Assessment of the Effects of Performance Contracting on Employee Productivity in the Public Sector: A Case Study of New Kenya Cooperative Creameries Company Limited

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DECLARATION

This research is my original work and has not been presented for an award of a degree in any other university.

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DEDICATION

To my wife Naomi, our son Arshavin and daughter Ashley for their patience and support
ABSTRACT

Performance contracting is regarded as a powerful tool contributing to productivity in work place. Recent research have shown that effective use of performance contract in public organizations have had varied results. Many organizations face different challenges while attempting to enhance employee productivity. This study attempted to establish the effect of performance contracting on employee productivity in the public sector in Kenya. It analyzed the influence of training, promotion, remuneration, discipline and legislation. To achieve this objective, the study adopted a descriptive research design which sought to establish factors associated with certain occurrences, outcomes, conditions or types of behavior. A target population of 90 individuals from the organization formed the basis for the study and stratified random sampling technique was used to arrive at a sample size of 45 individuals. Questionnaires were used to collect Data after which the collected data was edited, coded and entered for analysis. The data was analyzed using descriptive statistics. Statistical Package for social science (SPSS) and inferential analysis was used to analyze the data. The findings were presented in pie charts, bar graphs, and tables for clarity. The finding of the study indicated that training, promotion, remuneration, discipline and legislation influenced employees' productivity. However, while the respondents rated training, promotion and discipline in the organization as good, legislation was rated as fair. The study therefore recommended that the organization should commit more resources to train their employees to achieve better employee performance. It is also recommended that New KCC should embrace employee promotion in terms of position elevation, increased pays and others to encouraged employees to achieve their ambitions and thus enhanced productivity. Also, counseling and other disciplinary action was recommended for employees who fail, so that they remain focused to the organization's bottom-line.
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CHAPTER ONE

INTRODUCTION

1.1: Background of the Study

A Performance Contract is a freely negotiated performance agreement between the Government, acting as the owner of a Government Agency, and the management of the Agency. Performance Contracting is a branch of management science referred to as Management Control Systems and is a contractual agreement to execute a service according to agreed-upon terms, within an established time period, and with a stipulated use of resources and performance standards. Performance contracting is one element of broader public sector reforms aimed at improving efficiency and effectiveness, while reducing total costs (Domberger, 1998).

Performance contracting is aimed at improving efficiency and effectiveness in the management of organizations within the public sector. It clearly specifies the intentions, obligations and responsibilities of the two contracting parties. Rowland, (2003) indicated that a performance contract constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. It is a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitoring and control methods and at the same time imparting managerial and operational autonomy to public service managers. It is therefore a management tool for ensuring accountability for results by public officials, because it measures the extent to which they achieve targeted results (World Bank Report, 2007).

Performance contracting entails rating actual achievements against performance targets negotiated and agreed upon at the beginning of the year. The resultant differences are resolved into raw scores, weighted scores, and ultimately denominated into composite scores. Ndegwa noted that despite a global wave of privatizations, state enterprises still account for about 10 percent of gross domestic product (GDP) in developing countries (Ndegwa, 2006). These enterprises are often the largest and most valuable or problematic
firms, with monopolies in mining, petroleum, infrastructure, and heavy industry. Kurt, noted that performance contracts if put in place state enterprises would enhance employee productivity. Performance contracting seemed a logical solution to this problem, since similar contracts had been successful in the private sector Indonesia (Kurt, 2006).

Performance contracting aims at improving performance of the Public Sector through; setting clear objectives, setting Simple, Measurable, Accurate, Realistic and Time-bound targets, specifying agent performance in terms of results outputs and assigning accountability for those results, increasing the transparency of the accountability relationship in public institutions, establishing clear reporting, monitoring and evaluation mechanisms of the projects and providing a basis for assessment of performance. Leslie noted that performance contracting provides a basis for renegotiation for the performance (Leslie 2008).

Performance Contracting process ought to be done on quarterly basis and that the end of every quarter, each Institution should submit their quarterly reports and final annual report to their reporting agency. A feedback with comments on the report should be sent back to the Institution for improvement. The targets are majorly derived from the Institutions Strategic Plan especially the implementation matrix section in which it is expected that the time-frame for each activity is outlined (Mark, 2007).

The use of Performance Contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments. They include a variety of incentive-based mechanisms for controlling public agencies-controlling the outcome rather than the process. The implementation of Performance Contracting in such diverse countries as France, Pakistan, South Korea, Malaysia, and India has sparked a great deal of interest in this policy around the world. A large number of governments and international organizations are currently implementing policies using this method to improve the performance of public enterprises in their countries. Performance Contracting represent a state-of-the-art tool for improving public sector performance. They are now considered an essential tool for enhancing good governance and accountability for results in the public sector (Greg, 2006).
International experience with privatization suggests that the process of implementing a well-thought-out privatization program is a lengthy one. Therefore, in the interim, it is imperative that immediate steps be taken to increase the efficiency of the public enterprises and reduce further drain on the country's treasury resulting from their losses. A rigorous performance contracting exercise reveals the "true" costs and benefits associated with a particular public enterprise. This, in turn, provides a valuable basis for Privatization. Similarly, the Performance Contracting with government departments are being used extensively in OECD countries to improve the delivery of public services and effectiveness of government machinery (OECD Report, 2007).

Many countries have had success in improving the performance of their own public sector by designing Performance Contracting systems after carefully examining and adapting to their particular needs the lessons of the vast international experience with regards to Performance Contracts.

1.1.1: Employee Productivity

Productivity is a measurement of inputs against outputs. Inputs are the amount of time and effort spent working, while outputs are the results. If the outputs are equivalent to the inputs, the worker is considered productive. Productivity directly affects a company's profit. When employees are productive they accomplish more in a given amount of time. In turn, their efficiency saves their company money in time and labor. When employees are unproductive, they take longer to complete tasks, which cost employers more money due to the lost time. Every organization faces the challenge of improving productivity. Productivity closely relates to concepts such as operational performance, efficiency and effectiveness of processes, which is related to the utilization of resources, which refers to the ability to reach a desired objective or the degree to which desired results are achieved, and performance. Productivity of an organization can be seen as a component of its performance. A productive organization has lower operating costs and can sell its products or services at lower prices, bringing increased volume and profits. Employee productivity is therefore key to organizational success (Ainsworth, 2001).
The rationale for an extended approach in productivity examination has been linked to the specific characteristics of services such as intangibility. Outputs and outcomes of services have often been intangible elements. There are also intangible productivity drivers. Many aspects of service quality are linked to the intangible elements of services. Productivity is an overall measure of the ability to produce a good or service. More specifically, productivity is the measure of how specified resources are managed to accomplish timely objectives as stated in terms of quantity and quality. Productivity may also be defined as an index that measures output (goods and services) relative to the input (labor, materials, energy, etc., used to produce the output). Productivity is useful as a relative measure of actual output of production compared to the actual input of resources, measured across time or against common entities. As output increases for a level of input, or as the amount of input decreases for a constant level of output, an increase in productivity occurs (Rosen, 2003).

Intangible factors related to service quality are reliability, responsiveness, assurance and empathy. Wakefield (2001) identifies three dimensions in the quality of services: technical quality, functional quality and perceived service quality. Intangible factors are related especially to the third quality dimension – customers often evaluate service quality subjectively in relation to the pre-expectations affected e.g. by service image. It may be concluded that in applying the productivity concept in practice in the context of public sector an extended approach is appropriate. This may also affect the way productivity is measured. Employee productivity in organization is an issue that most organizations are grappling with. Employee productivity can be measured in two ways, in physical terms or in price terms; the intensity of labour-effort, and the quality of labour effort generally; the creative activity involved in producing technical innovations; the relative efficiency gains resulting from different systems of management, organization, co-ordination or engineering (Wakefield, 2001).

Productivity is often confused with efficiency. Efficiency is generally seen as the ratio of the time needed to perform a task to some predetermined standard time. However, doing unnecessary work efficiently is not exactly being productive. It would be more correct to interpret productivity as a measure of effectiveness (doing the right thing efficiently),
which is outcome-oriented rather than output-oriented. Managers are concerned with productivity as it relates to making improvements in their organizations. Proper use of productivity measures can give the manager an indication of how to improve productivity: either increase the numerator of the measure, decrease the denominator, or both. Managers are also concerned with how productivity measures relate to competitiveness. If two firms have the same level of output, but one requires less input thanks to a higher level of productivity, that firm will be able to charge a lower price and increase its market share or charge the same price as the competitor and enjoy a larger profit margin (Graig, 2003).

Successful employers always make investments to retain their workers and improve their effectiveness. By constantly and consistently measuring performance, employers can ensure that their investment is providing results. Workers also benefit from performance measurement and appreciate fair productivity assessments. This can only happen when performance is measured consistently across an organization. In doing so, individuals can see how their work compares to that of other workers and industry benchmarks (Hiedel, 2002).

1.1.2: Performance Contracting in the Public Sector

Performance contracting is a management tool for measuring performance against negotiated targets. Performance contracting was introduced in, 2004, by the Government of Kenya in 16 largely commercial state corporations. Public corporations signed their first performance contract in 2005/2006. These organizations freely negotiate performance agreement with the Government every year. Regular monitoring of the implementation of the contract is a vital aspect for its success. The Authority provides feedback by forwarding quarterly reports and taking corrective action where necessary. Performance contract evaluation is carried out in three stages. The first stage entails self-evaluation using the evaluation methodology in the performance contracting guidelines, the second stage is referred to as “primary” evaluation where a group of experts, who carry out exhaustive assessment of the performance of all public institutions in the contract year and assigns a composite score to each institutions. The third stage is the
moderation stage which is the final and quality control phase, in which a team of experts ensure that the different evaluating groups have applied evaluation guidelines (GOK Report, 2005).

When privatization is not feasible or palatable, some developing country governments seek to improve the performance of state enterprises by negotiating performance contracts with their managers. Many of these contracts have been put in place with World Bank assistance. Research by shows that they rarely work (Graig, 2003; Ainsworth, 2001). Performance contracting for state-owned enterprises have had challenges that should be addressed proponents of performance contracting argues that these challenges can be overcome in ways that clarify multiple objectives and make it easier to judge performance. A contract could apply weights to the multiple objectives, spell out the obligations for which managers will be held accountable, and specify rewards such as bonuses and penalties such as demotion or firing. Even where a government seeks to maximize social or political objectives, performance contracting can improve efficiency by setting appropriate targets (GOK Report, 2005).

The aim of performance contracting was to reform the public sector, which had seen a number of public owned enterprises going bankrupt, some operated as loss making for a long time, and some like Kenya Grain Growers Co-operative Union (K.G.G.C.U) and Pyrethrum Board of Kenya collapsed leading loss of substantial tax payers’ money. To reverse this trend and reduce over reliance of these enterprises on the exchequer, performance contracting was to make institutions result oriented (GOK Report, 2005).

The initiation of privatization as condition for developing countries to access World Bank loans opened a new chapter in developing countries, there was a need to make the public enterprises commercial oriented in order to dispose them profitably. As a result, they had to be reformed. Performance contract are intended to achieve these by changing the way public enterprises operate, by making them more commercial oriented, customer oriented and operate objectively. Furthermore they are the yardstick, for measuring and steering public sector towards attainment of the government’s vision 2030 (World Bank Report, 2011).
Since the introduction of the performance contracts only a number of Parastatals and Government Ministries have signed these contracts. The implementation process is going on with some of the institutions resisting the initiative. The judiciary and the teachers through their union Kenya National Union of Teachers (KNUT) have opposed signing the contracts. This has led the doubt as to whether the contracts are or have been properly negotiated or imposed (Ong’era, 2012).

