

**EMPLOYEE DISCIPLINE PRACTICES ON PERFORMANCE IN  
PARASTATALS IN KENYA: A CASE OF KENYA REVENUE  
AUTHORITY**

**BY**

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## DECLARATION

This research project is my original work and has not been presented for award of any degree in any University.

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## **DEDICATION**

This research study is dedicated to my family for their moral support throughout the entire MBA program and especially during this research project.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

**KRA:** Kenya Revenue Authority

**SPSS:** Statistical Packages for Social Sciences

**ROIC:** Return on Capital invested

**ROA:** Return on Assets

**E.D:** Employee Discipline

## ABSTRACT

The purpose of this study is to assess the effect of employee discipline on performance in parastatals in Kenya with a specific focus on the Kenya Revenue Authority. The objectives of this study are to determine the influence of organizational policies on performance in Kenya Revenue Authority, assess the influence of leadership styles on performance in Kenya Revenue Authority, deduce the effect of team work on performance in Kenya Revenue Authority, determine the effect of employee relations on performance in Kenya Revenue Authority, and determine the effect of organizational culture on performance in Kenya Revenue Authority. This is a case study of Kenya Revenue Authority. The population will be 430 employees of KRA. The sample size will be 46 respondents. Primary data will be collected from the employees of KRA. This will be collected using questionnaires developed based on the objectives of the study. The tools will be tested for validity and reliability and analysis will be done using descriptive and inferential statistics. The results will be presented in tables and charts where necessary.

The next section presents the results of bio-data analysis. This is followed by the descriptive results on employee discipline as well as on organisational performance. Then, the inferential results are presented on the relationship between employee discipline and organisational performance.

This study anticipated to get responses from 129 respondents. However, only 120 respondents took part in the survey. This gives a response rate of 93%. This is a high response rate considering the nature of the study (survey). As such, it is appropriate for purposes of generalising to the population of the study.

The study found that the mean organisational performance was 4.0 suggesting that most of the respondents noted that the performance scores for their organisation for the last five years ranged from 31-40%. On employee discipline, the most important factors were leadership styles (mean = 4.02) followed by employee relations (mean = 3.92), organisational policies (mean = 3.85), and organisational culture (mean = 3.64). The least factor was teamwork (mean = 3.48).

The correlations results showed that there were generally high correlations between performance and the other independent variables in the study namely policies, leadership,

teamwork, culture and employee relations. The regression results showed a high correlation between the dependent and independent variables as the correlation coefficient,  $r$ , was closer to 1 ( $r = 0.959$ ). The R-square showed that the model used in the study accounted for 91.9% of the variance in organisational performance ( $r^2 = 0.919$ ). The ANOVA results showed that F-statistic was significant since the p-value falls below 0.05.

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

Discipline is defined as the regulation and modulation of human activities to produce a controlled performance, the real purpose of discipline is to encourage employees to conform to established standards of job performance and to behave sensibly and safely at work. 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 (Byras, 2000).

Harsh discipline which is accompanied by hostility and attempts to humiliate the employee is considered resentment and compliance been superficial and motivated by fear. Furthermore, harsh discipline can have effects on the individuals concerned and can foster a more widespread sense of grievance in the workplace (Fortado, 1992). Positive outcomes are thereby associated with discipline that is carried out in a friendly manner and which address to correct specific behaviours. Negative management behaviours include destructive criticism which involves the expression of negative effects and attributes poor performance or failing of character or inability intrinsic to the individual. Studies that have showed the manner in which disciplinary action is carried out and have concluded that harshness and the expression of negative emotions are associated with poor outcomes (Greer and Labig, 1987; Rollinson et al., 1997). Furthermore, harsh discipline can have effects far beyond the individual concerned and can foster a more widespread sense of grievance in the workplace (Fortado, 1992).

Kenya revenue authority Board and Management have since its inception spent time and resources setting up systems, procedures and new strategies aimed at enhancing the operational efficiency of Kenya Revenue Authority's processes. The board is composed of following: Chairman to be appointed by the President; Commissioner-General, Permanent Secretary, Ministry of Finance or his representative; Attorney-General or his representative; six other persons appointed by the Minister by virtue of their knowledge and experience in accountancy, commerce, law, taxation, business administration or public administration.(Kenya Revenue Authority, 2011).

