mission, size and extent of operations, problems of low morale and low motivation of staff were prevalent in NGOs. These are all indicators of antecedents and outcomes of commitment (Wright, & Kehoe, 2008). They point to a possible absence of organizational justice and low employee commitment.

Organizational justice research has predominately involved employees from Western countries, particularly the U.S. (McFarlin & Sweeney, 2001). As such, the current thinking regarding reactions to organizational justice may not generalize to employees from societies that have cultural and economic characteristics which differ significantly from those commonly found in North American and Western European societies. In addition, in their meta-analytical review of literature on commitment in organizations in the period 1988 to 2011, Iqbal *et al* (2012) found out that most of the research studies published was conducted at the industry or firm level as the unit of analysis. Furthermore, the organization and management of NGO sector has received relatively little attention from researchers (Lewis, 2005). There is therefore a paucity of information regarding the importance of fairness and employee reactions to organizational justice from different contexts especially Africa and particularly the Health sector NGOs in Kenya. Given this lack of information,

the study sought to establish the relationship between perceptions of distributive justice and employee commitment in health sector non-governmental organizations in Kenya.

Research Objectives

To establish the relationship between perceptions of distributive justice and employee commitment in health sector non-governmental organizations in Kenya.

2.0 LITERATURE REVIEW

Theoretical Review

Human Resource Management Theories

This subsection discusses Social exchange theory, Uncertainty Reduction theory and Social Information Processing theory as they relate to human resource management in organizations.

Social Exchange Theory

Social exchange theory views the employment relationship as a process of resource exchange governed by the norm of reciprocity (Shore & Wayne, 1993; Coyle-Shapiro *et al.*, 2004), encompassing both ongoing conferment of benefits and continual re-balancing of expectations and obligations (Coyle-Shapiro & Morrow, 2006). Perceptions of the mutual obligations held by the employee and the employer may be the result of formal contracts entailed in an employment relationship or implied by the expectations which two parties hold of each other (Herriot *et al.*, 1997); the latter being captured in the concept of psychological contract (Rousseau, 1990, 2001). Employees reciprocate their employer, based on the extent to which they perceive obligations to them have been fulfilled (Coyle-Shapiro Morrow, 2006). The more the employer fulfils obligations and meets expectations, the more employees feel secure and satisfied, and consequently obligated to reciprocate. Conversely, when employees encounter unexpected changes, the perceived reciprocal relationship may be breached. Such changes have become increasingly frequent as organizations respond to competitive pressure, adopting new forms of employment relationship (Kessler *et al.*, 2004). Where these results in a sense of injustice and betrayal (Herriot *et al.*, 1997), this can result in a loss of employee commitment to the organization (Guzzo *et al.*, 1994).

Social exchange theory argues that HRM practices contribute to positive exchange relationships between employee and employer. The theory postulates that when the needs of individual workers are considered, employees reciprocate with favourable attitudes and behaviour (Gould-Williams & Davies, 2005). Social exchange theory identifies trust and perceived organizational support as some of the mediators through which HRM induces favourable attitudes and work outcomes, (Meyer & Smith, 2000). According to social exchange theory, normative commitment is based on the norm of reciprocity where, based on the organization's actions, an employee feels that there is a particular way that he or she should behave (Cropanzano & Mitchell, 2005).

Uncertainty Reduction Theory

According to the uncertainty reduction theory, uncertainty creates a feeling of vulnerability or anxiety that can lead to actively distorting perceptions and information. Uncertainty reduction theory propounds that newcomers experience high levels of uncertainty during the organizational entry process (Saks & Ashforth, 1997). Like any organizational members, they are motivated to reduce their uncertainty such that the work environment becomes more predictable, understandable, and ultimately controllable. Uncertainty is reduced through the information provided via various communication channels, notably social interactions with superiors and peers (Bulut & Culha, 2010).

As uncertainty decreases, newcomers become more adept at performing their tasks, more satisfied with their job, and more likely to remain in their organization (Morrison, 1993). Socialization programs influence newcomers' adjustment in this regard by reducing their high levels of uncertainty and anxiety. Baker (1995) found that role certainty is an important latent factor of socialization tactics.

Social Information Processing Theory

According to the social information processing theory, the social environment in which individuals operate influences individual attitudes in organizations because the social environment provides a direct construction of meaning through guides to socially acceptable beliefs, attitudes, and needs, and acceptable reasons for action (Salancik & Pfeffer, 1997). The organizational climate literature suggests that climate is a particularly powerful social mechanism through which HRM practices impact individual attitudes

because climate shapes how employees construe the meaning of organizational practices (Ostroff & Bowen, 2000).

Social information processing theory suggests that management practices which promote open communication within an organization, open access to information, and free information sharing, can increase affective organizational commitment (Thornhill & Saunders, 1996). Information sharing is suggested to have direct influence on the variables associated with affective commitment by enhancing trust and building employee self-worth and perceptions of importance (Meyer & Allen, 1997). This means that information sharing should promote increased perceptions of fairness on the nature of decisions and the processes by which decisions are made. According to Meyer and Allen (1997), both these factors have been associated with the development of affective commitment.

Organizational Commitment Theories

Scholars have offered many differing views and theories regarding employee commitment towards the employer organization. The key emerging themes indicate that in general, commitment is made up of investments, reciprocity, social identity, and lack of alternatives (Brum, 2007). The investment approach states that it is an employee's investment and anticipation of a future pay off that serves to tie them closer to the organization. Reciprocity, in contrast, indicates that it is the employee's obligation to pay off their debt to the organization that will lead to greater commitment (Barrett & O'Connell, 2001). The identification argument specifies that commitment can grow as a result of an employee's social identity becoming increasingly embedded in their employment (Blau & Boal, 1987). Lastly, the lack of alternatives element states that the more specific an employee's skills become to a particular organization the less likely they will leave (Scholl, 1981).

The main theories on organizational commitment relevant to the study are Side Bet theory, Theory of Reciprocity and Meyer & Allen's Three-Component Model of Organizational Commitment.

Side- Bet Theory

According to Becker's side bet theory, the relationship between an employee and the organization is founded on behaviours bounded by a contract of economic gains. Employees are committed to the organization because they have some hidden vested investments or side-bets.

These side-bets are valued by the individual because of the accrual of certain costs that render disengagement difficult. Becker argued that over a period of time certain costs accrue that make it more difficult for the person to disengage from a consistent pattern of activity, namely, maintaining membership in the organization. Accordingly, the threat of losing these investments, along with a perceived lack of alternatives to replace or make up for their loss, commits the person to the organization (Griffin & Hepburn, 2005).

Becker went on to clarify that side bets can be centred on time, effort, pay, benefits, and so on. The greater the investment in any of these “side bets”, the more likely the employee will remain with an organization. Due to the perceived cost of leaving being too high, side bets can serve to actually increase the employee’s intent to remain in an organization (Liou & Nyhan, 1994).

Several elements must exist in order for commitment to be achieved through a “side bet”. One such element is that the individual is aware that a “side bet” was made. Another is that the choices that were made regarding a particular decision have an effect on other potential decisions. The “side bet” philosophy states that an investment is made today with the expectation that the benefit will be achieved at some future point (Scholl, 1981).

Theory of Reciprocity

Employees have specific desires and expectations. When an organization seeks to meet and exceed these desires and expectations through reciprocity, then the likelihood of improving commitment is enhanced. The premise behind reciprocity is that an employee will help the organization because the organization helped them. Under the norm of reciprocity, employees with strong perceptions of organizational support would therefore feel obligated to repay the organization in terms of organizational commitment (Steers, 1977). Brum (2007) argues that employees may view some human resource outcomes as a “gift”. Training is one such practice that employees may view as a “gift”. The result of this “gift” is that employees exert more effort, become more productive, and have a greater sense of debt to the organization. The “gift” also has the potential to make employees feel like “insiders” into the organization. An “insider” is likely to be more committed and devoted to the organization and the idea of “gift” and “insider” parallels closely to the concept of reciprocity (Brum, 2007).

Meyer & Allen Multi-Dimension Theory

This theory proposes that organizational commitment is experienced by an employee as three simultaneous mind-sets encompassing affective, normative, and continuance organizational commitment (Meyer & Allen, 1990). The three forms of organizational commitment are characterized by three different mindsets – desire, obligation, and cost. According to the model, employees with a strong affective commitment stay because they want to, those with strong normative commitment stay because they feel they ought to, and those with strong continuance commitment stay because they have to do so (Jaros, 1997). The three-component conceptualization of organizational commitment is currently regarded as the dominant model in organizational commitment research (Solinger, 2008).

Empirical Review

Distributive justice has been found to be related to work outcomes such as organizational commitment (Cohen-Charash & Spector, 2001). The pioneering research on distributive justice involved studying members of the U.S. army during World War II (Mayer, 2009). In examining survey data collected from the troops it was observed that soldiers' attitudes were influenced more not by objective outcomes received but rather by the relative level of their outcomes compared to others in their unit. Indeed, it was observed that members of Air Corps had less favorable perceptions about promotion opportunities compared to other units' members despite the fact that they had a much higher chance of being promoted than did members of those other units. After examining the results more closely, it became clear that Air Corps individuals compared themselves to other members of their unit as opposed to individuals in other units with lower promotion rates. This finding supports Adams' theory of equity which postulates that outcomes are not satisfying or unsatisfying in and of themselves but rather the comparison of one's own outcomes to others' outcomes is what matters most.

Studies have also identified other standards to determine distributive justice (Colquitt, 2001). For example, Leventhal (1976) proposed a different conceptualization of equity standard and suggested that equity occurs when an individual's rewards/benefits are commensurate with his or her contributions. In other words, an individual will perceive an outcome to be fair if the benefits of the outcome are commensurate with his or her inputs or costs. Leventhal's equity standard has been applied in various studies in the justice literature (Sweeney & McFarlin, 1993; Colquitt, 2001).