Performance contracts are widely used between the government and their departments in Organization of Economic Co-operation and development (OECD) countries to improve the delivery of public services and effectiveness of government machinery. Many have had success in improving performance of their public sector by designing performance contract after carefully examining and adopting to their particular needs and the lessons of the vast international experience with regard to perform contracts (Murray, 2002).

One of the objectives of the contracts in Costa Rica was to reduce the absenteeism among doctors and nurses’. They stated that opportunistic behaviors are common in public organizations, because the institutions are financed by soft budgets giving management leeway to be relaxed about financial discipline and general functioning. Moreover employees within public facilities work under civil service status and are reimbursed for their services on a salary basis irrespective of their output. The contracts provide a basis for a sharper focus on the objectives, where inputs and outputs that contribute to the achievements of the objectives are compared including fair treatment of individuals and ethical behavior. Organizations need to know how they are performing and that the processes they use contribute to the achievement of their objectives (OECD Report, 2009).

1.1.3: Profile of New Kenya Co-operative Creameries Limited

The New Kenya Co-operative Creameries Limited was registered on the 25th of June 2003. Its predecessor, the Kenya Co-operative Creameries Limited has operated in Kenya since 1925 before it collapsed due to mismanagement. The business process of New Kenya Co-operative Creameries Ltd encompasses receiving of raw milk from farmers, processing it into various milk products for the benefit of the company shareholders.

The performance of this organization has been wanting ever since its inception, investigations have revealed some glaring anomalies in the company’s procurement and human resources departments that the audit report indicates could be responsible for the financial challenges facing the milk processor. Internal controls are inadequate to safeguard the assets or minimize exposure to financial losses. The lack of controls is likely to have a material impact on New KCC. The report further indicates that irregularities entrenched in the procurement of supplies and services for millions of shillings has prevented the company from achieving its strategic plans and has distorted its financial plans. Funds were held in capital projects which were not generating income while the company continued huge loan repayments; the report also revealed weaknesses in the firm’s financial management. Because of a weak balance sheet the firm has been operating on a bank overdraft of Sh830 million (GOK Report, 2011).

In view of mismanagement, the company intends to adopted performance contracting measures to enhance operations. Performance contracting is widely believed would help eliminate irregularities in procurement that could cost the company dearly, result in inflation in the cost of items, penalties for non-compliance with the procurement regulations, irregular payments to contractors or expose the firm to inferior items in terms of quality. The adoption of this system would help revitalize New KCC and prevent its eventual collapse due to mismanagement.

1.2: Statement of the Problem

Globally, governments have been known to be associated with long bureaucratic procedures marred with inefficiency and lack of accountability thus high level of corruption and wastage of resources which translate into poor economic performance (Haig 2010).

Kenya’s Public Sector being one of those that has suffered damaged image resorted to reforms to gain the confidence of the public and change the bad image. There have been
instances where politicians and bureaucrats have interfered with management of public organizations. Under such circumstances it is hard to judge performance and to motivate managers and hold them accountable for results. Moreover, unlike private owners, politicians may not benefit from better performance, and so may try to make managers serve objectives that conflict with efficiency, such as rewarding political supporters with jobs or subsidies (Ndegwa, 2008).

Wafula indicated that there has been public outcry in the manner civil servants executed their duties, the most notable being; absence from office, laxity in serving clients, don’t care attitude concerning their work, non-observance of working hours, poor service delivery, lack of objectivity in duties and responsibility execution (Wafula 2008). This research therefore focused on the effects of performance contracting on employee productivity in the public sector with a view to addressing the gaps.

1.3: Objectives of the Study

The General Objective of the study was to assess the effects of performance contracting on employee productivity in the public sector in Kenya.

The specific objectives of the study were:

i. To determine the effects of training on employee productivity in the public sector.

ii. To establish the effects of promotion on employee productivity in the public sector.

iii. To examine the effects of remuneration on employee productivity in the public sector.

iv. To find out the influence of discipline on employee productivity in the public sector.

v. To assess the effects of legislation on employee productivity in the public sector.
1.4: Research Questions

The following research questions guided the study;

i. What are the effects of training on employee productivity in the public sector?
ii. How does promotion affect employee productivity in the public sector?
iii. What are the effects of remuneration on employee productivity in the public sector?
iv. How does discipline influence employee productivity in the public sector?
v. What are the effects of legislation on employee productivity in the public sector?

1.5: Significance of the Study

The study carried out was of importance to the following:

New Kenya Co-operative Creameries Limited; the study would provide valuable information to the management that would assist in ensuring that performance contracting systems are appropriately administered and appreciate the importance of including the employee as partners in decision making. The study would seek to yield data and generate information that would enhance employee productivity.

Government and Policy Makers; the findings and recommendations of the study would enable the formulation of effective performance contracting strategies for enhancing employee productivity.

Other Researchers; the study would shed more light on the issues of performance contracting that enhance employee productivity. It would also enable the researcher to identify the gap existing on the issues that underpin performance contracting and employee productivity.

1.6: Limitation of the Study

Confidentiality is a very sensitive matter at the work place. And therefore was anticipated to be an impediment. However the researcher was able to assure the respondents that
none of the information will be used for any other purpose other than that which has been declared.

Bureaucracy; the public sector is quite a sensitive environment, and as such meeting with the staff was in some way difficult. The researcher however worked closely with the management to schedule the collection of data at the most convenient time and place.

Fear of victimization; the management has a tendency to be suspicious of researchers, it was anticipated that some of the respondents would be concerned about the extent of information the management would want them contribute without any repercussions, but this concerns would be addressed upfront by providing the necessary assurances to the respondents.

1.7: The Scope of the Study

The study focused in analyzing the effect of performance contracting on employee productivity in the public sector. The study was carried out at the head office of New KCC in Nairobi. The study was carried out from the month of April and November 2013.
CHAPTER TWO

LITERATURE REVIEW

2.1: Introduction

This section reviews literature related to the study. This chapter comprises the concept perspectives, current practices, past studies and conceptual framework.

2.2: Review of Theoretical Literature

Balance score card views an organization through four different but inter-related lenses - in terms of past performance, future potential, an outsider's view, and an insider's perspective. Traditionally, decision-makers have focused primarily, if not exclusively, on financial measures such as profitability, cash flow, sales growth and return on equity to assess a company's performance. However, such a focus fails to capture the necessary interrelationships among the perspectives. In addition, the use of financial measures alone does not and cannot capture the value created by intangible assets (measures in the growth & learning perspective) which often create the competitive advantage for a company (Kaplan, 2001).

A balance score card approach looks to measures that drive value creation and how the measures in each perspective interrelate. The customer perspective "defines the value proposition the organization intends to use to generate sales and loyalty from targeted customers" (Kaplan, 2004). In other words, the value proposition is what differentiates a company from its competitors. Popular types of customer-related measures such as customer satisfaction and customer retention gauge how well a company serves its customers and obtains new ones. However, in order to deliver on its value proposition, the company must develop sound organizational procedures, efficient production systems and on-time delivery schedules. These are types of internal business processes which need to be understood by employees in order to provide high quality goods and services. Finally, an infrastructure of information systems and employee work groups support production and service.
Kaplan and Norton, (2004) group these aspects of human capital (skills, training, knowledge), information capital (systems, databases, networks), and organization capital (culture, leadership, alignment, teamwork) into the “future” component of the Balance Score Card. Consequently, research and development activities as well as employee productivity, employee satisfaction and employee retention are some indicators of the learning and growth component.

These four perspectives are not all-inclusive. Differing strategies of organizations dictate what should be included in the scorecard. It is important to recognize the hierarchical nature of the Balance Score Card. Kaplan & Norton's basic model assumes that financial performance is the ultimate goal of a business (Bryant, 2004).

Figure 1: Balance Score Card

As the above diagram depicts, lead indicators in the Growth & Learning, Internal, and Customer Perspectives drive future financial performance. In effect, financial measures merely report the outcomes from past actions in the lower levels in the hierarchy. The key to the successful implementation of the Balance Score Card is to find the cause-and-effect linkages that create value (Kaplan & Norton, 2001). For example, investment in
employee training (Learning & Growth Perspective) will have an impact on innovation, customer management, quality enhancement and other business processes (Internal Perspective), which, in turn, will create greater customer satisfaction (Customer Perspective), resulting in superior financial outcomes (Financial Perspective).

Two empirical studies—one analyzing the effect of such contracts on profitability and productivity in twelve companies in six countries and the other examining statistically the correlation between performance contracts and productivity in hundreds of state enterprises in China found no evidence that performance contracts had improved efficiency (Ketelaar, 2007).

The first study analyzed the effects of contracts in monopoly enterprises in water, electricity, telecommunications, and oil and gas in Ghana, India, the Republic of Korea, Mexico, the Philippines, and Senegal. It found no pattern of improvement associated with the performance contracts in productivity or profitability trends (Marjorie, 2006). The second study used a much larger sample in manufacturing but in only one country, China. The results showed that the increasing use of performance contracts in China could not stem the fall in productivity among state enterprises, the study found no robust, positive association between performance contracts and productivity. And a comparison of a sample of state enterprises that had signed performance contracts with a sample of firms that had not found significant difference between the two groups. Is it possible that performance contracts failed to improve productivity because managers were told to maximize social benefits, such as increasing employment or developing backward regions? (Marjorie, 2006).

Although the studies did not measure social benefits, the weights that contracts assigned to productivity targets two-thirds on average and the stated goals of the parties to the contracts suggest that improving operating efficiency was the prime objective. Moreover, most social and political goals imposed constant costs on state enterprises during the period and so should not have affected the trends being measured. The problem is that many of the targets are soft or flawed measures of economic performance (Carter, 2002).
Performance contracting has only recently been introduced as an instrument for public sector management and control in Kenya. The contracts have been used in a number of countries giving mixed results. Ariadra et al. (2006) studying the effects of performance contracts on hospital employees in Costa Rica concluded that the contracts did not have an effect on absenteeism. They attributed this to the status of employees as civil servants with certainty of salary at the end of the month irrespective of their output.

Performance contracts used in twenty eight developing countries in the mid-1990s, mostly in Africa and Asia, gave little support to the premise that these contracts help improve state owned enterprises performance. Only three of the twelve case study companies showed a turnaround. Six continued their past trends, while three performed substantially worse under performance contracts than before. These were attributed to manager's information advantage, putting them in a position to negotiate multiple soft targets that were easy to reach. Similarly, performance contracts rarely included rewards and penalties that could motivate managers and staff to exert more effort (World Bank Report, 1995). Previous research findings clearly show that there has to be well-designed contracts, which reprimand poor performance and reward good performance to influence more effort among employees (Guillermo, 2002). Managers and staff in Parastatals in Kenya are in a position to have information advantage leading to setting of easy targets hence failure of performance contracts in achieving their purpose (GOK Report, 2006).

In the study of empirical effects of performance contracts in China, it was concluded that performance contracts did not improve performance in public sector. Despite these studies countries especially in developing world have accelerated implementation of this public sector management style, hence leaving doubt in the minds of the researcher as to the contribution of the performance contract towards individual employees and target achievement (Ashley, 2001).

A study carried out in Ghana indicated that managers were able to manipulate the targets to ensure that they were easy to achieve or evade scrutiny Owusu, (2005). In the Philippines, a state owned enterprise had most challenging targets awarded low score
target. The overall effect was that the contracts failed to achieve the desired effects (Murray, 2002).

A study on the situation of state owned enterprises in developing economies indicated that most developing countries governments intervene widely in state owned enterprises, extend them protection from competition and bankruptcy, and provide subsidies and debt relief. Despite these studies countries especially in developing world have accelerated implementation of this public sector management style. Hence, leaving doubt in the mind of the researcher as to the contribution of the performance contracts towards individual employees target achievement (Boyne, 2003).