### **1.1.1 Employee Discipline**

The first step in the disciplinary procedure in an organization is to establish work rules that are in line with the organization's goals or objectives. Ashforth (2003), these work rules become the basis for disciplinary actions when the rules are broken. They are generally established jointly by management, the organization's human resources unit, and employees to ensure that rules are fair and can reasonably be followed. Work rules are directly related to work behaviour and productivity. Employees who continually violate the rules are then called in for a disciplinary procedure, those employees who observe the rules and standards are rewarded by praise, by security and often by advancement. Those who cannot stay in line or measure up to performance standards are penalized in order to clearly learn what acceptable performance and behaviour mean to the organization. Most employees recognize this system as a legitimate way to preserve order and safety and to keep everyone working towards the same organizational goals and standards for most employees, self-discipline is the best discipline. As often as not, the need to impose penalties is a fault of the management as well as of the individual worker. Discipline should never be issued as a show of authority or power on the supervisor's part.

The immediate supervisor is responsible for maintaining discipline and morale among the employees he supervise and for initiating appropriate disciplinary action where the facts warrant such action. The line supervisor is responsible for the enforcement of company rules. It is an important responsibility requiring impartiality, good judgement, and courage. Disciplinary action should, therefore, be done by the line supervisor. However, to avoid embarrassments and violation of company policies and rules as well as of union contract, before taking disciplinary action involving warning letters, suspensions or dismissals, the supervisor must first consult with the supervisor and the personnel manager (Sims, 2007).

According to DuBrin and Andrew (2001) there are disciplinary processes that are followed when managing employee discipline. It is noted that the most important thing about employee discipline is that it is never punishment. The goal of discipline is to correct behaviour, not punish. Successful discipline causes an employee to do what is expected of them, it is not designed to make them feel bad or guilty or also to put them stigma. Once the correct behaviour is achieved the matter is finished and forgotten, unless

the problem occurs again. There is a standard format for discipline .it is called progressive discipline and is used to gradually escalate the process from verbal warning through to termination. The process always gives the employee the chance to end the process by correcting their behaviour.

Progressive discipline is an employee disciplinary system that provides a graduated range of responses to employee performance or conduct problems. Disciplinary measures range from mild to severe, depending on the nature and frequency of the problem. For example, an informal coaching session might be appropriate for an employee who is tardy or violates a minor work rule, while a more serious intervention or even termination might be called for if an employee commits serious misconduct or does not improve a performance problem after receiving several opportunities to do so (Natalie,2007).

Natalie (2007) still notes that most large companies use some form of progressive discipline. They are referred to as positive discipline programs, performance improvement plans, corrective action procedures , these systems are all similar at their core, although they might vary in the details. All are based on the principle that the company's disciplinary response should be appropriate and proportionate to the employee's conduct. In the employee evaluation process, either formal or informal, behaviours requiring disciplinary actions are often revealed. Informal evaluation might occur at all times as supervisors monitor employees. Formal evaluations of each employee should be completed regularly so that deficiencies can be discovered and discussed with the employee. When employees violate work rules, a change of behaviour is sought. Although small companies with only a few employees may not use a formal written evaluation, it is still important that employees be evaluated regularly (Chirica, 2000).

### **1.1.2 Organization Performance**

Organizational performance is the key achievement of an organization in the realization of efficiency and effectiveness (Gibson, 2010) and remaining focused. This therefore means that organizational performance refers to the ability of an enterprise to achieve such objectives as high profit, quality product, large market share, excellent financial results, and survival at pre-determined time using relevant strategy for action (Koontz and Donnell, 2003). Performance provides the basis for an organization to assess how well it is progressing towards predetermined objectives, identify areas of strength and weakness

and decide on the future initiatives with the goal of how to initiate performance improvement (Vanweele, 2006).

Organizational performance includes multiple activities that help in establishing the goals of the organization, and monitor the progress towards the target (Johnson *et al.*, 2006). It is used to make adjustments to accomplish goals more efficiently and effectively. Organization performance is what business executives and owners are usually frustrated about if not attained to the expectations. This is because even though the employees of the company are hard-working and are busy doing their tasks, their companies are unable to achieve the planned results. Results are achieved more due to unexpected events and good fortune rather than the efforts made by the employees. However, for any business to be successful, functions must be defined and accomplished. It is important for an organization to develop strategies that are designed around the skills that would enhance the performance of the organization. Organizational performance is affected by myriad factors including the lines of communication, command connecting these individuals, resource, information to which the individuals have access, the nature of the task faced by the individuals and the type and severity of the crisis under which the individuals operate (Richard *et al.*, 2009).