Examining the influence of pay on productivity in a corporate setting, Cowherd & Levine (1992), also confirmed that increasing pay can serve as a motivational drive to improve product quality. In another study, Greenberg (1988) studied managers who were temporarily moved to offices with higher or lower status than their positions actually warranted. Similar to the effect of pay found by Cowherd and Levine (1992), the managers who moved to higher-status offices raised performance, whereas those moved to lower-status offices became less productive. When the managers were returned to an office matching to their status, the gains and losses in performance disappeared. This finding illustrates that employees are sensitive to, pass justice judgement and react on the fairness by which resources are distributed at the work place.

Arif Hassan (2002) investigated the role played by justice perceptions promoting employee commitment to the organization. Using a sample of 181 middle

and lower level managers from the banking and finance, production and manufacturing, and service sectors, he hypothesized that both internal and external equity perceptions are positively related to commitment. The study findings indicated that both distributive and procedural justice factors made significant contributions to employees' organizational commitment. Akanbi *et al.*, (2013) examined the role of organizational justice on organizational commitment in a multinational organization in Nigeria. The objectives of the study were to ascertain the significant difference between procedural justice and perceived organizational commitment, and also to examine the significant relationship between distributive justice and perceived organizational commitment. The study results indicated that organizational justice as measured by procedural justice and distributive justice can have a significant impact on the organizational commitment of employees.

2.3 Conceptual Framework

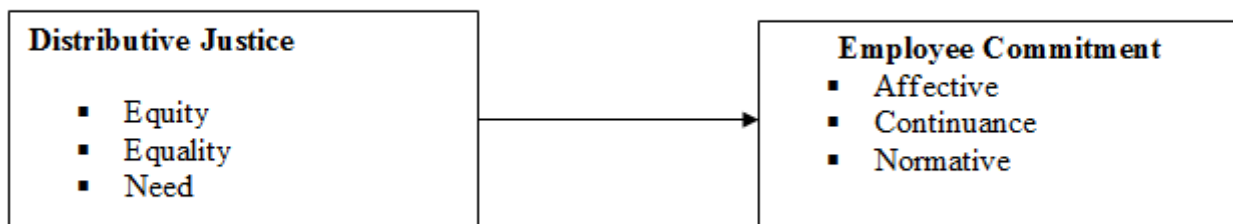


Figure 1: Conceptual Framework

3.0 RESEARCH METHODOLOGY

The study adopted descriptive and correlation research design. The study population was 17 Nairobi based health sector NGOs registered with HENNET while the target population was 497 employees with supervisory responsibilities. The sampling frame for this study comprised of 85 health sector non-governmental organizations based within Nairobi County and its environs. The register of Health Sector NGOs maintained by Health NGOs Network Secretariat (HENNET) was used to randomly generate the study sample. The study adopted stratified sampling technique due to homogeneity of the population. Based on the nature of the study population, proportionate stratified sampling was

used to establish the number of respondents from each of the 17 HENNET member NGOs headquartered in Nairobi. The study sought to measure employee perceptions using a five point multiple choice ordinal Likert rating scale measurement. Primary data was collected using self-administered questionnaires. The raw data collected using questionnaires were edited and coded for analysis using IBM Statistical Package for Social Science (SPSS) version 20.0. The study's likert-type data was described and analyzed using descriptive and inferential statistics comprising of correlation and linear regression. Findings on quantitative data were presented using statistical techniques such as tables, pie charts and bar graphs. Qualitative data was presented descriptively.

4.0 RESULTS AND DISCUSSIONS

Response Rate

The study conducted a survey using a self-administrated questionnaire which was administered to 195 sampled respondents. 131 valid questionnaires

were returned representing a response rate of 67 percent. A response rate of above 50% is considered adequate in social science research (Mugenda & Mugenda, 2008; Babbie, 2002). The study's response rate of 67% was therefore considered adequate for analysis and conclusion.

Table 2: Response Rate

Total number of questionnaires distributed	Total number of valid questionnaires returned	Response rate (%)
195	131	67

Demographic Characteristics

Gender of Respondents

The gender of the respondents is presented in figure 2 of the 131 valid responses, 53 percent of the respondents

were male while 47 percent were female. This suggests that the study solicited information from a gender balanced perspective. According to Kothari (2008) a ratio of at least 1:2 in either gender representation in a study is representative enough.

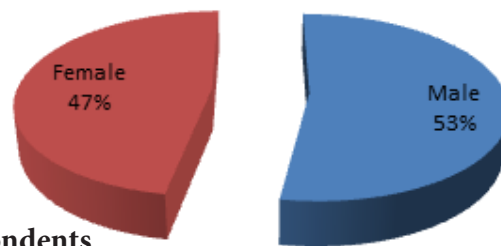


Figure 2: Gender of Respondents

Response by Job Category

The study targeted various categories of employees as shown on table 3. From the demographic data, 14%

were administrative staff, 29% programme staff, 22% adviser/professional staff, 29% manager level, and 5% director level staff.

Table 3: Response by Job Category

Employee Category	Frequency	Percentage (%)
Administrative Assistant	18	14
Programme staff	37	29
Adviser/Professional	29	22
Manager	37	29
Director	6	5
Total	127	100

Response by Number of Staff Supervised

During the study, it was found out that staffs responsible for key performance results in this sector do not necessarily have other employees reporting to them due to the nature of the organization structures applied or the way work arrangements are designed with outsourcing being a key element. Those without internal supervisory responsibilities but responsible for key result areas were reported to have quality

assurance, oversight or technical backstopping responsibilities over outsourced activities.

As shown on figure 3, 33% of the respondents reported that they had no direct supervisory responsibilities, 21% supervised more than five employees while another 23% supervised three to five employees and another 5% more than 5 employees.

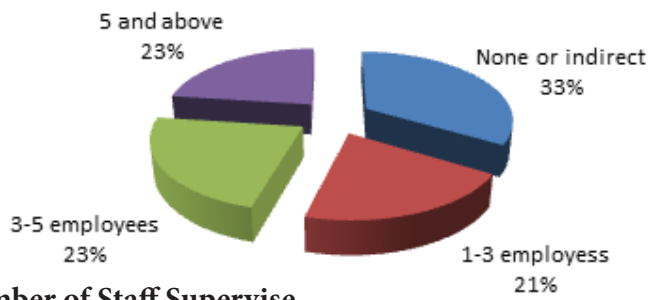


Figure 3: Number of Staff Supervise

Response by Period Worked with Current Employer

In terms of length of service (table 4), 37% of the respondents indicated that they have worked for the current organization for a period not exceeding two years, 28% for up to four years, 22% for up to 6 years

while only 12% had worked with the same organization for a period in excess of six years. This finding is in line with the project based nature of employment in the NGO sector where employment duration is tied to project or funding cycles (NGO Bureau, 1999).

Table 0: Response by Period Worked With Current Employer

Period worked	Frequency	Percentage (%)
0-2 years	49	37
3-4 years	36	28
5-6 years	29	22
7-8 years	4	3
9-10 years	5	4
10 or more years	8	6
Total	131	100

Response by Age

Figure 4 shows the age distribution in the sample size. Five percent of the respondents were aged 25 years or

less, 29% were aged between 26-30 years, 40% between 31-40 years, 19% between 41-50 and 7 percentages between 51-60 years.

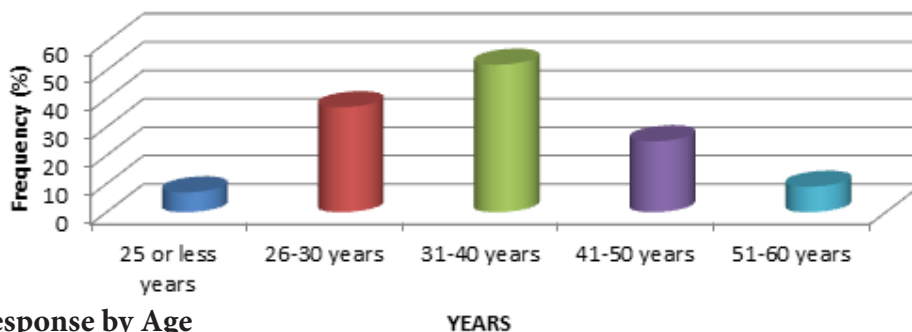


Figure 4: Response by Age

Response by Level of Education

Majority of the respondents (46 %) were either first degree holders or hold professional qualifications;

34% hold a post graduate degree; 18% are diploma holders and two percent were of secondary education level.

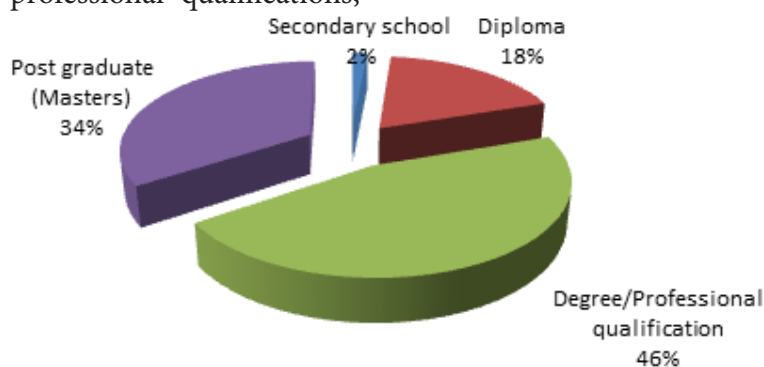


Figure 5: Response by Level of Education

4.2.7 Response by Type of Employment

As shown in figure 5 majority of the respondents (83%) were employed on term contract basis while

17% had open ended contracts. This employment practice would appear to be in line with the project nature of work in the development sector (Lewis & Kanji, 2009).

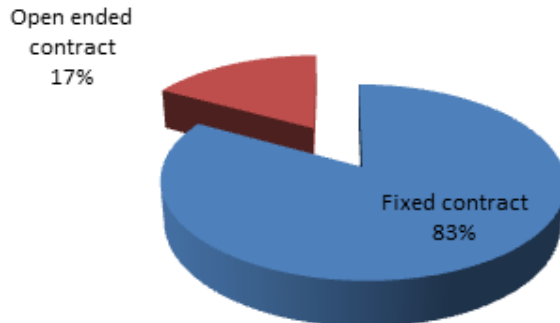


Figure 6: Response by Type of Employment

Results shows that project and management level staff (25.4% and 24.6% respectively comprised of the highest number of employees employed on contract terms.

not all workers are treated alike and the allocation of outcomes is differentiated in the workplace. On average, respondents' level of agreement with perceptions on distributive justice falls under the "to a great extent" level of agreement. The findings are given below.