2.2.1: Training and employee productivity

Performance appraisal offers an excellent opportunity for the supervisor and subordinate to recognize and agree upon individual training needs. Performance appraisal is viewed as a tool used to initiate learning activities which are directed towards acquisition of specific knowledge and skills relevant to the organization in its present and future needs. If the organization is to achieve its objectives, it is essential to train and develop its people so that they are best able to support the organization in working towards objectives (Armstrong, 2005).

Employees in the organization need to be given feedback on how they are performing. If feedback is communicated in a positive manner, goes a long way to motivate the employees and helps to identify individual career developmental plans. Based on the evaluation, employees can develop their career goals, achieve new levels of competencies and chart their career progression (Fletcher, 2001).

The employers will use performance appraisal process as a key part of their Human Resource planning or for individual career development plans. Personal development plans should be drawn up as a part of and as a result of the appraisal process enabling individual to set out their own short and long term plans for development (Campion, 2008).
The individual development plans can then be linked into team and organization development plans, thus contributing towards the achievement of the organizational goals (Waldman et al., 1998). Appraisals can help to improve employees' job performance by identifying strengths and weaknesses and determining how their strengths can be best utilized within the organization and weaknesses overcome. They can help to reveal problems which may be restricting employees' progress and causing inefficient work practices (French, 2000).

For more than fifty years, performance appraisal has been firmly outlined as a personnel management activity aimed at measuring employees performance. The process of performance appraisal is designed to address problem behavior and there is an underlying assumption that all employees in an organization must undergo this appraisal to address the problem (Rasch, 2004).

In an observation and despite the various uses of performance appraisal such as a valuable and essential tool in organization improvement, it provides a comprehensive overview of the practices and key components in performance appraisal processes such as feedback, learning, and teamwork in the performance appraisal process, most people still lack confidence in the whole process Scholtes, (1999). A survey found out that over 90% of performance appraisal has been unsuccessful which is due largely to the feedback received from the process and he equally pointed out that this problem cannot be fixed. Many researchers have indicated that reactions to performance appraisal by employees play an important role in employee’s appraisal process because they are very vital for the organizational acceptance and use of the appraisal system (Cleveland, 1996).

Assessing the feedback of performance appraisal is also the assessment of employees’ reaction towards performance appraisal. Assessment of this reaction is important for many reasons such as: (a) reactions from performance appraisal represent a criterion of great interest to practitioners. (b) Reactions has also been theoretically linked to determinants of appraisal acceptance and success but have been relatively ignored in research (Lisa, 2000).
Training refers to systematic modification of behavior through learning. This occurs as a result of education, instruction, and planned experience. Training is task oriented as it focuses on a specific area of work. The training standards are derived from the job description or task requirements of the job. Training is provided when there is a skill gap between expected and actual standards of work performance (Armstrong, 2000).

Training is a planned process to modify attitude, knowledge or skill behavior through learning experience. It aims at achieving effective performance in an activity or range of activities. Its purpose, in work situation, is to develop the abilities of the individual and to satisfy the current and future manpower needs of the organization. Training must have a purpose. It can be defined only if the learning needs of the organization and the groups and individuals have been systematically identified and analyzed (Armstrong, 2005).

Training in organizations is the fundamental tool that can improve workers performance and productivity. Training in itself needs to be systematic and planned. Systematic training is specifically designed to meet the needs of the organization. Training in itself needs to be systematic and planned. Systematic training is specifically designed to meet the needs of the organization (Ariadna, 2006).

Companies can keep employees up to date with the latest knowledge and skills for running their business through on-line e-training programs, which saves millions of shillings by training through, on-line. Better development of technological skills, along with making the latest technology available in the organization, go a long way to turning a challenge into a cutting – edge innovator that will help the organization better compete in this fast paced, techno-centric business climate (Harke, 2007).

The performance standards required in terms of quality and output and the knowledge, involves analyzing what the individual needs to know. It may be professional, technical or commercial knowledge. Or it may be about the commercial, economic, or market environment; the materials or equipment to be used or the procedures to be followed; or the customers, clients, colleagues and subordinates he or she is in contact with and the factors that affect their behavior. Or it may refer to the problems that occur and how they should be dealt with. There is also need to analyze the skills. This includes what the
individual needs to be able to do if results are to be achieved and knowledge is to be used effectively. Repeated training or other experience builds skills progressively. They may be manual, intellectual or mental, perceptual or social. The behavior competences needed to achieve the levels of performance required should be stressed. Emphasis should also be laid on the disposition to behave or to perform in a way that is in accordance with the requirements of the work (Klein, 2002).

Well-planned training program should result in reduction in waste and spoilage, improvement in methods of work, reduction of learning time, and reduction in supervisory burden, improvement in quality of products, improvement of production rate, improvement of morale and reduction in grievances, improvement in efficiency and productivity. However, like any other business process, training can be very wasteful if is not carefully planned and supervised. Without a logical systematic approach, some training may be given which is not necessary, and vice versa, or the extent of the training may be too small or too great (Corte, 1999).

Training and development of human resources in an organization include use of systematic and planned training approaches, adopting a policy of continuous development, creating organization, ensuring that all training activities are performance related. Training must have a purpose that can be defined only if the learning needs of the organization and the group and individuals within it have been systematically identified and analyzed. Training needs analysis is partly concerned with defining the gap between what is happening and what should be happen. It’s the difference between what people know and can do and what they should know and be able to do. Training need is any shortfall in employee performance or potential performance, which can be remedied by appropriate training (Gould, 2003).

Collection of information for a training need analysis is carried out by one or more of the following, analyzing questionnaires and attitudes surveys issues to employees, interviewing managers and supervisors about their own or their subordinates training and development needs. The purpose of training is to improve employee’s performances and
increase their skills and knowledge in their current jobs and or equip them for more demanding rules (Williams, 2004).

### 2.2.2: Promotion and employee productivity

Promotion refers to upward mobility of employees in organization this may be as a result of organization growth strategy or reward. Selection systems for promotion take many forms, including interviews, application blanks, resumes, oral examinations, written examinations, situational judgment tests, assessment centers, personality tests, evaluation of prior experience (Armstrong, 2003). While the focus of literature on promotion systems is their validity in predicting performance, another factor to consider is the length of time that a system will continue to be used. Over time, one would expect promotion and selection systems to be modified or replaced entirely. The cost of administering performance testing is considerable, and management periodically evaluates a system's validity and its ability to assess employee attitudes, qualifications and perception of business need add to those influences the changes in management personnel that inevitably occur, and it is easy to see why even proven systems will eventually be discarded and anew system tried. In complex organizations driven by inertia as much as by change, managers seek more than validity when considering change in evaluation systems, and often rely on information that is more pragmatic than scientific (Thibodeaux, 2004).

It has also been found that managers favor unstructured interviews over structured interviews even though structured interviews provide greater validity. Organizational norms also affect decisions about selection techniques. Employee perceptions of what is just in a testing process and concomitant positive or negative judgments of that process reach top managers who are concerned about the attitude of applicants toward the exams they take (Hausknecht, 2004).

In the analysis, applicants who held positive perceptions about an organization’s method for selecting employees were more likely to view the organization favorably and to report stronger intentions to accept job offers and recommend the employer to others. This is of particular concern for managers who seek high-level employees but have limited
resources. In a state agency such as the one studied here, where employee resources across agencies is limited, a positive perception of an agency can play an important role in attracting talented personnel. There are other reasons for the emphasis on pragmatism in the evaluation of selection systems (Kiltgaard, 1997).

While the longevity of a system should be related to its validity, it is not easy to demonstrate validity for positions involving a limited number of candidates and an even smaller number of promotions in a short period of time. This is a common situation in non-entry level professional positions and higher-level management positions. For this reason, it is not surprising to find research suggesting that candidate views of selection fairness have a relationship to the popularity in usage of various selection methods (Anderson, 2000).

2.2.3: Remuneration and employee productivity

According to Chapman, (1977) employee remuneration refers to all forms of pay going to employees and arising from their employment. Its main components are; direct financial payments which include wages, salaries, incentives, commission and bonus and indirect payments are paid in the form of financial benefits such as insurance. Equitable distribution of reward is desired by all employees in what seem to be an equitable manner. This means fairness among the organizations employees and fairness relative to what people get for doing a similar job in another. Organization theory has been proposed to explain what happen when individuals perceive an imbalance between what they put in to a job and what they get (Pilbeam, 2006).

Reward that is not visible to the employee may fail to get desired motivating effect from the employee. On the other hand a truly visible reward gets the attention not only of individual employees but also of their peers. This later quality means visible reward can contribute to satisfying an employee's esteem and recognition needs. The managers can increase the visibility of reward by allocating annual salary increase in a lump sum rather than spreading them out one the entire year and eliminating the secrecy surrounding pay by opening communicating every ones compensation (Armstrong, 2003).
There are a number of objectives or benefits which are economic, psychological, social and ethical. Economic benefits of workers, job satisfaction and consequent job performance therefore increases production due to cooperation between the subordinates and managements, which in turn results in higher productivity (Shirley, 2001).

The following factors influence employee's expectancy perception. They include: self esteem, self-efficiency, person’s success at the task, help received from supervisors and subordinate information necessary to complete the task, good material and equipment to work (Vroom, 1957).

It was recommended that reward should be distributed based on the performance of the employee. The principle of paying for performance is so logical and so deeply instilled in our value system that few attack it like apple pie, motherhood, and the flag, the allocation of rewards on the basis of performance is a revered concept in organizations. Performance is concerned with results, performance measurements; rewarding people in the organization based on performance, requires some agreed-upon criterion for defining performance (Lawler, 1977).

The goals of compensation are to design the lowest-cost pay structure that will attract, motivate and retain competent employees and that also will be perceived as fair by these
employees. Fairness is a term that frequently arises in the administration of an organization’s compensation program. Organizations generally seek to pay the least that they have to in order to minimize costs. So fairness means a wage or salary that is adequate for the demands and requirements of the job. So the search for fairness is pursued by both employers and employees (Price, 2004).

The ability to pay by the organization that is also considered by the labour unions needs to be a negotiated norm. These offer demanded an increase in compensation on the basis that the organization is prosperous and able to pay. However, the fundamental determinants of the wage rate for the individual firm issue from supply and demand. If the organization is marginal and cannot be able to pay competitive rates, its employees will generally leave it for better paying jobs. Admittedly, this adjustment is neither immediate nor perfect because of problems of labour immobility and lack of perfect knowledge of alternatives. If the firm is highly successful, there is little need to pay for more than the competitive rates to obtain personnel such a firm may choose to adopt a policy of paying above the competitive rate in order to attract a superior caliber of personnel. If firms in general are prosperous and able to pay, the tendency is to bid up the price of labour as a whole (Ziegler, 2000).

The efficiency wage theory predicts that higher levels of wages lead to higher levels of productivity by employees. This implies that a well-constructed compensation package will enhance productivity through attraction of higher levels of talent, increased effort, and reduced turnover. In general, relative to companies with less-satisfactory compensation packages, employees who are well-satisfied with their compensation package (and work environment) should be expected to generate greater levels of productivity. The result for shareholders, therefore, should be relatively higher levels of return (Meyer et al. 2001).

It was observed that compensation covers various aspects such as the wages and salaries paid to employees as well as benefits or non-cash compensation. Compensation maintains sound Industrial relations, helping in retaining and attracting qualified employees thus creating a competitive edge over competitors (Graham, 2005). There are many different
terms used to define payment, which rewards the employee for making available to the employer time, skill, experience, brain power and effort which employees bring forward in differing proportions. He also stated that these terms include “compensation, reward, income and remuneration and the payment is described in the form of pay, salaries or wages (Gennard, 2002).