Descriptive Statistics

Distributive justice is concerned with the reality that

Table 5: Perceptions on Distributive Justice

Distributive Justice	Very little extent (%)	Little extent (%)	Some extent (%)	Great extent (%)	Very Great extent (%)	Total (%)
Decision made by employer reflect work effort	8	10	34	38	10	100
Decision outcome appropriate/ in line with responsibilities	6	10	35	44	5	100
Outcome reflect contribution by employee	6	13	33	42	6	100
Outcome based on performance	9	12	39	34	6	100
Average %	7	11	35	40	7	100

As shown on table 5, majority of respondents indicated that distributive decisions made by the employer organization reflected their work efforts to a great extent (38%); decision outcome were appropriate or in line with responsibilities (44%); outcome reflect employee contribution to the organization (42%). However, (39%) indicated that given their performance, the outcome was only justified to some extent.

rules of equity, equality, or need (Greenberg, 1996).

Inferential Statistics

Influence of Distributive Justice Perceptions on Affective Commitment

The study tested the influence of distributive justice perceptions on employee commitment in Health Sector non- governmental organizations in Kenya using regression analysis. Employee commitment was measured using three forms: affective commitment, continuance commitment and normative commitment.

These findings support the view that employee are concerned with whether or not they received their just share in the work place and justice perceptions can be based on the organization's adherence to distributive justice

Table 6: Model Summary for Distributive Justice and Affective Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.287	.083	.053	.943

a. Predictors: (Constant), Employer Decision, Outcome Appropriateness, Outcome Contribution, outcome Justification

b. Dependent Variable: Affective Index

The summary above indicates that perception of distributive justice account for 8% of the variation in affective commitment. In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as

non-significant.

Table 7 provides the results on the analysis of the variance (ANOVA). The results indicate that the model was statistically significant. Further, the results imply that the independent variables are good predictors of sales revenue. This was supported by an F statistic of 2.789 and the reported p value (0.029) which was less than the conventional probability of 0.05 significance level.

Table 7: ANOVA for Distributive Justice and Affective Commitment

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.911	4	2.478	2.789	.029 ^b
	Residual	110.176	124	.889		
	Total	120.087	128			

a. Dependent Variable: Affective Index

b. Predictors: (Constant), Employer Decision, Outcome Appropriateness, Outcome Contribution, outcome Justification

Table 8: Coefficients for Distributive Justice and Affective Commitment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.487	.322		4.613	.000		
Employer Decision	.152	.116	.165	1.316	.191	.472	2.117
Outcome Appropriateness	-.009	.153	-.009	-.061	.952	.326	3.065
Outcome Contribution	.026	.161	.026	.159	.874	.277	3.612
Outcome Justification	.131	.152	.137	.860	.0392	.289	3.456

However, the test on the beta coefficients of the resulting model shows that, the constant $\alpha = 1.487$, with the distributive constructs; employer decision ($\beta_1 = 0.152$, $p > 0.05$), outcome appropriateness ($\beta_1 = -0.009$, $p > 0.05$), outcome contribution ($\beta_1 = 0.026$, $p > 0.05$) and outcome justification ($\beta_1 = 0.131$, $p < 0.05$). These findings imply that most the constructs measuring distributive justice had an insignificant relationship with affective commitment. Only outcome justification had a significant relationship with affective commitment.

The above findings are inconsistent with Arif Hassan (2002) who investigated the role played by justice perceptions promoting employee commitment to the organization using a sample of 181 middle and lower level managers from the banking and finance, production and manufacturing, and service sectors. The study findings indicated that both distributive and procedural justice factors made significant contributions to employees' organizational

commitment.

On the other hand, Akanbi *et al.*, (2013) also examined the role of organizational justice on organizational commitment in a multinational organization in Nigeria. The study results indicated that organizational justice as measured by procedural justice and distributive justice can have a significant impact on the organizational commitment of employees. Since previous study reviewed in the literature used different constructs to measure distributive justice, this study concludes that there is positive but insignificant relationship between distributive justice and affective commitment.

Influence of Distributive Justice Perceptions on Continuance Commitment

The study also sought to find out whether perception of distributive justice had significant relationship with continuance commitment. The study adopted linear regression model to ascertain this relationship.

Table 9: Model Summary-Distributive Justice and Continuance Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.143	.020	-.011	1.045

a. Predictors: (Constant), (Constant), Employer Decision, Outcome Appropriateness, Outcome Contribution, outcome Justification
 b. Dependent Variable: Continuance Commitment Index

The results of the model summary indicate that the perception of distributive justice account for a very small variation in continuance commitment. The perception of distributive justice explains only 2% of the variation in continuance commitment.

The ANOVA results shows that the statistic, $F = 0.644$, $p > 0.05$ indicates that the distributive justice construct is not significant in explaining for variations in continuance commitment.

Table 10: ANOVA for Distributive Justice and Continuance Commitment

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.815	4	.704	.644	.632 ^b
Residual	135.450	124	1.092		
Total	138.265	128			

a. Dependent Variable: Continuance Commitment Index
 b. Predictors: (Constant), (Constant), Employer Decision, Outcome Appropriateness, Outcome Contribution, outcome Justification

Table 11: Coefficients for Distributive Justice and Continuance Commitment

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	1.944	.357		5.440	.000		
Employer Decision	.056	.128	.056	.436	.664	.472	2.117
Outcome Appropriateness	.204	.170	.186	1.199	.233	.326	3.065
Outcome Contribution	-.049	.178	-.046	-.273	.785	.277	3.612
Outcome Justification	-.134	.169	-.131	-.790	.431	.289	3.456

a. Dependent Variable: Continuance commitment Index

The regression results indicate that all the constructs under perception of distributive justice were insignificant predictors of continuance commitment. They had p-values of greater than the level of significance adopted for this study which was 0.05.

The findings of this study failed to support those of Raza *et al.*, (2013) who found that justice perceptions positively relate with organizational commitment and the fairness process used in the allocation of rewards also makes the employees more committed to the organization. The researchers observed that organizational justice is a fundamental variable that plays a major role in organizational commitment and it should be improved day by day. The findings also contradicts the findings of Akanbi & Ofoegbu (2013)

in Nigeria, who found that organizational justice as measured by procedural justice and distributive justice can have a significant impact on employee organizational commitment. The study established that there was a significant relationship between perceived distributive justice and organizational commitment.

Influence of Distributive Justice Perceptions on Normative Commitment

The study also investigated the relationship between the distributive justice perceptions and Normative commitment. A regression analysis was conducted to ascertain this relationship.

Table 12: Model Summary for Distributive Justice on Normative Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.411 ^a	.169	.141	.764

a. Predictors: (Constant), Employer Decision, Outcome Appropriateness, Outcome Contribution, outcome Justification

b. Dependent Variable: Normative Commitment Index

The results of the model summary above indicate that contrasts of distributive justice perceptions adopted in this study account for 16.9% of the variations in normative commitment. The statistic, $F = 6.191$, $p <$

0.05 indicates that the distributive justice constructs are significant factors in explaining the variations in the normative commitment.

Table 13: ANOVA-Distributive Justice on Normative Commitment

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.469	4	3.617	6.191	.000 ^b
	Residual	71.280	122	.584		
	Total	85.749	126			

a. Dependent Variable: Normative Index

b. Predictors: (Constant), Employer Decision, Outcome Appropriateness, Outcome Contribution, outcome Justification

Table 14: Coefficients- Distributive Justice on Normative Commitment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	1.703	.262		6.500	.000		
Employer Decision	.235	.094	.300	2.490	.014	.468	2.136
Outcome Appropriateness	-.121	.125	-.141	-.973	.333	.325	3.073
Outcome Contribution,	.132	.131	.158	1.005	.317	.275	3.633
Outcome Justification	.098	.125	.121	.784	.0435	.286	3.492

However, the test on the beta coefficients of the resulting model shows that, employer decision ($\beta_1=0.235$, $p < 0.05$), outcome appropriateness ($\beta_1=-0.121$, $p > 0.05$), outcome contribution ($\beta_1=0.132$, $p > 0.05$) and outcome justification ($\beta_1= 0.098$, $p < 0.05$). Employee decisions and outcome justification had a significant relationship with normative. Outcome appropriateness and outcome contribution had insignificant relationship with normative commitment.

Overall Influence of Distributive Justice on Organizational Commitment

Table 15: Overall Model Summary

Model Summary	
R	.291a
R Square	0.085
Adjusted R Square	0.078
Std. Error of the Estimate	0.57995
F-Statistics	11.784(p-0.001)

Table 16: Overall of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	2.118	0.196		10.786	0
Distributive Justice Perception	0.199	0.058	0.291	3.433	0.001

a Dependent Variable: overall Organisation committment

The regression results above show that distributive justice perception is a significant predictor of organisational commitment ($B=0.199$, $p=0.001$). This implies that a change of 0.199 units in distributive justice will cause a unit change in organisational commitment.

The above findings are consistent with Arif Hassan (2002) who investigated the role played by justice perceptions promoting employee commitment to the organization using a sample of 181 middle and lower level managers from the banking and finance, production and manufacturing, and service sectors. The study findings indicated that both distributive and procedural justice factors made significant contributions to employees' organizational commitment.

The results presented in table 15 show the fitness of regression model adopted in explaining the study phenomena. The results indicate that distributive justice explained 8.5% of organizational commitment.

Table 16 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable was a good predictor of organisational commitment. This was supported by an F statistic of 11.784 and the reported p value (0.001) which was less than the conventional probability of 0.05 significance level.

On the other hand, Akanbi *et al.*, (2013) also examined the role of organizational justice on organizational commitment in a multinational organization in Nigeria. The study results indicated that organizational justice as measured by procedural justice and distributive justice can have a significant impact on the organizational commitment of employees. The findings of this study support those of Raza *et al.*, (2013) who found that justice perceptions positively relate with organizational commitment and the fairness process used in the allocation of rewards also makes the employees more committed to the organization.

The researchers observed that organizational justice is a fundamental variable that plays a major role in organizational commitment and it should be improved day by day.

The findings also concurs the findings of Akanbi & Ofoegbu (2013) in Nigeria, who found that organizational justice as measured by procedural justice and distributive justice can have a significant impact on employee organizational commitment. The study established that there was a significant relationship between perceived distributive justice and organizational commitment.

Hypothesis testing

The study sought to test the null hypothesis that; H_0 : There is no statistically significant relationship between perceptions of distributive justice and employee commitment in health sector non-governmental organizations in Kenya. Since the p-value was <0.05 , we reject the null hypothesis, therefore distributive justice perceptions significantly affects organisational commitment. The optimal model was

$$\text{Organisational Commitment} = 2.118 + 0.199(\text{distributive justice perception}) + \epsilon$$

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

Discussion

In the study, distributive justice refers to the perceived fairness of one's outcomes. When a reward is allocated or a decision is made, people often make a judgment whether or not the outcome was fair. Work place distributive justice judgment is usually made with respect to some referent standard (Greenberg, 1990). The study results showed that distributive justice perceptions have a moderate influence on affective and normative commitment but none on continuance commitment.

The study findings indicate that for a majority of the study respondents, distributive decisions made by their employer reflected their work efforts. They also viewed the outcome of such decisions as appropriate and reflective of their contributions and also justifiably in line with their performance. These findings support the equity theory of organizational justice. Distributive justice was highly correlated with affective and normative commitment. Regression analysis supported the study hypotheses that distributive justice has an influence on organizational commitment.

Previous findings have shown that employees in

Europe and the US prefer allocation decisions based on proportional contributions, thus the equity rule is the most prevalent there (Chen, 1995). In contrast, equality appeared to be more important for many employees in the health NGO sector where employees received a consolidated salary with no reward for performance. As a result, equality, rather than equity was a more important rule as it is said to build teamwork. This is consistent with research by Tyler *et al.* (1998) and Colquitt and Jackson (2006) who studied a team context in the US and found that equality emerged as an important rule.

Conclusions

Based on the results of the Pearson correlation, the study concluded that there is a significant relationship between perceptions of distributive justice and employee commitment in health sector non-governmental organizations in Kenya.

Recommendations

The study recommends that health NGO organizations promote organizational commitment by designing employment terms that are internally commensurate with employee's efforts and externally competitive. These include establishing clear pay rules establishing the degree to which one is paid fairly relative to co-workers, and the degree to which pay raises and promotions are fairly administered, pay levels demonstrating that salaries paid are fair compared to those paid outside the organization and fair pay administration where supervisors are perceived to be fair in executing rules for raises and promotions. When employees have favourable distributive justice perceptions, they are likely to have more positive emotions and more favorable attitudes and behaviours directed toward the organization that has provided the outcomes.

Areas for Further Research

There is a need to undertake further studies in order to widen the generalizability of the findings and also establish reasons for the variations in the findings on the low influence of justice perceptions in the NGO sector in Kenya compared to the strong influence reported in studies conducted in other sectors in the rest of the world. Such studies are also likely to identify what are, if any, the other factors which influence employee commitment in the NGO sector.

REFERENCES

- Adams, J. S. (1965). 'Inequity in social exchange'. In Berkowitz, L. (Ed.), *Advances in Experimental Social Psychology*. New York: Academic Press, 2, 267-99.
- Akanbi, P.A., & Ofoegbu, O.E. (2013). Impact of perceived organizational justice on organizational commitment of a food and beverage firm in Nigeria. *International Journal of Humanities and Social Science*, 3 (14), 207-218
- Bartlett, K. (2001). The relationship between training and organizational commitment: A study in the health care field. *Human Resource Development Quarterly*, 12(4), 335-352.
- Batti, R.C.(2014). Human Resource Management Challenges Facing Local NGOs. *Humanities and Social Sciences*, 2 (4).
- Bayer, L. (2009). The investment model and organizational commitment: Predicting workplace behaviours. Haverford: Haverford College.
- Becker, H. S. (1960). Notes on the concept of commitment. *American Journal of Sociology*, 66, 33-42.
- Berg, B. (2001). *Qualitative research methods for the social sciences* (4th Ed.). Boston: Pearson Education.
- Bies, R. J., & Moag, J. S. (1986). Interactional justice: Communication criteria for justice. In B. Sheppard (Ed.), *Research on negotiation in organizations*, 1, Greenwich, CT: JAI Press, 43-55
- Blau, G. J., & Boal, K. B. (1987). Conceptualizing how job involvement and organizational commitment affect turnover and absenteeism. *The Academy of Management Review*, 12(2): 288-300.
- Brown, M.W & Cudeck, R. (1993). Alternative ways of assessing model fit. In: Bollen KA, Long JS, editors. *Testing structural equation models*. Newbury Park, CA: Sage; 1993. pp. 136-162.
- Browning, V. (2006). The relationship between HRM practices and service behaviour in South African service organizations. *International Journal of Human Resource Management*, 17, 1321-1338.
- Brum, S. (2007). What impact does training have on employee commitment and employee turnover? University of Rhode Island. Schmidt Labor Research Center Seminar Research Series.
- Buchanan, B., (1974). Building organizational commitment: The socialization of managers in work organizations. *Administrative Science Quarterly*, 19, 533-546
- Bulut, C&Culha, O(2010). The effects of organizational training on organizational commitment. *International Journal of Training and Development*, 14(4), 309-322. Available at SSRN: <http://ssrn.com/abstract=1733320>
- Caldwell, D.F., Chatmun, J. A. & O'Reilly C. A. (1990). Building organizational commitment: A multifirm study. *Journal of Occupational Psychology*. 63, 245-261
- Cascio, W. F. (2003). Changes in workers, work, and organizations. In W. Borman, R. Klimoski, & D. Ilgen (Eds.), *Handbook of psychology, volume 12: Industrial and organizational psychology*: 401-422. New York: John Wiley.
- Chang, E. (2005). Employees' overall perception of HRM effectiveness. *Human Relations*, 58(4), 523-544.
- citizenship behaviour within a labour union: A test of organizational justice theory. *Journal of Applied Psychology*, 81,161-9.
- Clason, D. L., & Dormody, T. J. (1994). Analyzing data measured by individual Likert-type items. *Journal of Agricultural Education*, 35(4), 31- 35.
- Coetzee, M. (2005). The fairness of affirmative action: An organizational justice perspective. *Unpublished PhD Thesis*. University of Pretoria, Pretoria.
- Cohen-Charash, Y. and Spector, P. E. (2001). 'The role of justice in organizations: a meta-analysis'. *Organizational Behavior and Human Decision Processes*, 86, 278-321.
- Colquitt, J. A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology*, 86, 386-400.
- Colquitt, J. A., & Greenberg, J. (2003). Organizational justice: A fair assessment of the state of the literature. *Organizational behavior: The state of the science*, 159-200.
- Colquitt, J. A., & Shaw, J. C. (2005). How should organizational justice be measured? In J. Greenberg & J. A. Colquitt (Eds.). *The handbook of organizational justice* (pp. 113-152). Mahwah, NJ: Erlbaum.

- Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O., & Ng, K. Y. (2001). Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*, 86, 425-445.
- Colquitt, J. A., Greenberg, J., & Zapata-Phelan, C. P. (2005). What is organizational justice? A historical overview. In J. Greenberg & J. A. Colquitt (Eds.). *The handbook of organizational justice* (3–56). Mahwah, NJ: Erlbaum.
- Greenberg, J., & Scott, K. S. (1996). Why do workers bite the hands that feed them? Employee theft as a social exchange process. *Research in Organizational Behaviour*, 18, 111-156.
- Greenberg, J., & Wiethoff, C. (2001). *Organizational justice as proaction and reaction: Implications for research and application. Justice in the workplace: From theory to practice*, Mahwah, NJ: Erlbaum.
- Griffin, M.L. & Hepburn, J. (2005). Side-bets and reciprocity as determinants of organizational commitment among correctional officers. *Journal of Criminal Justice*, 33 (6), 611-625.
- Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research. In Denzin, N. K. & Lincoln, Y.S. (Eds.), *Handbook of qualitative research*. Thousand Oaks, CA: Sage. 105-117
- Kothari, C, R. (2008). *Research methodology, methods and techniques*. (2nd Ed.). New Delhi: New Age International.
- Kumar, R, (2005) *Research Methodology-A Step-by-Step Guide for Beginners*,(2nd.ed.),Singapore, Pearson Education.
- Lamba, S. & Coudhary, N. (2013). Impact of HRM practices on organizational commitment of employees. *International Journal of Advancements in Research & Technology*, 2 (4).
- Leventhal, G. S. (1980). What should be done with equity theory? In Gergen, K. J, Greenberg, M. S. & Willis, R. H. (Eds.), *Social Exchange: Advances in theory and research*, New York: Plenum. 27– 55.
- Minbaeva, D. B. (2005). HRM practices and MNC knowledge transfer. *Personal Review*, Vol.34, (1): 125-144.
- Mitchell, T. R., Holtom, B. C., Lee, T. W., Sablinski, C. J., & Erez, M. (2001). Why people stay: Using job embeddedness to predict voluntary turnover. *The Academy of Management Journal*, 44 (6), 1102-1121
- Moorman, R. H. (1991). Relationship between organizational justice and organizational citizenship behaviors: Do fairness perceptions influence employee citizenship? *Journal of Applied Psychology*, 76,(6), 845-855.
- Quarles R. (1994). An examination of promotion opportunities and evaluation criteria as mechanism for affecting internal auditor commitment, job satisfaction and turnover intentions *Journal of Managerial Issues* 6: 176 194
- Raza, K., Adnan R., Nosheen, Qadir., M., & Rana, A. (2013). Relationship between distributive justice, procedural justice and organizational commitment: An empirical analysis on public sector of Pakistan. *Middle-East Journal of Scientific Research*, 16, 878-883.
- Rodgers, J. L. and Nicewander, W. A. (1988). Thirteen ways to look at the correlation coefficient. *American Statistician*, 42, 59-66.
- Rubin A. and Babbie, E. 2010. *Essential Research Methods for Social Work*. 2nd ed. Belmont (Calif.): Brooks/Cole: Cengage Learning.
- Solinger, O., Van Olffen, W. & Roe, R.A. (2008). Beyond the three-component model of organizational commitment. *Journal of Applied Psychology*, 93 (1), 70-83.