Reward was viewed as a term that has been adopted to describe a reward strategy that brings additional components such as learning and development, together with aspects of the working environment, into the benefits package. It also goes beyond standard remuneration by embracing the company culture, and is aimed at giving all employees a voice in the operation, with the employer in return receiving an engaged employee performance. One benefit for employees was that they could be relatively confident of staying with the same employer for as long as they wished, possibly for their entire working careers (Marjorie, 2006).

Newer companies reward employees with exciting and challenging surroundings, but with no guarantee of job security. They also offered significant financial rewards, in the form of stock options. Now that the stock options have to be expensed on the profit and loss account, and the traditional companies have stopped providing a job for life, both have to look at new ways of attracting and retaining key personnel (Baron, 2005).

The benefits that flow from a total reward scheme are easier recruitment of better-quality staff, reduced wastage from staff turnover, better business performance which enhances the reputation of the organization as an employer of choice. The aim of reward is to encourage more positive employee commitment without incurring open-ended operational costs. The concept is not about transferring the burden of decision-making over items such as office accommodation or technology onto employees but about empowering employees to tailor their work and surroundings to meet their own needs, while allowing the company to keep control of costs. This has been a very effective factor that has affected employees’ performance and thus contributing to their productivity in the firm (Thompson, 2002).
2.2.4: Discipline and employee productivity

Discipline refers to the actions imposed by an organization on its employees for failure to follow the organization's rules, standards, or policies. Traditional approaches to discipline, based on punishment, are known to promote adversarial relationships between leaders and followers. A more effective approach now being used by many companies recognizes good performance and encourages employee commitment to the organization and its goals. Once employees see the discrepancy between actual and expected performance, the burden is on the employee to change. Even with more positive approaches to discipline, organizations still need to have some form of disciplinary procedure, whether formal or informal, that carries successively stiffer penalties for repeated or more serious offenses. Various studies have shown that the higher the degree of employee's discipline in the organization the higher the level of productivity and in many instances the performance appraisal of the employees have always helped in reinforcing the discipline amongst the employees (Murray, 2002).

Atiomo, (2000) defines discipline “as the training of the mind and character to produce self-control and habit of obedience”. In its general sense, discipline refers to punishment of some sort for wrong doing and can be a useful tool for behaviour modification, for reorientation and for educational purposes (Udom, 1998). According to Atiomo, (2000) the most embarrassing and complex part of the job for many managers is the need to deal with problem which arise from the failings of employees, deficiencies of character or attitude, lack of self control and disobedience-all of which can affect the work and the morale of colleagues and that while a manager may sometimes turn a blind eye on some of these frailties where there are reasons for thinking that an employee's lapse from the usual standard is temporary and self-correcting, the manager cannot indefinitely stand by it if performance and relationship are suffering; he therefore, has to apply sanctions as laid down in the organization’s procedure for discipline.

Discipline is a measure aimed at producing self-control and habit of obedience. Leaders are sometimes constrained to adopt disciplinary measures in order to correct negative attitudes of staff that run counter to organizational goals. Robins, (1996) noted that at
some time, every manager has to deal with an employee who drinks on the job, is insubordinate, steals company property, arrives consistently late for work, or engages in similar problem behaviours; that managers will normally respond with disciplinary action such as oral reprimands, written warnings, and temporary suspensions. Like every other organisation, there are occasions when the manager has to take some disciplinary measures against some staff who exhibit undesirable behaviour. He has to do this in order to ensure orderliness of conduct, promote good human relationship in the organisation and to make sure the library achieves the purpose for which it was set up.

Disciplinary matters should adhere to laid down procedures so that the manager takes appropriate action and to avoid unfair treatment of staff. As set out in an ACAS Code of Practice Cole, (1996) disciplinary procedures should: be in written form; specify to whom they apply (i.e. all or some of the employees); be capable of dealing speedily with disciplinary matters; indicate the forms of disciplinary action which may be taken (e.g. dismissal, suspension or warning); specify the appropriate levels of authority for the exercise of disciplinary actions; provide for individuals to be informed of the nature of their alleged misconduct; allow individuals to state their case, and to be accompanied by a fellow employee; ensure that every case is properly investigated before any disciplinary action is taken; ensure that employees are informed of the reasons for any penalty they receive; state that no employee will be dismissed for a first offence, except in cases of gross misconduct; and provide for a right of appeal against any disciplinary action, and specify the appeals procedure.

Atiomo, (2000) counsels the manager who decides to apply the sanctions laid down in the company's procedure for discipline to first of all get the facts of the case and that if he decides and takes action in ignorance if some vital piece of information, or without the employee being given the chance to tell or state his side of the story, the manager lays himself open to all kinds of accusation and injustice. Appleby, (1994) asserts that discipline should ideally be based upon cooperation and a high morale, which will ensure that rules and conditions are willingly obeyed; that a superior by a virtue of position has the right to command and enforce obedience if necessary; that this gives him the right to punish, because of the harm which may be done to the group's purpose; that discipline
can be obtained by rewards as well as by punishment, but punishment is usually expected if norms of behaviour are not upheld and that discipline should contribute towards improved behaviour.

Robins, (1996) pointed out that discipline is popular in that it undoubtedly has the ability to produce fast result in the short run; that managers are reinforced for using discipline because it produces an immediate change in the employee's behaviour and that over the long run however, when used without positive reinforcement of desirable behaviours, it is likely to lead to employee frustration, fear of the manager, reoccurrences of the problem behaviours, and increases in absenteeism and turnover. In order for discipline to achieve the desired result, the managers should ensure that desirable behaviours are reinforced. A disciplined workforce is a necessity to effectiveness and organizational development (Udom, 1998).

There is relationship between the level of workers' motivation and discipline. For instance, Staw, (1991) states that an employee's attendance is largely a function of two variables – an employee's motivation to attend and an employee's ability to attend – and that attendance motivating is a product of at least five major pressures which include economic and market conditions; incentive/reward system; work group norms; personal work ethics; and organizational commitment. In organizations, workers respect positive leadership. There is seldom a problem of discipline when they get it. The group enforces its own discipline. Thus discipline is the product of leadership and discipline problems are traceable to problems of leadership

Akerele, (1990) in his study of work attitudes of junior workers in a Nigerian university discovered that his study confirms that the general work attitude of junior workers in Nigerian public services reinforces absenteeism, lateness to work, uncooperativeness at work, low concern for public property and low organizational identification and suggested that positive work orientation could be internalized through comprehensive training programs to create awareness and introduce attitudinal change.

Olugbile, (1997) further states that there is a traditional approach to discipline which on one hand recognizes that an offender should be punished, but insists that when important
others such as elders, intervene to plead on behalf of the offender, the enforcer is duty bound to take their pleas into consideration; that standing against this tendency, of course, is the logic that justice must be impartial, and that the manager owes a duty to the organization to act equitably at all times and that if he defaults, it is the organization that ultimately suffers.

2.2.5: Government policy and employee productivity

Policy has goals therefore, in formulating policy; a country has to set goals which such a policy seeks to achieve. The rule by government determines the performance of the organization, with well regulated rules by the government and some restrictions by the same, like rules concerning the management of staff. The set rules help to work in accordance with the formulated rules. These formulated rules by the government helps the managers to set up clear rules to govern their organizations which leads to its success meaning of the same information. The government has enacted legislation to encourage and guide privatization process. Privatization of Parastatals is a sensitive issue it does indeed enhance labour turnover. Yet without regulation firms may not act in the interest of the public. In short someone usually needs to police the activities of business firms whether it be the government business themselves or other alternatives. Citizens of a country must pay for the services the government provides. This is accomplished through taxation. A tax is a payment for the support of government activities required of organizations and individuals within the domain of the government. In every business the issue of lack of adequate capital has been a big challenge. In the Parastatals, lack of capital will slow down the capacity of to undertake some of the key function brought about by technological changes which have recently been introduced in the world of business. For all these systems to be in place and to ensure prompt delivery of services (Muliro, 2003).

According to Harvey, (1988) policies are rules or guidelines that express the limits within which an action should occur. These rules often take the form of contingent decisions for solving conflicts among specific objectives hence guidelines for making decisions. A sound business policy is of great value in smooth running of an organization. Policies
stand as strong reference guide, answering a spectrum of questions which may arise in the operation of a business they are designed to secure a canon of consistency of purpose and to avoid decisions which are short sighted and conflicting and based on expediency.

Curren et al, (1986) commenting on the state politics and the small enterprises said that, small firms are not only shaped by the wider society, they also help sustain it. By and large, however, the overwhelming emphasis rests typically on small firms. Curren uses a case study to stress on the relationship between the policy makers and politicians, he says the paper illustrates the point while researchers may strive objectively and accurately to describe the position of the small firm, policy makers may simply choose to ignore their work and listen rather to the special pleading of interest groups of their own inner political voices.

According to Koontz, (1990) policies originated from the following sources; Originated policy flows back to top management because it is originated from the broad framework, which set and defined them. Appealed policy- springs from appeal of exceptional case not falling under the ambit of existing policies. Implied policy- is where the stated policy is not translated into practice or where no clear policies exist. Then the decision makers will adopt their own guidelines as they interpret the actions of their superiors. Externally imposed policy – such emanates because of external forces or pressures like government trade unions and associations.

Boehinge, (1991) says that the quality and effectiveness of government enhances development capacity in strategic areas that are vital to the process of development. He continues that, the just exercise of authority is one that has capacity for problem solving and conflict resolution and the efficient for performance of its functions based on the involvement of societal coalition and development.

2.3: Review of Critical Literature

Armstrong, (2000) training refers to systematic modification of behavior through learning. This occurs as a result of education, instruction, and planned experience. Training is task oriented as it focuses on a specific area of work. The training standards
are derived from the job description or task requirements of the job. Training is provided when there is a skill gap between expected and actual standards of work performance. Whereas this is true the author has failed to show how training affects employee productivity.

According to Smith, (2007) promotion refers to upward mobility of employees in organization this may be as a result of organization growth strategy or reward. Selection systems for promotion take many forms, including interviews, application blanks, resumes, oral examinations, written examinations, situational judgment tests, assessment centers, personality tests, evaluation of prior experience. Whereas this is true the author has failed to show how promotion affects employee productivity.

Lawler, (1977) recommended that reward should be distributed based on the performance of the employee. The principle of paying for performance is so logical and so deeply instilled in our value system that few attack it like apple pie, motherhood, and the flag, the allocation of rewards on the basis of performance is a revered concept in organizations. Whereas this is true the author has failed to show how remuneration affects employee productivity.

According to Yukl, (1994) discipline refers to the actions imposed by an organization on its employees for failure to follow the organization's rules, standards, or policies. Traditional approaches to discipline, based on punishment, are known to promote adversarial relationships between leaders and followers. A more effective approach now being used by many companies recognizes good performance and encourages employee commitment to the organization and its goals. Whereas this is true the author has failed to show how discipline affects employee productivity.

According to Harvey, (1988) policies are rules or guidelines that express the limits within which an action should occur. These rules often take the form of contingent decisions for solving conflicts among specific objectives hence guidelines for making decisions. A sound business policy is of great value in smooth running of an organization. Policies stand as strong reference guide, answering a spectrum of questions which may arise in the operation of a business they are designed to secure a canon of consistency of purpose.
and to avoid decisions which are short sighted and conflicting and based on expediency. Whereas this is true the author has failed to show how Government Policy affects employee productivity.

### 2.4: Conceptual Framework

A conceptual framework is considered to be a design that identifies each of the series of logical steps or variables and interactions which, bridge the gap from the beginning to the end of the research process. According to Kothari, (2003) the independent variable is typically the variable being manipulated or being changed and the dependent variable is the observed result of the independent variable being manipulated.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Employee Productivity</td>
</tr>
<tr>
<td>Promotion</td>
<td>-Meeting targets</td>
</tr>
<tr>
<td>Remuneration</td>
<td>-Level of motivation</td>
</tr>
<tr>
<td>Discipline</td>
<td>-Efficiency</td>
</tr>
<tr>
<td>Legislation</td>
<td>-Quality of service/products</td>
</tr>
</tbody>
</table>

![Conceptual Framework Diagram](image)

**Figure 2: Conceptual Framework**

**Source:** Research (2013)

In this study the independent variables are remuneration, training, promotion, discipline and government policy. The dependent variable is employee productivity. Political and economic environment as intervening variables may also have some moderating effect on employee productivity. The above relationships are summarized in the figure 2.2. Training is a planned process to modify attitude, knowledge or skill behavior through...
learning experience. It aims at achieving effective performance in an activity or range of activities. Its purpose, in work situation, is to develop the abilities of the individual and to satisfy the current and future manpower needs of the organization. Training will enable the organization to have highly skilled staff. Employees should be trained in such a way as to increase their level of skills. This was thought would enhance employee productivity.

Promotion refers to upward mobility of employees in organization this may be as a result of organization growth strategy or reward. Employee promotion in work place is a motivating factor and therefore should be handled with care. Promotions if conducted haphazardly would be detrimental to the organization and hence lead to diminished employee productivity.

Employee compensation refers to all forms of pay or rewarding going to employees and arising from their employment. Remunerations should be commensurate with the level of workload employees are engaged in otherwise it may lead to resentment and subsequently low employee productivity.

Discipline refers to the actions imposed by an organization on its employees for failure to follow the organization's rules, standards, or policies. Discipline is an essential element of the work ethics that may also enhance employee productivity. The management should uphold professional ethics while at the same time maintaining high discipline.

Legislation especially on performance contracting may influence employee productivity in the public sector. There are certain times when the government may find it difficult to continue supporting Parastatals that are non performing and unproductive and hence the need to restructure processes for efficiency and effectiveness.

2.5: Summary

It is widely known that the performance contracting is important because it enhances employee productivity due to its effectiveness. The benchmarks may create pressure on management or employees to enhance productivity. It’s also clear that the process of
evaluation can have a positive or negative impact on target achievement. The positive aspects may boost morale while the negative may exert pressure leading to manipulation of results.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1: Introduction

This chapter presents the methodology, which was used to carry out the study. It further described the type and source of data, the target population and sampling methods and the techniques that was used to select the sample size. It also described how data was collected and analysed.

3.2: Study Design

Research design is the outline, plan or scheme that is used to generate answers to the research problem. It is basically the plan and structure of investigation. Descriptive research design was used in the study. Descriptive research sought to establish factors associated with certain occurrences, outcomes, conditions or types of behavior. Descriptive research is a scientific method of investigation in which data is collected and analyzed in order to describe the current conditions, terms or relationships concerning a problem (Kothari, 2005).

3.3: Target Population

Target population as defined by Kothari, (2005) is a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population of the study was as follows:

Table 1: Target Population

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Supervisors</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Support Staff</td>
<td>70</td>
<td>87</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: New KCC Human Resources Dept. (2013)
3.4: Sampling Design

Sampling is the process by which a relatively small number of individual, object or event is selected and analyzed in order to find out something about the entire population from which was selected. A sample is a small proportion of targeted population selected using some systematic form. The research uses stratified random sampling because it enables generalization of a larger population with a margin of error that is statistically determinable Mugenda and Mugenda, (2003). The sample ratio is 50% of the target population. The sample size is as follows:

Table 2: Sample Size

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Target Population</th>
<th>Sample Size 50% of Target Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5</td>
<td>3</td>
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</tr>
<tr>
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<td>15</td>
<td>7</td>
<td>10</td>
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<tr>
<td>Support Staff</td>
<td>70</td>
<td>35</td>
<td>87</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher (2013)

3.5: Data Collection Methods

Mugenda and Mugenda, (2003) describes primary data as first-hand information collected, compiled and published for some purpose. This was data collected from the respondents by the researcher in form of questionnaires that they were required to fill. Since it was collected from original sources for specified purposes it involved collection of data by the researcher from own observations and experiences.

Kothari, (2005) refers to secondary data as information already collected by someone and for some purpose and are available for the present study. This is data which is originally collected for different purpose and at different time. Secondary data was relevant for the study since it was sourced from academic journals, text books, policy briefs and magazines.
3.5.1: Reliability of Research Instrument

Before the actual data collection, the researcher conducted a pilot study to determine the reliability of research instruments. Reliability of the research instrument was enhanced through a pilot study that was done in Brookside Dairy Kenya selecting a pilot group of 10 respondents. The data collection instrument was administered to conveniently selected respondents. According to Cooper and Schindler (2003), the pilot group can range from 25 to 100 subjects but it does not need to be statistically selected. The logic behind using another dairy company other than New KCC was in order not to pre-empty what the study was all about to potential respondents and also not to bother the respondent with the pilot study and actual study. The pilot data was not included in the actual study. This reliability estimate was measured using Cronbach Alpha coefficient (α). Nunnally (1978) recommends that instruments used in research should have reliability of about 0.70 and above.

3.5.2 Validity of the Research Instrument

To improve on the validity of the instrument the study sought for the opinions of experts in the field of study especially the researcher's supervisor and lecturers in the department of Business Administration of Kenyatta University. Mugenda and Mugenda (2003) contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field. This facilitated the necessary revision and modification of the research instruments thereby enhancing validity. According to Bridget and Lewin (2005), validity is the degree by which the sample of test items represents the content the test is designed to measure. Validation of the research instrument was important to this study as it ensured that the study collected relevant information to answer the research questions.

3.6: Data Collection Method

Questionnaires were used in the study. Questionnaires were hand-delivered and collected later. The types of questions used included both open and closed ended. Closed ended questions were used to ensure that the given answers are relevant. The research phrased
the questions clearly in order to make clear dimensions along which respondents would be analyzed. In open ended questions, space is provided for relevant explanation by the respondents, thus giving them freedom to express their feelings. This method is considered effective to the study in that; it will create confidentiality. The presence of the researcher will not be required as the questionnaire will be self-administered.

3.7: Data Analysis

After the data was collected it was organized and analyzed. For the analysis of closed-ended questions, a computer aided Statistical Package for Social Sciences (SPSS) was used. Data was analyzed by using descriptive statistics. Frequency tables were drawn and from these the data was presented in pie charts and bar graphs. The open-ended questions were analyzed through quantitative content analysis by the researcher with the aim of quantifying emerging characteristics and concepts. Concept analysis is the process of analyzing verbal or written communications in a systematic way to measure variables quantitatively (Cooper and Schindler 2008).

The study also conducted both correlation and regression inferential analysis. It’s a measure of the degree of association between two or more variables that have been obtained from the same group of subjects. Oso (2009) indicate that it is used when a researcher wants to predict and describe the association between two or more variables in terms of magnitude and direction. Finally recommendations were made based on the results of the study.

The regression equation was: \[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \]

Whereby \( Y \) = Employees Productivity; \( \beta_0 \) = Constant; \( \beta_1, \beta_2, \beta_3, \beta_4, \beta_5 \) = Coefficients of determination; \( X_1 \) = Training; \( X_2 \) = Promotion; \( X_3 \) = Remuneration; \( X_4 \) = Discipline; \( X_5 \) = Legislation; \( \varepsilon \) = Error term.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1: Introduction

This chapter analyses the findings, interprets and presents data in line with the objectives of the study. The data obtained is presented in tabular form, percentages and in descriptive statistics such as pie charts, line and bar graphs. The chapter is further subdivided into several sections that are pertinent to the subjects under study. The purpose of the study was to analyze the effects of performance contracting on employee productivity and therefore sought to establish the effect of training, promotion, remuneration, discipline and legislation on employee productivity.

4.1.1: Response Rate

Table 3 and Figure 3 below presents data on response rate.

Table 3: Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>40</td>
<td>88</td>
</tr>
<tr>
<td>Non Response</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 3: Response Rate

Source: Researcher (2013)
A total of 45 questionnaires were distributed to the respondent, however, only 40 were returned dully filled in this represents a response rate of 88%. This response rate was excellent and representative and conforms to Mugenda and Mugenda (2008) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This response rate was due to extra efforts made by the researcher via personal calls and visits to remind the respondent to fill-in and return the questionnaires.

4.2: Presentation of Findings

4.2.1: General Information

4.2.1.1: Age of Respondents

On the age of the respondents, the results findings are as presented on Table 4 and Figure 4 below.

Table 4: Age of the Respondent

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>26-35</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>36-45</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>46-55</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Above 55</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2013)
Majority of the respondents, 20, which represents 50% of the respondents were between the ages of 36-45, 22% were between 26-35 years of age, 4 respondents (10%) were in the age bracket 46-55, 2 respondents (5%) were above 55 years in age while 5 respondents (3%) were 18-25 years of age. Based on the study findings, it can be inferred that majority of the respondents were between the age of 36-45. This also shows that all the employees in New KCC had attained the age of majority and it can therefore be depicted that the organization does not engage child labour. Further, it implies that the respondents are normally distributed; however, this pose a challenge in future as a majority of the respondents who are aged between 36 to 45 years will retire around the same time and therefore the organization will spend a lot in recruitment of new staffs. Further, this will also affect the organizations’ performance as productivity will be lowered during induction of new employees.

4.2.1.2: Gender

The issue of gender was important in the study as it would indicate whether there was gender balance in the responses given, the findings were as follows:
Table 5: Gender

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>24</td>
<td>60</td>
</tr>
<tr>
<td>Female</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

According to Table 5 and Figure 5 above the total number of male respondents were 24 (60%) while female respondents were 16 (40%). From the results, it is evident that New KCC has more male employees to female employees this could be attributed to the nature of work in the organization which is more masculine than feminine.

4.2.1.3: Number of Years Worked

The respondents were asked to indicate the duration in years that they had worked in New KCC. The data findings are as presented on Table 6 and Figure 6 below.
Table 6: Number of Years Worked

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>2-3 years</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>4-5 years</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

The study findings indicated that majority of the respondents comprising 20 (50%) had worked for more than 5 years, 8 respondents (20%) had worked less than 1 year, while 6 respondents (15%) had worked between 2-3 years or between 4-5 years. Based on the analysis it can be concluded that the majority of these employees had been with the organization for more than 5 years. This depicts therefore that the respondents were in a position to provide relevant information as sought by the study owing to the duration of service at the organization implying that they understood the organization well. Further, this confirms the data on respondents’ age where majority are above 36 years of age. This length of duration in service by the respondents also shows that New KCC had in place effective employees’ retention strategies having in mind that the organization had recently resurfaced after a close down during KANU regime.
4.2.1.4: Department in which the respondents worked

The respondents were asked to indicate the department in which they worked. The results were presented on Table 7 and Figure 7 below.

Table 7: Department worked in

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Production</td>
<td>22</td>
<td>55</td>
</tr>
<tr>
<td>Sales</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Human Resource</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 7: Department worked in

Majority of the respondents, 22 which comprised 55% of the total respondents indicated that they were from production department, 10 respondents, 25% of the total respondents indicated that they were from sales department, and 6 respondents (15%) indicated that they were from transport department while 2 (5%) respondents were from human
resource department. This depicts that majority of the employees in New KCC are in production department; this is explained by the fact that New KCC is a manufacturing organization and therefore majority of its human resource are bound to be in production.

4.2.2: Training

4.2.2.1: Training and Productivity

The respondents were asked to indicate their level of agreement on whether training improved productivity. The data findings are presented on Table 8 and Figure 8 below.

Table 8: Training and Productivity

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Agree</td>
<td>25</td>
<td>63</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 8: Training

Majority of the respondents (25) comprising 63% agreed that training had improved their productivity in the organization, 7 respondents (18%) disagreed, 5 respondents (12%)
strongly disagreed while 3 respondents (7%) strongly agreed that training had improved their productivity. This therefore shows indeed training improves productivity in organizations.