Monitoring and Evaluation Of Human Resource Strategies At Industrial & Commercial Development Corporation (ICDC)

¹Roseline J. Achar, ²Mary Mogute

ABSTRACT

This study sought to monitor and evaluate human resource strategies at industrial & commercial development corporation (ICDC). The study used a cross sectional descriptive case study design. The study population was 350 employees of ICDC. The sample size of the study was 35 employees. A questionnaire was used to collect data. The data was analyzed through descriptive statistics. The tool of analysis was spss version 17. Findings indicated that the training strategy had not been successful. There was therefore need to introduce training programs in ICDC, and emphasize on all employees to attend the trainings so as to make the training strategy effective. This is because most of the employees were not trained on basic technical skills and on how to handle customers (customer care).It is also concluded that the recruitment strategies at ICDC were weak and not adhered to. This is because the vacant positions were not advertised; the organization did not conduct interviews and hence did not recruit qualified personnel.Finally the study concludes that there were poor compensation strategies to employees. This is because the employees were not fully compensated for the work done, the employees were not compensated in regard to their level of qualifications and experience, and the employees were not compensated well compared to other comparable sectors and there was a big difference between what senior and junior staff earn. The study recommends the human resource to ensure that recruitment strategy is emphasized. This is by ensuring that they advertise for vacant positions, conduct interviews and recruit qualified personnel. Human resource department is also urged to enhance training of all staffs. This should be done during induction and on job training, so that they ensure that all employees have the basic training in technical skills and customer care.

Key words: Human Resource Strategies, Industrial & Commercial Development Corporation (ICDC).

¹Undergraduate Student, St. Paul's University

roselineachar@gmail.com

²Lecturer, St. Paul's University

1.0 INTRODUCTION

Background of the Study

Human Resource Strategies

A strategy is a plan of action designed to achieve a particular goal. According to Johnson and Scholes (1998), Business strategy is the direction and scope of an organization over the long-term; which achieves advantages for the organization through its configuration of resources through a challenging involvement to meet the needs of markets and to fulfill stakeholders' expectations.

Profile of Industrial and Commercial Development Corporation (ICDC)

Industrial and Commercial Development Corporation (ICDC) is a financial institution in Kenya. It is the pioneer Development Finance Institution (DF) established through an Act of Parliament in 1954 to facilitate the Industrial and economic growth in the Country. As an investment arm of the Government, ICDC in partnership with both local and foreign private investors has played a leading role as a provider of investment capital to industrial and commercial ventures. Today the Corporation has adopted modern business techniques and is well equipped with the capacity to provide a wide range of financial services tailored to meet specific customer needs efficiently and with flexibility. It provides medium and long term finance to enterprises in diverse sectors of the economy.

The Corporations' motto is "*Turning ideas into wealth*". Knowing very well that a number of entrepreneurs come up with ideas but lack finance, ICDC has taken up the opportunity of capturing those ideas and turning them into reality. ICDC as a financial institution works in a volatile, ambiguous, uncertain and complex environment and competes with all other financial institution like the commercial banks. The undoing of ICDC is the that fact that its bound by a number of rules and procedures, while banks process a loan in 24 hours, ICDC's minimum processing of a loan would be three months. This call for the reason to monitor and evaluate our operations for efficient and effective performance (ICDC Financial Result, 2010).

The ICDC Vision, Mission and Quality Policy

For ICDC to have an effective strategic implementation process, it must have its vision, mission and goals.

The ICDC vision:

"To be a world class development finance institution (DFI)".

The ICD Mission:

To effectively and efficiently provide venture capital, industrial and Commercial loans and management advisory services to meet customer needs and realize optimum returns to our shareholders.

ICDC Quality Policy stipulates that ICDC is committed to providing high quality, competitive financial products and management services that meet and exceed its customers' expectations through continual improvement of its resources and management systems.

ICDC Organizational Structure

The ICDC Mission concluded by saying that its purpose is to realize optimum returns to our shareholders. It is crucial to understand who ICDC's shareholders through this structure are. ICDC is wholly owned by the Government of Kenya.

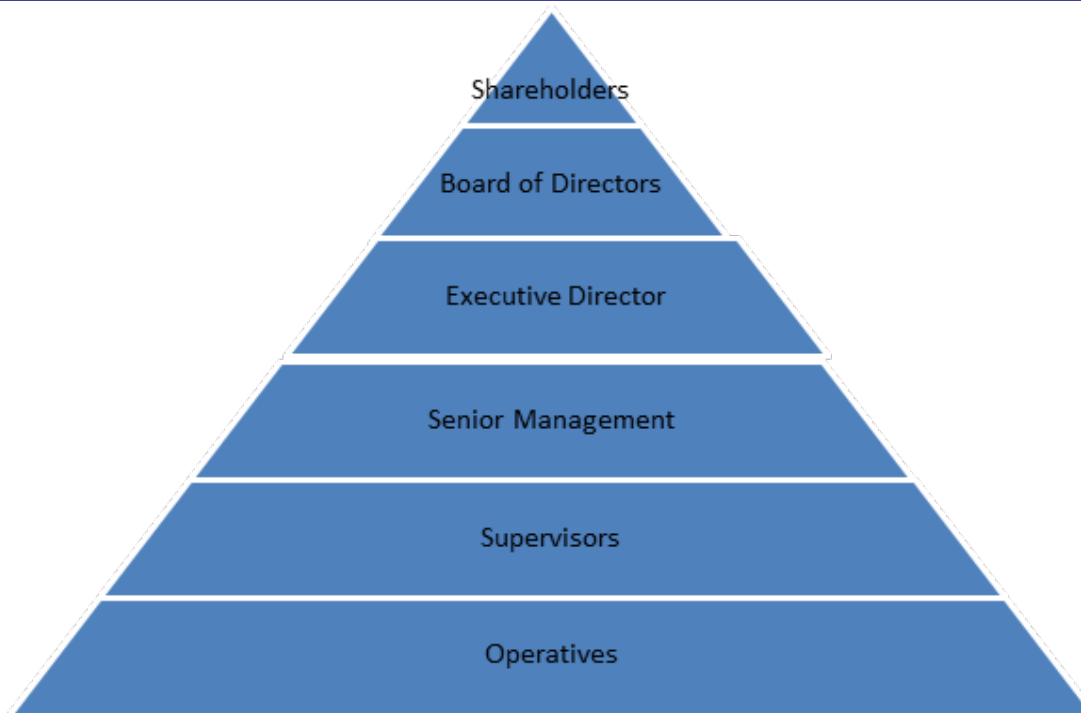


Figure 1: ICDC Organizational Structure

ICDC shareholders or stockholders are the Government of Kenya who appoints the Board of Directors to take charge of the operations of the Organization by appointing the Executive Director. The Board currently comprises eight (8) non-executive directors, six of who are independent. The independent Directors bring with them independent judgment on matters of strategic management of corporate risk and resource utilization.

The above values will enhance and assist ICDC in accomplishing and achieving what we set out to do. Monitoring and evaluation (M&E) is the periodic assessment of the project activities as they are ongoing. There is need to pose and look back to ensure that we are on the right track and have achieved our targets or our objectives. requires formulating the expected results; selecting indicators of outputs and outcomes; gathering baseline data on outputs and outcomes; setting milestones and a timeline for progress; establishing a system for collecting, analyzing, and reporting data; monitoring progress; evaluating the activity to determine its relevance, efficacy, and efficiency; and establishing a framework for using M&E findings. These elements are tailored to the scale and scope of the operational activity.

Problem statement

As indicated by WHO (2002), Department of Education (2006) a project or initiative is not complete without

a monitoring and evaluation exercise having been conducted. The problem is that since ICDC formulated the human resource strategies and objectives in the year 2008, no effort has been made on monitoring and evaluating the levels of implementation of human resource strategies, objectives and objectives and their impact on key human resource performance indicators.

General Objective

This study sought to monitor and evaluate human resource strategies at industrial & commercial development corporation (ICDC)

Specific Objectives of this study

- i. To establish the impact of human resource strategies on ICDC staff
- ii. To determine key gaps that need strengthening in terms of the impact of human resource strategies in ICDC
- iii. To establish specific areas that require better designed, planned and targeted human resource strategies for ICDC

2.0 LITERATURE REVIEW

Introduction

This chapter presents a review of the literature on the topic of monitoring and evaluating human resource strategies at industrial & commercial development corporation (ICDC). The chapter is structured on the basis of the research questions:

- i) What impact has there been in recent years on Human Resource strategies outcomes in ICDC staff?
- ii) Where are the key gaps that need strengthening in terms of the impact of human resource strategies in ICDC?
- iii) What specific areas require better designed, planned and targeted human resource strategies for employees?

Importance of Monitoring and Evaluation

This study focuses on the operations of ICDC, the strategic plan and implementation. This should be tied with the monitoring and evaluation in phases of the operation. Monitoring and evaluation is a continuous process of collecting and analyzing data on the process of the various aspects of the operations and helps the Corporation remains on track. This is usually done on quarterly basis.

Financial business is a very competitive sphere of business because there is high competition derived from the commercial banks, micro finance institution and with Co-operatives and therefore need to compare by collecting more information through research and development. It is therefore of importance to make sure that there are minimal mistakes made in the process of doing business and thus the need for monitoring and evaluation.