4.2.2.2: Training resources and Productivity

Also, the study sought to establish whether training resources improves productivity of employees in New KCC. The data findings are presented on Table 9 and Figure 9 below.

Table 9: Training Resources

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Agree</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 9: Training Resources

Majority of the respondents, 20 which represent 50% of the respondents strongly agreed that training resources had improved their productivity in the organization, 12 respondents (30%) agreed that training resources improved their productivity, while 4
respondents (10%) in each case either disagreed or strongly disagreed. From the results, it is evident that availability of training resources improves their employees’ productivity. This indicates that there is need for organizations to commit more resources to train their employees to achieve better employee performance.

4.2.2.3: Training Knowledge and Productivity

The respondents were asked to indicate whether training knowledge had improved employees productivity in New KCC. The results finding are presented on Table 10 and Figure 10 below.

Table 10: Training Knowledge

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Agree</td>
<td>23</td>
<td>57</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 10: Training Knowledge

Majority of the respondents, 23, comprising 57% agreed that training knowledge had improved their productivity, 7 respondents (17%) strongly agreed that training
knowledge had improved their productivity, 6 respondents (15%) disagreed with the statement that training knowledge had improved their productivity while 4 respondents which is 11% of respondents strongly disagreed that training knowledge had improved their productivity. This implies training knowledge helps improve employees' productivity in organisations.

4.2.2.4: Training Expectations and Productivity

Further, the respondents were asked to indicate their agreement on a statement that training expectation had improved their productivity. The findings are presented on Table 11 and figure 11 below.

Table 11: Training Expectations

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Agree</td>
<td>21</td>
<td>53</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 11: Training Expectations

Source: Research (2013)
Majority of the respondents, 21, (53%) agreed that training expectation had improved their productivity, 9 respondents (22%) strongly agreed, 8 respondents (20%) strongly disagreed while 2 respondents (5%) of respondents strongly disagreed that training expectations had improved their productivity. This therefore shows that training expectations improves employees’ productivity in organizations.

4.2.3: Promotion

4.2.3.1 Promotion and Productivity

As to whether promotion enhanced productivity the respondents indicated the following:

Table 12: Promotion and Productivity

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Agree</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 12: Promotion

Source: Research (2013)
According to Table 12 and figure 12 above, majority of the respondents, 20, which comprised of 50% of the respondents agreed that promotion had improved their productivity, 7 respondents (17%) strongly agreed that promotion had improved their productivity, 7 respondents (17%) strongly disagreed while 6 respondents (16%) of respondents disagreed that promotion had improved their productivity. This infers that promotion helps to improve morale of employees and hence leads to improved productivity.

4.2.3.2: Effect of Promotion on employees’ ownership of achieved productivity

The study further sought to find out from the respondents their level of agreement with the statement that promotion makes them own achieved productivity. The results are presented on Table 13 and figure 13 below

Table 13: Promotion versus Productivity

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Agree</td>
<td>24</td>
<td>60</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>17.5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 13: Promotion versus Productivity

Source: Research (2013)
Majority of the respondents, 24, which was 60% of the respondents were in agreement with the statement that promotion makes them feel owners of achieved productivity. 7 respondents (17.5%) strongly disagreed, 6 respondents (15%) strongly agreed while 3 respondents which comprised of 7.5% of respondents disagreed with the statement that promotion makes them feel owners of achieved productivity. This therefore depicts that promotion in organization is used as a motivation tool and helps the employees feel part of achieved productivity.

4.2.3.3: Promotion and Work Morale

Table 14: Promotion Morale

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>23</td>
<td>57</td>
</tr>
<tr>
<td>Agree</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 14: Promotion Morale

Source: Research (2013)
According to Table 14 and Figure 14 above, majority of the respondents, 23, which comprised of 57% of the total respondents strongly agreed that promotion morale had led to improved employees' productivity, 7 respondents (17%) had agreed that promotion morale helps improved employees' productivity while 5 respondents (13%) either disagreed that promotion morale had improved their productivity or strongly disagreed. From the results it can be depicted that promotion morale steers employees towards enhanced productivity in the organization.

4.2.3.4: Promotion Accountability and Productivity

Table 15: Promotion Accountability and Productivity

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Agree</td>
<td>25</td>
<td>63</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 15: Promotion Accountability and Productivity

Source: Research (2013)
Table 15 and Figure 15 above indicates that 25 (63%) respondents agreed that promotion accountability had helped improve employees productivity in the organization, 8 respondents (20%) strongly agreed that promotion accountability had improved employees productivity, 5 respondents (12%) disagreed that promotion accountability had improved employees productivity while 2 respondents (5%) strongly disagreed that promotion accountability had improved employees’ productivity. This therefore shows that promotion accountability motivates employees in the organization to improve their productivity.

4.2.4: Remuneration

4.2.4.1: Remuneration and Productivity

Table 16: Remuneration and Productivity

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>68</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 16: Remuneration and Productivity

Source: Researcher (2013)
Table 16 and Figure 16 above shows that majority of the respondents, 27 (68%), were in agreement with the statement that remuneration helped employees improved their productivity, 10 respondents (25%) strongly agreed, 2 (5%) disagreed while 1 respondent (2%) strongly disagreed that remuneration helped employees improved their productivity. It can therefore be depicted that remuneration had helped improve employees' productivity in the organization.

4.2.4.2: Remuneration System

Table 17: Remuneration System

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Agree</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 17: Remuneration System

According to Table 17 and Figure 17 above, majority of the respondents, 20 (50%), strongly agreed that remuneration system had improved their productivity, 12 respondents (20%) were in agreement with the statement that remuneration system had
improved employees productivity in the organization 7 respondents (18%) disagreed while 5 respondents (12%) strongly disagreed. It is therefore depicted that remuneration system helps improved employee productivity in the organization.

4.2.4.3: Remuneration Impact

Table 18: Remuneration Impact

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Agree</td>
<td>26</td>
<td>65</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 18: Remuneration Impact

Table 18 and figure 18 above indicate that majority of the respondents, 26 (65%), agreed that remuneration had an impact on employees productivity, 6 respondents (15%) strongly agreed that remuneration impacted on employees productivity, 5 respondents (12%) disagreed while 3 respondents (8%) of respondents strongly agreed that remuneration had impact employees productivity. This therefore illustrates that remuneration impacts on employees productivity in New KCC and therefore the
organization should endeavor to remunerate their employees well to ensure that they remain motivated.

4.2.5: Discipline

4.2.5.1: Discipline in Organization

Table 19: Discipline

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transport</td>
</tr>
<tr>
<td>Excellent</td>
<td>1</td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Fair</td>
<td>3</td>
</tr>
<tr>
<td>Poor</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 19: Discipline

Source: Research (2013)

Table 19 and figure 19 above indicate how the respondents rated discipline per department in the organization. In the production department majority of the respondents 13 respondents (59%) rated discipline as good, and 6 respondents (27%) rated it as excellent while 3 respondents (14%) rated it as fair. In human resource department all the
respondents (2 respondents, 100%) rated discipline as good. Further, in transport department, majority of the respondents 3 respondents (50%) rated discipline as fair and 2 respondents 33% rated it as good while 1 respondent (17%) rated it as excellent. It was also indicated that majority of the respondents (5 respondents, 50%) in sales department rated discipline as good and 3 respondents (30%) rated it as excellent while 2 (20%) rated it as fair. This depicted that discipline in the four department, production, sales, transport and Human resource was good.

4.2.5.2: Discipline and Employee Productivity

Table 20: Discipline and Employee Productivity

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>29</td>
<td>73</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

According to Table 20 and Figure 20 above, 73% (29 respondents) of the respondents indicated that discipline had an effect on employee productivity, 27% stated that discipline had no effect on employee productivity. This therefore illustrates that
discipline had an effect on employee productivity. However, 27% (11 respondents) of the respondents indicated that discipline did not affect employee productivity. This finding is alarming as indicated that 27% of the employees in New KCC did not value discipline as a predictor of productivity. Therefore, a further research should be conducted to establish reasons for their views.

4.2.6: Legislation and Employee Productivity

Table 21: Legislation and Employee Productivity

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Good</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Fair</td>
<td>21</td>
<td>52</td>
</tr>
<tr>
<td>Poor</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 21: Legislation

From Table 21 and Figure 21 above majority of the respondents, 21 (52%), rated legislation in New KCC as fair, 9 respondents (22%) of the total respondents rated it as good, 7 respondents (17%) of the respondents rated it as excellent while 3 respondents (9%) of the respondents rated legislation as poor. This therefore indicates that legislation in New KCC was fair as indicated by majority of the respondents. This indicates that
majority of the respondents were contented with the legislation to a moderate extent, as indicated by their rating of legislation as fair. However, others rated legislation as poor, this could be as a result of the salaries they received did not commensurate with their productivity.

4.2.6.1: Influence of Legislation on Employee Productivity

Table 22: Legislation Influence and Employee Productivity

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>27</td>
<td>68</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 22: Legislation Influence

Table 22 and Figure 22 above show the results of analysis of the effect of legislation on employee productivity. 27 respondents (68% of the respondents) indicated that legislation had an effect on employee productivity, 13 (32%) stated that legislation had no effect on employee productivity. This therefore depicts that legislation influences employee productivity as indicated by majority of the employees. However, almost a third of the respondents indicated that legislation in the company did not influence their productivity. This depicts defiance to the legislation by some employees which could be as a result of poor motivation having in mind that the employees complains of salaries that do not
commensurate with their productivity. These calls for a need to change legislations to accommodate remunerate employees in relation to their productivity.

4.2.6.2: Commensurate Salary

Table 23: Commensurate Salary and Employee Productivity

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>19</td>
<td>48</td>
</tr>
<tr>
<td>No</td>
<td>21</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

The respondents were asked to indicate whether the salary they received commensurate with their productivity. The result findings were presented on Table 23 and Figure 23 above. Majority of the respondents (21 respondents which is 52% of the respondents) indicated that their salary did not commensurate their productivity while 19 respondents (48%) stated that their salary did commensurate with their productivity. It therefore depicts that salaries in New KCC did not match the employees’ productivity and therefore call for measures to bridge the gap to avoid risk of low employee motivation which will in turn harm productivity in the organization.
4.2.6.1: Training Frequency

Table 24: Training Frequency

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>Transport</th>
<th>%</th>
<th>Production</th>
<th>%</th>
<th>Sales</th>
<th>%</th>
<th>Human Resource</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>18</td>
<td>7</td>
<td>70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Half yearly</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>14</td>
<td>1</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yearly</td>
<td>1</td>
<td>17</td>
<td>15</td>
<td>68</td>
<td>2</td>
<td>20</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Never</td>
<td>5</td>
<td>83</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>100</td>
<td>22</td>
<td>100</td>
<td>10</td>
<td>100</td>
<td>2</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Figure 24: Training Frequency

According to Table 24 and Figure 24 above, in production department, majority of the respondents (15 respondents which represents 68% of the respondents in production department) indicated that training occurred yearly and 4 respondents (18%) indicated that it occurred quarterly while 3 respondents (14%) indicated that it occurred on a half yearly basis. In the transport department 5 respondents (83%) indicated that training never occurred at all while 1 respondent (17%) indicated that it occurred yearly. In sales
department majority of the respondents 7 respondents (70%) indicated that training occurred quarterly and 2 respondents (20%) indicated that training occurred yearly while 1 respondent (10%) indicated that it occurred half yearly. In the human resource department all the respondents, 2 respondents 100%, indicated that training occurred yearly. This depicts that while in some department training was carried out frequently, in other department like transport and production training was rarely done if ever. This also indicated a lapse in legislation concerning training of employee, it therefore indicates a relaxation by individual in charge and therefore the need to compel the managers to ensure strict adherence to employee training and development.