Evaluation helps us to criticize our work, make better plans, make work more effective by checking our strengths and weaknesses by seeing what has been achieved, where we are and if we need to change direction and make better plans. (Feuerstein, 1992)

Human Resource Goals and objectives

Human resources goals and objectives focus on recognition of human capital as the resource that drives organizational success. More specific human resources goals are the inclusion of HR leaders in overall business decision-making and the ability to

demonstrate that investment in HR activities and strategy has a tremendous impact on the company's bottom line.

Key Human Resource Performance Indicators

Monitoring and evaluation takes into consideration the inputs and outputs of a certain project. In line with this monitoring exercise, the following will be the indicators of the project achievement: Number of employees trained, Competitive salary package, Skilled employees, Health programme, the retention rate, turnover rate

Theories on human resource

Maslow motivation theory

Shortly after Fritz Roethlisberger published his 1941 book *Management and Morale*, outlining in detail the Hawthorn studies, Abraham Maslow published "A Theory of Human Motivation" in 1943. Maslow is considered the father of needs based motivation theory and his theory is "one of the best-known and most widely cited works on motivation" (Denhardt *et al.*, 2008, p. 148).

Maslow (Maslow, 1943) proposed a five level hierarchy of needs which he outlined as necessary for the achievement of a completely satisfied individual; or in his terms, a self-actualized being. Those needs are: physiological, safety, love, esteem, and self-actualization.

Physiological needs can be described as the most basic of human needs; those needed for human survival. These include breathing, water, food, and shelter. Safety needs are those needs which create stability and predictability in our lives: personal and financial security, health and well-being, and employment and access to resources. Love/belonging needs are centered around social interactions and interpersonal relationships: friendship, family, and intimacy. Esteem needs reflect our desires for respect, self-esteem and the need to belong.

Finally, self-actualization is the state which the individual achieves when all other needs have been met. Maslow identifies fifteen attributes that self-actualized individuals experience, and thus the exact definition of being "self-actualized" is difficult to summarize. Some of the characteristics include: the acceptance of self, others and nature; spontaneity; autonomy independent of culture and environment; and the mystic experience:

Feelings of limitless horizons opening up to the vision, the feeling of being simultaneously more powerful and also more helpless than one ever was before, the feeling of ecstasy and wonder and awe, the loss of placement in time and space with, finally, the conviction that something extremely important and valuable had happened, so that the subject was to some extent transformed and strengthened even in his daily life by such experiences.

Each need, or level, is fulfilled in sequence and serves as motivation until all the needs of the individual are met in self-actualization. While Maslow emphasized that individuals will generally be motivated to seek each need in the order described, he also stated that the order of his hierarchy is “not nearly as rigid as we may have implied” (p. 386) and that in some individuals will seek needs in different order.

It is important to remember that Maslow himself realized that his hierarchy of needs was more theoretical than normative: The present theory then must be considered to be a suggested program or framework for future research and must stand or fall, not so much on facts available or evidence presented, as upon researches yet to be done, researches suggested perhaps, by the questions raised in this paper (p. 371). As such, a number of authors have expanded upon Maslow’s work.

The theory of motivation may be used to explain the soft elements that contribute to the financial challenges facing local authorities. For instance, the theory may use the reward structure to explain why the human resource/work force employed to manage the financial and non financial resources do not put extra effort in addressing the financial challenges facing local authorities.

3.0 RESEARCH METHODOLOGY

The study used a cross sectional descriptive case study design. The study population was 350 employees of ICDC. The sample size of the study was 35 employees. A questionnaire was used to collect data. The data was analyzed through descriptive statistics. The tool of analysis was spss version 17.

4.0 DATA ANALYSIS AND PRESENTATION OF FINDINGS

Response rate

The number of questionnaires that were administered was 35 in number to the general staff and 6 to the human resource. A total of 35 questionnaires were properly filled and returned. The achieved response rate was more than 70% which implies that the response rate is very good.

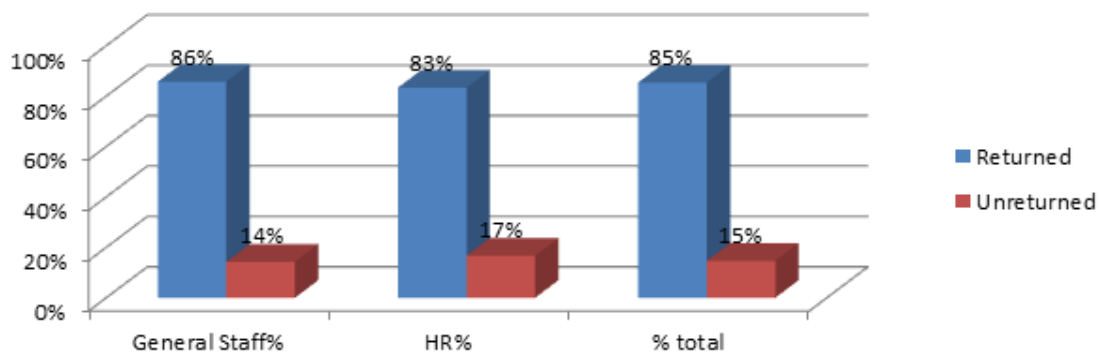


Figure 2: Response Rate

General Information

Gender of respondent

The study findings in figure 3 indicate that a majority (63%) of the respondents were male while 37% respondents were female. The findings imply that the organization is a male dominated field. According

to Ellis, Cutura, Dione, Gillson, Manuel &Thongori (2007), in spite of women being major actors in Kenya’s economy, and notably in agriculture and the informal business sector, men dominate in the formal sector citing the ratio of men to women in formal sector as 74%:26% .

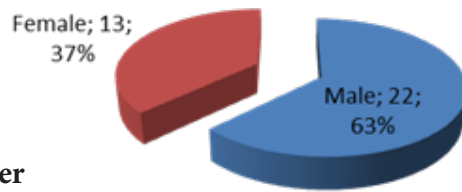


Figure 3: Gender

Age of respondent

The findings in figure 4 indicate that majority of the respondents 57% who were slightly above half were between the age bracket of between 31- 40 years, 23% of the respondents were between the ages of 21- 30

years while 20% of the respondents were between 41-50 years. The findings imply that the majority of the respondents were at the peak of their career and preparing to retire.

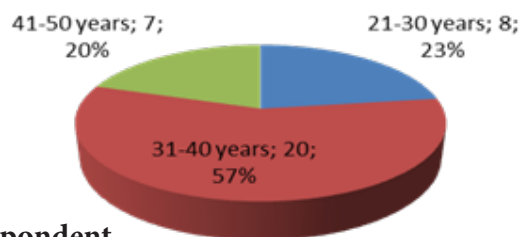


Figure 4: Age of respondent

Level of Education of respondent

As illustrated in figure 5, the findings revealed that a majority (52%) of the respondents were university graduates, while 34% of the respondents had attained college level education and 14% of the respondents

had attained post graduate level. These results imply that the respondents had high academic qualifications. This further implies higher productivity for ICDC.

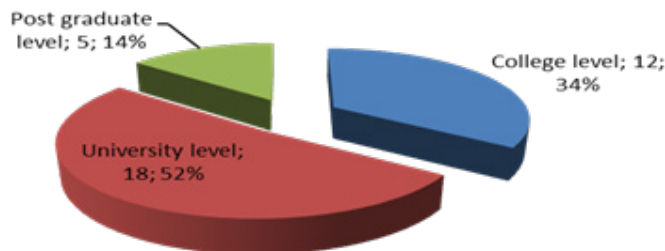


Figure 5: Level of Education of respondent

Number of years in Employment

Results in figure 6 indicated that majority 69% of the respondents had been in the organization for 3 to 5 years, while 17% of the respondents had been in the organization for 1 to 2 years and 14% of the

respondents had been in the organization for more than five years. The findings imply that most of the respondents had knowledge about the organization being researched hence accurate results.

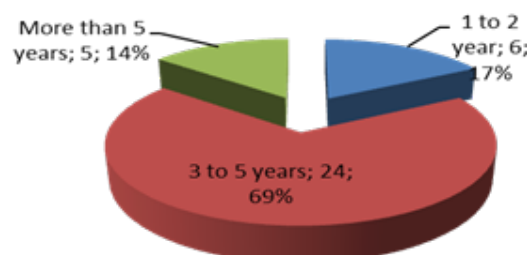


Figure 6: Number of years in Employment

Position of respondent

Results in figure 7 indicated that majority 57% of the respondents were unionisable, while 34% of the

respondents were in middle management level, and 9% respondents were in top management level.

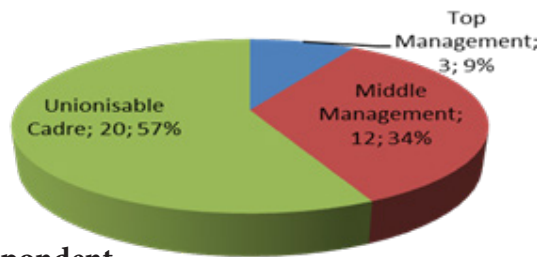


Figure 7: Position of respondent

Impact of human resource strategies, objectives and practices on ICDC staff

Recruitment Needs

The study findings in figure 8 reveal that majority 50% of the respondents disagreed while another 23.3% strongly disagreed bringing to a total of (73.3%) of those who disagreed with the statement that their organization recruits qualified personnel.

The findings also reveal that 43.3% of the respondents neither agreed nor disagreed, while 33.3% of the respondents disagreed and another 10% disagreed with the statement that their organization conducts interviews. Finally the study findings indicated that majority 30% of the respondents disagreed while another 26.7% strongly disagreed bringing to a total of (56.7%) of those who disagreed with the statement that their organization advertises vacant positions.

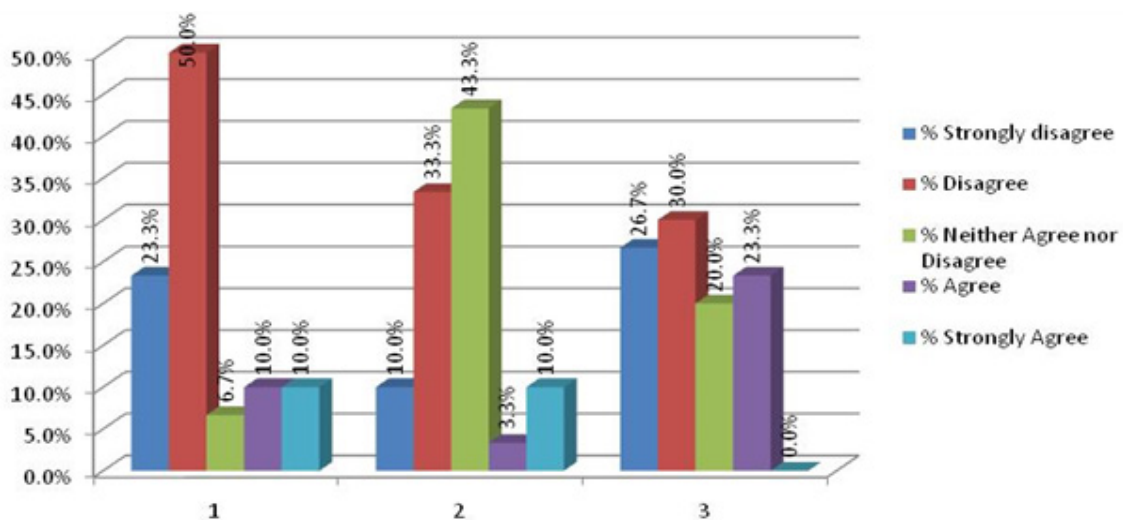


Figure 8: Recruitment Needs

Legend;

1= My organization recruits qualified personnel

2=My organization conducts interviews

3=My organization advertises vacant positions

Training Needs

Results in figure 9 indicate that majority 40% of the respondents disagreed while another 36.7% strongly disagreed bringing to a total of (76.7%) of those who disagreed with the statement that I have received

adequate training in technical skills. The findings also revealed that majority 40% of the respondents disagreed while another 20% strongly disagreed bringing to a total of (60%) of those who disagreed with the statement that I have received adequate training in customer care. Finally the study findings indicate that majority 46.7% of the respondents strongly disagreed while another 30% disagreed bringing to a total of (76.7%) of those who disagreed with the statement that their organization reimburses the cost of exam and tuition for all staff.

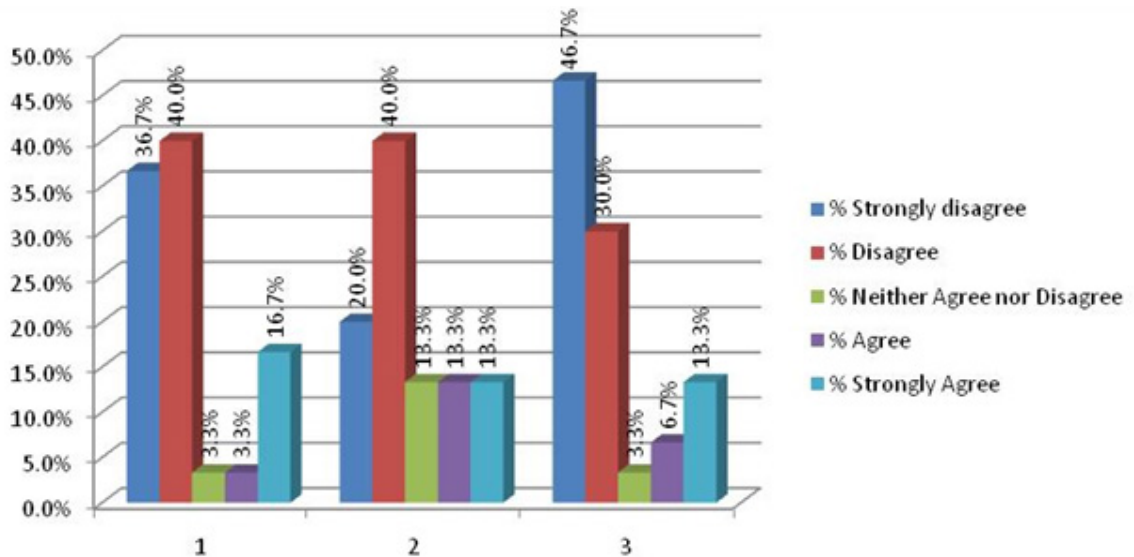


Figure 9: Training Needs

Legend:

1=I have received adequate training in technical skills.

2=I have received adequate training in customer care

3=My organization reimburses the cost of exam and tuition for all staff

Compensation Needs

Results in figure 10 indicate that majority 36.7% disagreed while another 30% strongly disagreed bringing to a total of (66.7%) of those who disagreed with the statement that I am adequately compensated for the work I do. The findings further revealed that majority 73.3% of the respondents disagreed while

another 16.7% strongly disagreed bringing to a total of (90%) of those who disagreed with the statement that I am adequately compensated for the level of my qualifications and experience.

The study findings further revealed that majority 43.3% of the respondents disagreed while another 23.3% strongly disagreed bringing to a total of (66.6%) of those who disagreed with the statement that the compensation I receive compares well with compensation in other comparable sectors. Finally the findings indicate that majority 66.7% disagreed while another 13.3% strongly disagreed bringing to a total of (80%) of those who disagreed with the statement that there is a huge gap between what junior staff earns and what senior staff earns.

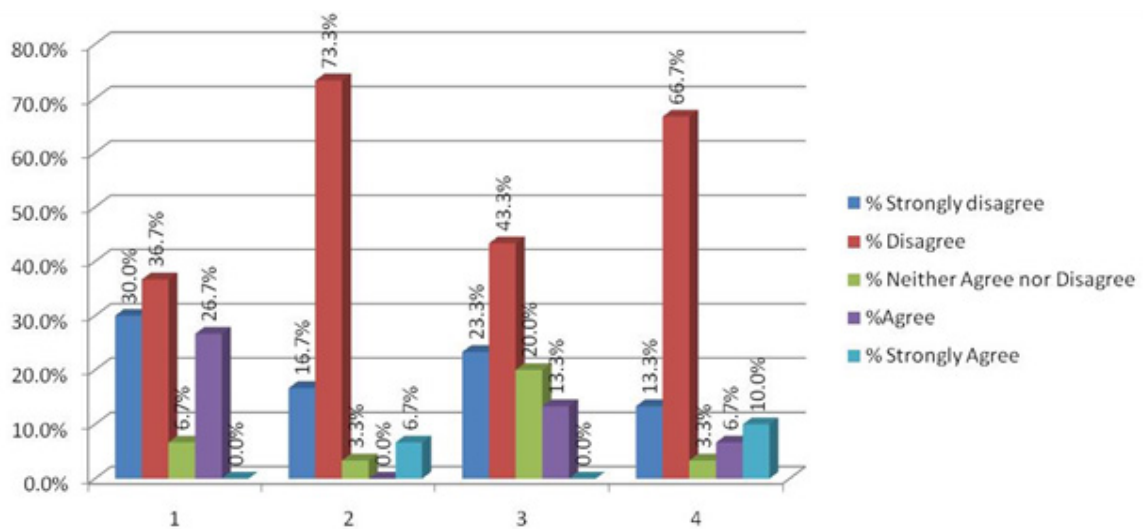


Figure 10: Compensation Needs

Legend:

1=I am adequately compensated for the work I do

2=I am adequately compensated for the level of my qualifications and experience

3=The compensation I receive compares well with compensation in other comparable sectors

4=There is a huge gap between what junior staff earn and what senior staff earn

Level of Implementation

Results in figure 11 reveal that majority 10% of the respondents from human resource strongly agreed while another 3.3% agreed bringing to a total of (13.3%) of those who agreed with the statement that a training needs assessment of all employment has

been done. A majority (6.7%) strongly agreed while another 6.7% agreed bringing to a total of (13.4%) of those who agreed with the statement that an annual customer satisfaction survey to identify staff strengths and gaps has been conducted. The findings further indicate that 6.7% strongly agreed while another 3.3% agreed bringing to a total of (10%) of those who agreed with the statement that an annual employee survey to identify staff motivation has been conducted. Finally, the study findings revealed that majority 10% agreed while another 6.7% strongly agreed bringing to a total of (16.7%) of those who agreed with the statement that we have assessed short and long term staffing needs. The findings also indicated that majority 6.7% strongly agreed while another 6.7% agreed bringing to a total of (13.4%) of those who agreed with the statement that there is harmonization of salaries and benefits.

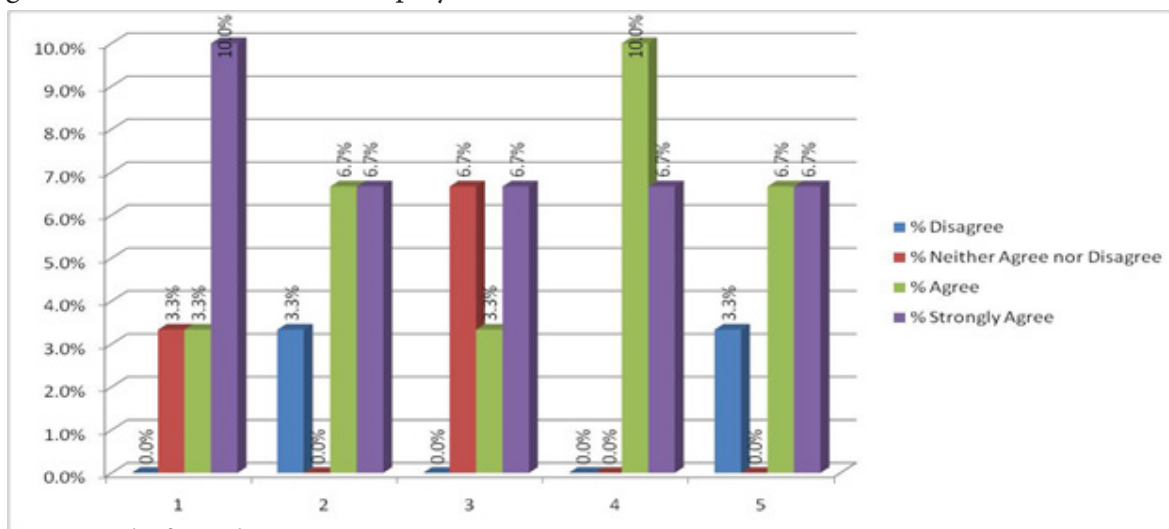


Figure 11: Level of Implementation

1=A training needs assessment of all employees has been done

2= An annual customer satisfaction survey to identify staff strengths and gaps has been conducted

3=An annual employee survey to identify staff motivation has been conducted

4=We have assessed short and long-term staffing needs.