4.3 Inferential Statistics

4.3.1 Correlation Analysis

Pearson’s product moment correlation analysis was used to assess the relationship between independent variables (training, promotion, remuneration, discipline and legislation) and dependent variable (employee productivity).

Table 25: Correlation Matrix

<table>
<thead>
<tr>
<th>Employee Productivity</th>
<th>Training</th>
<th>Promotion</th>
<th>Remuneration</th>
<th>Discipline</th>
<th>Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Productivity (r)</strong></td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(p) Sig. (2 tailed)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training (r) (p) (2 tailed)</td>
<td>0.794</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.037</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion (r) (p) (2 tailed)</td>
<td>0.693</td>
<td>0.316</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.039</td>
<td>0.047</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remuneration (r) (p) (2 tailed)</td>
<td>0.861</td>
<td>0.163</td>
<td>0.216</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>0.019</td>
<td>0.019</td>
<td>0.047</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discipline (r) (p) (2 tailed)</td>
<td>0.802</td>
<td>0.161</td>
<td>0.233</td>
<td>0.462</td>
<td>1.000</td>
</tr>
<tr>
<td>0.021</td>
<td>0.029</td>
<td>0.0464</td>
<td>0.014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislation (r) (p) (2 tailed)</td>
<td>0.715</td>
<td>0.491</td>
<td>0.694</td>
<td>0.587</td>
<td>0.376</td>
</tr>
<tr>
<td>0.031</td>
<td>0.0088</td>
<td>0.0183</td>
<td>0.0452</td>
<td>0.0098</td>
<td></td>
</tr>
<tr>
<td><strong>Source:</strong> Research (2013)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The data presented before on training, promotion, remuneration, discipline and legislation were computed into single variables per factor by obtaining the averages of each factor. Pearson's correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. The table above indicates the correlation matrix between the factors (training, promotion, remuneration, discipline and legislation) and employee productivity. According to the table, there is a positive relationship between employee productivity and training, promotion, remuneration, discipline and legislation of magnitude 0.794, 0.693, 0.861, 0.802 and 0.715 respectively. The positive relationship indicates that there is a correlation between the factors and employee productivity with remuneration having the highest value and promotion having the lowest correlation value.

This notwithstanding, all the factors had a significant p-value (p<0.05) at 95% confidence level. The significance values for relationship between employee productivity and training, promotion, remuneration, discipline and legislation were 0.037, 0.039, 0.019, 0.021 and 0.031 respectively. This implies that remuneration was the most significant factor, followed by discipline then training, followed by legislation while promotion was the least significant.

4.3.2 Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the employee productivity. The researcher applied the statistical package for social sciences (SPSS V 20) to code, enter and compute the measurements of the multiple regressions for the study.

Coefficients of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (employees’ productivity) that is explained by all the five independent variables (training, promotion, remuneration, discipline and legislation).
4.3.2.1 Model Summary

Table 26: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.919</td>
<td>0.845</td>
<td>0.789</td>
<td>0.6273</td>
</tr>
</tbody>
</table>

Source: Research (2013)

The five independent variables that were studied, explain only 84.5% of the employees' productivity as represented by the $R^2$. This therefore means that other factors not studied in this research contribute 15.5% of the employees' productivity. Therefore, further research should be conducted to investigate the other factors (15.5%) that affect employees’ productivity in New KCC.

4.3.2.2 ANOVA Results

Table 27: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.534</td>
<td>2</td>
<td>1.267</td>
<td>9.475</td>
<td>.0179a</td>
</tr>
<tr>
<td>Residual</td>
<td>9.307</td>
<td>38</td>
<td>2.327</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.465</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research (2013)

The significance value is 0.0179 which is less that 0.05 thus the model is statistically significant in predicting how training, promotion, remuneration, discipline and legislation affect the employee productivity in New KCC. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 9.475), this shows that the overall model was significant.
4.3.2.3 Coefficient of determination

Table 28: Coefficient of determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.147</td>
<td>1.2235</td>
<td></td>
<td>.367</td>
</tr>
<tr>
<td>Training</td>
<td>0.752</td>
<td>0.1032</td>
<td>0.152</td>
<td>4.223 .0292</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.637</td>
<td>0.3425</td>
<td>0.054</td>
<td>3.724 .0329</td>
</tr>
<tr>
<td>Remuneration</td>
<td>0.845</td>
<td>0.2178</td>
<td>0.116</td>
<td>3.936 .0211</td>
</tr>
<tr>
<td>Discipline</td>
<td>0.839</td>
<td>0.1937</td>
<td>0.263</td>
<td>3.247 .0234</td>
</tr>
<tr>
<td>Legislation</td>
<td>0.693</td>
<td>0.161</td>
<td>0.233</td>
<td>3.145 .0307</td>
</tr>
</tbody>
</table>

Source: Research (2013)

Multiple regression analysis was conducted as to determine the relationship between employees’ productivity and the five variables. As per the SPSS generated table above, the equation \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \) becomes:

\[
Y = 1.147 + 0.752X_1 + 0.637X_2 + 0.845X_3 + 0.839X_4 + 0.693X_5
\]

According to the regression equation, taking all factors into account (training, promotion, remuneration, discipline and legislation) constant at zero, employees’ productivity will be 1.147. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in training will lead to a 0.752 increase in employees’ productivity; a unit increase in promotion will lead to a 0.637 increase in employees’ productivity, a unit increase in remuneration will lead to a 0.845 increase in employees’ productivity, a unit increase in discipline will lead to a 0.839 increase in employees’ productivity; and a unit increase in Legislation will lead to a 0.693 increase in...
employees’ productivity. This infers that remuneration contribute most to the employees productivity followed by discipline. At 5% level of significance and 95% level of confidence, training had a 0.0292 level of significance, promotion showed a 0.0369 level of significance, remuneration showed a 0.0211 level of significance, discipline showed a 0.0234 level of significance and legislation showed a 0.0307 level of significance hence the most significant factor is remuneration.

4.4: Summary of Data Analysis

This section provides a summary of the research findings and analysis by focusing on the general response from the respondents who took part in the study. Out the 47 questionnaires that administered to respondents 40 were duly filled as per the requirement while 7 were did not meet the requirement for analysis. The response rate was 88% while the non-response was 12% this did show that the response rate was high enough to enable the analysis. The study established that 50% of the respondents were between the ages of 36-45 years and 60% of them were male. 50% of the respondents had worked for more than 5 years and 55% of the total respondents of them were from production department.

On training 63% of the respondents were of the opinion that it had improved their productivity in the organization. Further, the study revealed that 50% strongly agreed that resources provided during training had enhanced their ability to perform. On training, 57% of the respondents indicated that the knowledge acquired had improved their productivity, while 53% that training expectation had influenced their productivity.

The findings on promotion show that 50% of the respondents did agree that promotion had improved their productivity. From the results, 60% of the respondents agreed that there was a relationship between promotion productivity. The study also illustrated that 57% of the respondents strongly agreed that promotion affected the staff morale and hence enhanced their productivity. Further, 63% of the respondents did agree that transparent and accountable systems would improve their productivity.

The findings on remuneration show that 68% of the respondents were of the opinion that remuneration had improved their productivity. It was also shown that 50% of the
respondents strongly agreed that effective remuneration system would enhance their productivity in the organization. Also, 65% of the respondents agreed that remuneration had an impact on their productivity.

The findings on discipline per department in the organization show that 59% of the total respondents in the production department rated discipline as good. The human resource department 100% of the total respondents rated discipline as good. In transport department, 50% of the respondents rated discipline as fair, 50% of the respondents in sales department rated discipline as good and 73% of the total respondents indicated that discipline had an effect on employee productivity. The findings on legislation show that 52% of the total respondents rated legislation as fair and a further 68% of the total respondents indicated that legislation had an effect on employee productivity.

From the correlation analysis all factors (training, promotion, remuneration, discipline and legislation) were significant at 95% confidence level. There was a positive relationship between the dependent factor and the independent factors. This implies that there is a correlation between the factors and employee productivity with remuneration having the highest correlation value, followed by discipline then training, legislation while promotion had the least correlation value. From the regression analysis the following regression equation was formulated; 

\[ Y = 1.147 + 0.752X_1 + 0.637X_2 + 0.845X_3 + 0.839X_4 + 0.693X_5 \]

From the above regression equation, it can be deduced that remuneration contributes most to the employees’ productivity followed by discipline. At 5% level of significance and 95% level of confidence, the most significant factor is remuneration.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

The purpose of the study was to analyze the effect of performance appraisal on employee productivity in the public sector. This chapter presents findings of the study, conclusions and recommendations.

5.2: Summary of Findings

5.2.1 Bio data

The findings indicated that majority of the employees were in the youthful to middle age bracket, over 85% of the respondents were below 45 years and majority of them (60%) were male. The findings also indicate that 50% of the respondents had worked in New KCC for more than 5 years and majority of them (55%) were from production department.

5.2.2: The effects of training on employee productivity in the public sector

The findings shows that that indeed training improves productivity in organizations to a great extent this is as indicate by 63% of the respondents who indicated that training improved productivity of employees in New KCC. The findings also indicated that there is need for organizations to commit more resources to train their employees to achieve better employee performance as availability of training resources was shown by 50% of the respondents to influence employees’ productivity greatly. It was also found out that training knowledge also helps improve employees’ productivity in organizations as shown by 57% of the respondents, as the employees get armed with knowledge on how to go about their daily duties in the organization. Finally, it was also found out that training expectations improves employees’ productivity in organizations; this is indicated by 53% of employees who participated in the study.
5.2.3: Promotion’s effect on employee productivity in the public sector

On the influence of promotion of employee productivity, it was established that promotion helps to improve employees’ morale and hence leads to improved productivity in an organization; this was indicated by 50% of employees in New KCC who participated in the study. Promotion in organization was also found out to be used as a motivation tool and helps the employees feel part of achieved productivity; this was shown by the majority of the respondents 60% who indicated that there was a relationship between promotion and employees productivity. The findings also indicated that promotion steers employees’ morale towards enhanced productivity in the organization; this is as indicated by 57% of the respondents who strongly agreed that promotion affected the staff morale and hence enhanced their productivity. Also, it was established that promotion accountability motivates employees in the organization to improve their productivity as indicated by 63% of the employees who agree that transparent and accountable systems improves employees productivity in New KCC. The findings therefore indicate that promotion is an effective motivation tool that improves employee productivity greatly in an organization.

5.2.4: The effects of remuneration on employee productivity in the public sector

The findings also indicated that remuneration helps improve employees’ productivity in the organization; this was indicated by majority of the employees, 68% who were of the opinion that remuneration had improved their productivity. The findings also indicated that remuneration system helps improved employee productivity in the organization by motivating the employees; this was indicated by 50% of the employees who participated in the study and indicated that effective remuneration system would enhance their productivity in the organization. Also, the findings illustrates that that remuneration impacts on employees’ productivity in New KCC and therefore the organization should endeavor to remunerate their employees well to ensure that they remain motivated. This was shown by 65% of the respondents who agreed that remuneration had an impact on their productivity.
5.2.5: Effect of discipline on employee productivity in the public sector

Discipline among the employees in the four departments in New KCC; production, sales, transport and Human resource was found to be good. The findings on discipline per department in the organization show that 59% of the total respondents in the production department rated discipline as good. The human resource department 100% of the total respondents rated discipline as good. In transport department, 50% of the respondents rated discipline as fair, 50% of the respondents in sales department rated discipline as good and 73% of the total respondents indicated that discipline had an effect on employee productivity. It was further established that discipline had an effect on employees’ productivity; this was shown by 73% of the respondents, as it ensured that the employee remained focused on their goals and hence the improved productivity.