5=There is harmonization of salaries and benefits

Key gaps and areas that need strengthening in terms of the impact of human resource strategies, practices and objectives in ICDC

Positive or negative gaps

Results in table 1 indicate that there was a negative gap on the number of employees trained. The human

resource had targeted to train 80% of the staff but the actual number that was trained is 50% thus giving a negative gap of -30%. Human resource also targeted to increase the salaries by 5% but they increased by 3% thus giving a deficit of -2%. The study findings also indicate that there was a negative gap in the ratio of skilled employees to total number of employees. The human resource had targeted to recruit 80% skilled personnel but the actual number that they recruited was 60% hence a variance of -20%. The human resource targeted 75% of the employees to be satisfied with the health program while the actual number that was satisfied is 55% thus a variance of -20%.

The study findings in table 1 also indicate that there was a positive gap of 2% between targeted turnover rate (1%) and the actual turnover rate (3%). The employee satisfaction index had a negative gap of -25% between actual (65%) and targeted (90%). Finally the results indicate that there was a negative gap on the overall budget for human resource of -3 million.

Table 1: Strategy Gaps

Key performance Indicator	Actual	Targeted	Positive Gap(+) or negative gap (-)
Number of employees trained	50%	80%	-30%
Salary Increments (%)	3%	5%	-2%
Ratio of skilled employees to total number of employees	60%	80%	-20%
Satisfaction level with the health program (%)	55%	75%	-20%
Turnover rate (%)	3%	1%	2%
Employee satisfaction index (%)	65%	90%	-25%
Overall HR Budget	6million	9million	-3million

Comparison between general staff and human Resource management

The results provided in this section used a likert scale comparison. A five point likert scale of strongly agree=5; agree=4; neutral =3; disagree=-2 and strongly disagree=1. The responses by study respondents were analyzed in line with this likert scale.

Recruitment gaps

The results in table 2 and 3 indicate that there is a gap

between what the general staff and the human resource said in the questionnaire about recruitment. This is evidenced by the mean (2.33, 2.7, 2.4) obtained which shows the general staff disagreed that the organization recruits qualified personnel, the organization conducts interviews and the organization advertises vacant positions. Meanwhile the human resource agreed that the recruitment strategy has been achieved by a mean score of 4.0.

Table2: One-Sample Statistics for Recruitment

	N	Mean	Std. Deviation	Std. Error Mean
My organization recruits qualified personnel	30	2.33	1.241	.227
My organization conducts interviews	30	2.70	1.055	.193
My organization advertises vacant positions	30	2.40	1.133	.207

Table 3: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
The recruitment strategy has been achieved	5	4.00	1.000	.447

Training gaps

The study findings in table 4 and 5 indicate that there is a gap in training as indicated by the general staff and human resource. This is evidenced by the mean score (2.23, 2.6, 2.10) for the general staff which indicated that they disagreed with the statements that they have received adequate training in technical skills,

they have received adequate training in customer care and their organization reimburses the cost of exam and tuition for all staff. Meanwhile the human resource agreed that a training needs assessment of all employees has been done and hey have achieved their training strategy being supported by mean scores of 4.4 and 4.0.

Table 4: One-Sample Statistics for Training

	N	Mean	Std. Deviation	Std. Error Mean
I have received adequate training in technical skills.	30	2.23	1.431	.261
I have received adequate training in customer care	30	2.60	1.329	.243
My organization reimburses the cost of exam and tuition for all staff	30	2.10	1.423	.260

Table 5: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
A training needs assessment of all employees has been done	5	4.40	.894	.400
We have achieved our training strategy	5	4.00	1.225	.548

Compensation Gaps

The study findings in table 6 and 7 indicate that there is a gap between general staff and human resource concerning compensation. The general staff disagreed that they were adequately compensated for the work they do, they are adequately compensated for the level of their qualifications and experience,

the compensation they receive compares well with compensation in other comparable sectors and there is a huge gap between what junior staff earns and what senior staff earns. This is supported by mean scores of 2.3, 2.07, 2.23, and 2.33. Meanwhile, the human resource agreed that there is harmonization of salaries and benefits which is supported by a mean score of 4.0.

Table 6: One-Sample Statistics for Compensation

	N	Mean	Std. Deviation	Std. Error Mean
I am adequately compensated for the work I do	30	2.30	1.179	.215
I am adequately compensated for the level of my qualifications and experience	30	2.07	.907	.166
The compensation I receive compares well with compensation in other comparable sectors	30	2.23	.971	.177
There is a huge gap between what junior staff earn and what senior staff earn	30	2.33	1.124	.205

Table 7: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
There is harmonization of salaries and benefits	5	4.00	1.225	.548

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

Summary of Findings

The objectives of this study were to establish the impact of human resource strategies, objectives and practices on ICDC staff, to determine key gaps and areas that need strengthening in terms of the impact of human resource strategies, practices and objectives in ICDC and to establish specific areas that require better designed, planned and targeted human resource strategies, for employees.

Study findings indicated that majority (63%) of the respondents was male and (27%) were female. Majority (52%) of the respondents were university graduates. Majority (69%) respondents had been in the employment for 3 to five years. The finding implies that the respondents of the study were mature and probably ready to retire in the next decade.

Results indicated that the general staff indicated that there were no recruitment strategies in the organization. This is evidenced by the majority of respondents who indicated they strongly disagreed and disagreed with statements that their organization recruits qualified personnel, their organization advertises vacant position and their organization conducts interviews.

Results also indicated that there was no training done in the organization. This is evidenced by the majority of respondents who disagreed and strongly disagreed with the statements that they have received adequate training in technical skills, they have received adequate training in customer care and their organization reimburses the cost of exam and tuition for all staff.

Results further indicated that there was poor compensation strategies as this was evidenced by majority of the respondents disagreed and strongly disagreed with the statements that the employees were adequately compensated for all the work they do, they were adequately compensated for their level of qualification and experience, the compensation they receive compares well with compensation in other comparable sectors and there is a huge gap between what junior staff earn and what senior staff earns.

The study findings also indicated that majority of the respondents from human resource department agreed and strongly agreed with the statements that a training needs assessment of all employees has been done, the organization has achieved our training strategy, the recruitment strategy has been achieved,

the organization has assessed short and long-term staffing needs and there is harmonization of salaries and benefits.

Conclusions

Following the study findings, it is concluded that there was need to introduce training programs in ICDC, and emphasize on all employees to attend the trainings so as to make the training strategy effective. This is because most of the employees were not trained on basic technical skills and on how to handle customers (customer care).

It is also concluded that the recruitment strategies at ICDC were weak and not adhered to. This is because the vacant positions were not advertised; the organization did not conduct interviews and hence did not recruit qualified personnel.

Finally the study concludes that there were poor compensation strategies to employees. This is because the employees were not fully compensated for the work done, the employees were not compensated in regard to their level of qualifications and experience, and the employees were not compensated well compared to other comparable sectors and there was a big difference between what senior and junior staff earn.

Recommendations

Research recommendations

The study recommends the human resource to ensure that recruitment strategy is emphasized. This is by ensuring that they advertise for vacant positions, conduct interviews and recruit qualified personnel. Human resource department is also urged to enhance training of all staffs. This should be done during induction and on job training, so that they ensure that all employees have the basic training in technical skills and customer care.

Policy Recommendations

The study also recommends that there should also be harmonization of salaries and benefits among all the employees. This can be achieved by ensuring that all employees are adequately compensated for all the work they do, the employees are compensated in regard to their level of qualifications and experience, and the employees are compensated well compared to other comparable sectors and ensure that there are job groups that ensure that the difference between what senior and junior staff earn is minimal or sensible.

REFERENCES

- Babbie, E. (2004). *The Practice of Social Research*. 10th edition. Belmont. Thompson:
- Denhardt, R., Denhardt, J., Aristigueta, M. (2008). *Managing human behavior in public and non-profit organizations*. Thousand Oaks, California; Sage.
- Department of Education (2006). Monitoring and Evaluation Report on the Impact and Outcomes of the Education System on South Africa's Population: evidence from household surveys. *The Department of Education*, South Africa, September 2006
- Ellis, A., J. Cutura, N. Dione, I. Gillson, C. Manuel and J. Thongori (2007) *Gender and Economic Growth in Kenya, Unleashing the Power of Women*, The International Bank for Reconstruction and Development/World Bank, Washington DC
- Feuerstein M. (1986). *Partners in evaluation: Evaluating development and community programmes with participants*. London, Macmillan.
- Guest, D. (1987) Human Resource Management and Industrial Relations. *Journal of Management Studies*, Vol.24 no 5, pp.503-522.
- ICDC Financial Results (2010). *Financial Reports 2009/ 2010*. <http://www.icdc.co.ke/index.php/icdc/2011-10-24-07-35-01/financial-reports>
- Johnson. G. and Scholes, K. (1998). *Exploring Corporate Strategy*. London: Prentice Hall.
- Kothari C. (2004). *Research Methodology: Methods & Techniques*, 2nd edition. New age International Publishers, New Delhi, India
- Maslow, A.H. (1943). A theory of human motivation. *Psychological Review*, 50, 370–396.
- Mugenda, O. M. and Mugenda, A.G. (2003). *Research Methods: Quantitative and Qualitative Approaches*. (2nd Ed) Nairobi: Acts.
- World Bank (2000). *Key Performance Indicator Handbook*. Washington, DC: World Bank. http://info.worldbank.org/etools/library/view_p.asp?lprogram=3&objectid=38956.



<https://www.iprjb.org>