5.2.5: The effects of legislation on employee productivity in the public sector

The findings further found out that legislation in New KCC was fair as indicated by majority of the respondents. The findings indicated that majority of employees in New KCC, 52%, rated legislation as fair, 22% as good while 17% rated it as excellent. The findings also indicated that legislation influences employee productivity; majority of employees (68%) in New KCC who participated in the study indicated that legislation influenced employees’ productivity. The findings also indicates that salaries in New KCC did not match the employees’ productivity and therefore call for measures to bridge the gap to avoid risk of low employees’ motivation which will in turn harm productivity in the organization. This was highlighted by 52% of employees in New KCC who participated in this study. It was also showed that training in the organization was not conducted frequently which could influence employee productivity negatively. Department like transport was indicated by 83% of the participants not to conduct training ever, while 68% of participants from production department and 100% from human resource department indicated that training was conducted on yearly basis which is not enough to impact on employees productivity and therefore was a need to improve on frequency of performing the training.
5.3: Conclusions

5.3.1 The effects of training on employee productivity in the public sector

The study sought to establish the effect of training on employee productivity in the public sector. To this objective, it was established that training influences employee productivity in the public sector to a great extent. It was also concludes that employees’ training is dependent on availability of training resources. Therefore, training resources influences employees’ productivity indirectly. From the findings, it is further concluded that training knowledge and training expectations also influenced employee productivity.

5.3.2 Promotion’s effect on employee productivity in the public sector

Further, it was conclusion that promotion influences employee productivity in New KCC to a great extent. Promotion in organization is used as a motivation tool and helps the employees feel part of achieved productivity. The findings also established that promotion morale steers employees towards enhanced productivity in the organization. It was also concluded that promotion accountability motivates employees in the organization to improve their productivity.

5.3.3 The effects of remuneration on employee productivity in the public sector

Further it was concluded that remuneration helps improve employees’ productivity in the organization. Remuneration was established to be a motivational tool used by the organizations to achieve enhanced employee performance.

5.3.4 Effect of discipline on employee productivity in the public sector

On discipline, it was concludes that the four department in New KCC, production, sales, transport and Human resource upheld high standard of discipline. It was concluded that discipline helped the organization to achieve high employee productivity.

5.3.5 The effects of legislation on employee productivity in the public sector

Finally concluded that legislation in New KCC was fair. It was also concluded that legislation influences employee productivity. Salaries in New KCC were found not to
match the employees’ productivity. However, training was established to be frequently carried out in New KCC.

5.4: Recommendations

Based on the study findings the following recommendations were made:

5.4.1: The effects of training on employee productivity in the public sector

It is recommended that the organization commits more resources for training of employees in order to improve productivity of employees. Trained staffs perform better since they clearly understand how to carry out the tasks with minimum supervision and with skills. Training imparts skills and knowledge requirements for the job which enhances productivity. Further, to ensure that the productivity of the employees is maintained at high levels, frequent need for training assessment should be carried out in the organization to identify fields in which the employees need to be trained in. Training should be tailor made to focus on the impediments of task performance that affect productivity.

5.4.2: Promotion’s effect on employee productivity in the public sector

High performing employees should be promoted frequently to ensure that they are motivated for higher productivity. Therefore, New KCC should link employees’ performance with promotion so that the employees are motivated to higher productivity in order to be promoted. Promotion in the organization, in terms of position elevation, increased pays and others, should be employed to encouraged employees to achieve their ambitions, this ensures that employees feel appreciated and that their effort are recognized. Appreciation may motivate others to work harder and hence increase their productivity. It is proved that promotion helps to improve morale of employees and hence leads to improved productivity.

5.4.3: The effects of remuneration on employee productivity in the public sector

The organization should endeavor to remunerate their employees well since well remunerated staffs are motivated to better performance and hence achieve higher
productivity in their work. Organizations that have remuneration systems that are commensurate tend to attract and retain high performers and therefore registers high employees productivity, the organization should use pay rise to their employees as this has a long-term effect on employee productivity and retention. Remuneration increases overall employee morale provided the benefits are regarded as equitable. Since remuneration is a reward or compensation given to the employees for their work performances, New KCC should ensure that employees are adequately remunerated so that their motivation is enhanced and therefore their productivity increased. Further, it is recommended that New KCC should also use other non-monetary remuneration like recognition and promotion to increase productivity of the employees.

5.4.4: Effect of discipline on employee productivity in the public sector

The management of New KCC should ensure that discipline of the employees is enhanced in order to achieve a greater commitment by employees to the organization bottom-line and therefore ensure an enhanced productivity by the employees. The management should therefore consider counseling their employees where they fail or if the nature of offense is beyond counseling, disciplinary action is reviewed by Human Resources who will typically recommend courses of action that will ensure that discipline is upheld in the organization.

5.4.5: The effects of legislation on employee productivity in the public sector

Legislations provide guidelines for daily operations in a firm. It is prudent to have proper instruments that are understood by those involved in the process. The guidelines should encourage participation by all employees without being punitive in nature and its overall objective should be to improve employees' productivity. New KCC should ensure that the legislations in place offer commensurative salaries to employees to ensure that they are motivated to higher productivity. This is an urgent issue that needs to be implemented as the findings indicates that salaries in New KCC did not match the employees' productivity. Further, training of employees in New KCC should be prioritized to ensure that the employees are equipped with the necessary skill for enhanced productivity.
Personnel in charge of training in the company compel the managers to strictly adhere to employee training and development for increased productivity.

5.5: Suggestions for Further Research

The study dwelt much on the effects of performance contracting on employee productivity in public organization. Other researchers should also attempt to find out whether the same results would hold true for private organizations and other public institutions that are in the same business.

This study finding indicates a substantial proportion of employees (27%) who indicated that in New KCC discipline were not regarded as a predictor of employees’ productivity, this is alarming and therefore, a further research should be conducted to establish reasons for their views.


Kiltgaard, R. (1997). Cleaning up and Invigorating the Civil Service', Public Administration and Development, 17(1), 34- 45


OECD (1997). In search of results: performance management practices in ten OECD countries. Paris Public management committee, OECD.


APPENDICES

Appendix 1: Letter of Introduction

Kamao Japheth Ontomwa

0737735611

October, 16\textsuperscript{th}, 2013

Dear Sir/Madam,

RE: REQUEST FOR PARTICIPATION IN A RESEARCH STUDY

I am a student in Kenyatta University pursuing Master of Business Administration (Project Management Option). As a requirement, I am currently undertaking a research thesis on “Assessment of the Effects of Performance Contracting on Employee Productivity in the Public Sector” taking a case of New Kenya Cooperative Creameries Company Limited.

You have been identified to participate in the study. Kindly respond to the questions included in the questionnaire attached giving your most sincere answers. All the information provided will be used purely for academic purposes and will be treated with anonymity and utmost confidentiality.

Thank you for your cooperation.

Yours faithfully,

Kamao Japheth Ontomwa
Appendix II: Letter of Authority

KENYATTA UNIVERSITY
SCHOOL OF BUSINESS
DOCTORAL & MBA COORDINATION OFFICE

P. O. Box 43844
NAROBI
KENYA
Tel: 020 870 3724

16th October, 2013

TO WHOM IT MAY CONCERN:

REF: KU/MBA-PHD/RECOMM. LETTERS/VOL IV (9)


This is to confirm that the above named is a Master of Business Administration (Project Management Option) student in the School of Business, Kenyatta University.

He is through with course work and has successfully defended his MBA Project proposal (Effects of performance contracting on employee productivity in the public sector: A case study of Kenya Cooperative Creameries). I confirm that he has done all the corrections that were pointed out by the examiners during the defense and he is now embarking on data collection.

Any assistance accorded to him will be much appreciated by this office.

Thank you,

ISAAC LOKERIS
FOR: DOCTORAL AND MBA PROGRAMME COORDINATOR

JMK/lk

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Appendix III: Questionnaire

Please answer questions by putting a tick [✓] in the appropriate box or by writing in the space provided.

Section 1: General Information
i) Name (optional) ____________________________________________________________
ii) Age (optional) ____________________________________________________________
iii) Gender: Male __________ female __________
iv) Number of years worked with New KCC ____________________________

Section 2.

Scale:
A  Strongly agree.  5
B  Agree  4
C  Neither agree nor disagree,  3
D  Disagree,  2
E  Strongly disagree,  1

Note: Using the five scores above, which in your opinion correctly represent your view about each statement in part A-C below?

Part A: Effects of training on employee productivity.

<table>
<thead>
<tr>
<th>NO.</th>
<th>QUESTION</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The training you have attended has improved your productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The resources provided in the training helped you in improving your productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Knowing what is expected of you under training has aided you in achieving productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The training you have attended contains expectation beyond your control.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Part B: Effects of promotion on employee productivity.

<table>
<thead>
<tr>
<th>NO</th>
<th>QUESTION</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Promotion has helped you in achieving productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Promotion makes you feel like the owner of the achieved productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Promotion has boosted your work morale.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Promotion has made you more accountable in your productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>

### Part C: Effects of remuneration on employee productivity.

<table>
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<tr>
<th>NO</th>
<th>QUESTION</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Remuneration has influenced your work productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>The system of remuneration has a high affect the way you work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Remuneration has had a great impact on my work results.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

### Part D: Effects of discipline on employee productivity.

12. How would rate you discipline in your organization?
   (a) Excellent [ ]
   (b) Good [ ]
   (c) Fair [ ]
   (d) Poor [ ]

13. Do you believe that discipline affects employee productivity?
   (a) Yes [ ]
   (b) No [ ]
   (c) Others (specify) ........................................................................................................

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Part E: Effect of legislation on employee productivity

14. How would you rate legislation in the organization?
   (a) Excellent [ ] (b) Good [ ]
   (c) Fair [ ] (d) Poor [ ]

15. Do you think legislation has an influence on employee productivity?
   (a) Yes [ ]
   (b) No [ ]
   (c) Others (specify) .................................................................

Section 3.

16. Do you feel that promotion is based on productivity?
   A) Yes B) No

17. Do you think that your salary commensurate your productivity?
   A) Yes B) No

18. How often is training undertaken in your organization?
   A) Quarterly B) Half yearly C) Yearly D) Never undertaken

Generally how would you describe performance contracting? ...................
............................................................................................................

Thank you for your time and participation
## Appendix II: Work Plan

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>WEEKS</th>
</tr>
</thead>
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<td>Proposal Development</td>
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</tr>
<tr>
<td>Proposal Editing</td>
<td>4</td>
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<tr>
<td>Data Collection</td>
<td>5</td>
</tr>
<tr>
<td>Data Analysis</td>
<td>6</td>
</tr>
<tr>
<td>Report Writing</td>
<td>7</td>
</tr>
<tr>
<td>Project Presentation</td>
<td>8</td>
</tr>
<tr>
<td>Research Report Editing</td>
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</tr>
<tr>
<td>Final Report Submission</td>
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<table>
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<th></th>
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</thead>
<tbody>
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</tr>
<tr>
<td>3</td>
<td>Proposal Editing</td>
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<tr>
<td>4</td>
<td>Data Collection</td>
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<td>5</td>
<td>Data Analysis</td>
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<tr>
<td>6</td>
<td>Report Writing</td>
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<td>Project Presentation</td>
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<tr>
<td>8</td>
<td>Research Report Editing</td>
</tr>
<tr>
<td>9</td>
<td>Final Report Submission</td>
</tr>
</tbody>
</table>
Appendix III: Budget Estimates

<table>
<thead>
<tr>
<th>ITEM</th>
<th>TOTAL COST (KSHS)</th>
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</thead>
<tbody>
<tr>
<td>Stationary</td>
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<tr>
<td>Traveling (Fuel)</td>
<td>6,000</td>
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<tr>
<td>Typing services</td>
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<td>Binding</td>
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<td>Research Project</td>
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<td>Final Research</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>45,600</strong></td>
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