Organizational performance can be measured by financial aims attained or non-financial parameters. Ho (2008) pointed that performance can be evaluated by efficiency and effectiveness of aim attained. Furthermore, Venkatraman *et al.* (1986) cited that performance can be assessed by financial performance namely, return on investment (ROA), return on equity (ROE), growth of sales, profitability, organization effectiveness, and business performance. Similarly, Delaney *et al.* (2006) assert that organization performance can be evaluated by quality service and products, satisfying customers, market performance, service innovations. Organization performance can be appraised by the following “dimensions of performance: return of investment, margin on sales, capacity utilization, customer satisfaction and product quality”. In the same way, Green *et al.* (2007) identified that return on investment, sales and market growth, and profitability as important factors that can be measured by organization performance. According to these researchers, there are many factors in this study that can be measured by performance such as market shares, financial performance, efficiency and effectiveness of an organization performance, and human resource management.

### **1.1.3 Parastatals in Kenya**

The State Corporation Act Cap 446 (1987) defines a parastatal as a state corporation (SC) or a corporate body established by or under an Act of parliament; it is also a corporate body established by order of the president to perform the functions specified in that order; it also includes a bank or a financial institution licensed under the banking Act or other company incorporated under the company Act whose shares or majority of whose shares are owned by the government of Kenya or by another state corporation (Government of Kenya, 1987;Wamalwa, 2003).

Government the world over including Kenya established parastatals with both economic and public policy motives. The government of Kenya forms parastatals to meet both commercial and social goals. They exist for various reasons including: to accelerate economic social development, to redress regional economic imbalance, increase Kenyan citizen's participation in the economy and to promote foreign direct investment through joint ventures (GoK- Sessional Paper No. 4, 2005). The economic motive arose out of the government desire to promote or enhance private African enterprises (Wamalwa, 2003), since after independence, most private enterprises and entrepreneurships were European owned while a bulk of the locals were lacking in undertaking such business ventures. Establishing parastatals was also viewed as a means of generating other non-tax revenue for the government in order to support the country's agenda. On the other hand, despite the high level of commercial and economic intents, parastatals were established with public policy motive in the conduct of their operations. They are required to serve as a stabilizer of highly profit oriented capitalists whose goal is profit maximization. They therefore stand as a bridge in providing goods and services to the general public at a much lower affordable prices compared to the private firm.

Kenya Revenue Authority is a state corporation which was established by an act of parliament of July 1<sup>st</sup> 1995 for the purpose of enhancing the mobilization of government revenue while providing effective tax administration and sustainability in revenue collection (KRA act 1995).The organization's vision is 'to be the leading revenue authority in the world respected for its professionalism, integrity and fairness'' and the mission is 'to promote standards set out in the taxpayers charter and responsible enforcement by highly motivated and professional staff thereby maximizing revenue collection at least possible costs for the socio economic well-being of all Kenyans' (KRA



fourth corporate plan 2009).Kenya Revenue Authority is governed by board of directors (BOD).the commissioner general (CG) is the chief executive officer. KRA is constituted by five revenue collection department headed by commissioners who report to the CG, and seven support departments. KRA has emerged as one of the visibly successful public sector bodies in terms of meeting its core objective of revenue collection. Since its inception in 1995,the authority has an average maintained a commendable record of performance, often exceeding revenue targets due to the introduction of management information system in the organization.

## **1.2 Research Problem**

Discipline in the workplace is the means by which supervisory personnel correct behavioural deficiencies and ensure adherence to establish company rules. The purpose of discipline in an organization is to correct behaviour. It is not designed to punish or embarrass an employee. Often; a positive approach may solve the problem without having to employ negative discipline approach. However, if unacceptable behaviour is a persistent problem or if the employee is involved in a misconduct that cannot be tolerated, management may use discipline to correct the behaviour. All employers expect their employees to be at work, on time and ready to be productive workers. Attendance punctuality can be a challenge for employees for a variety of reasons, most of which are related to time management. Employer leniency can contribute to the problems associated with attendance. Low morale can subsequently lead to a lack of discipline and the will for employees to give their best.

Other challenge in this organization regards to the policies, this is because, stringent rules in most cases have resulted to employee defaulting them. Some of the employees are unable to keep up with many policies that must be adhered to in the organization and therefore indiscipline cases have been experienced. There have been challenges as well on the employer employee relations, this has been in the context that without good relations, employees have been found on the wrong footing by their seniors and this has resulted in occasional punishment and indiscipline cases being referred to the management for action.

Related studies have been done on employee discipline on performance in organizations Van der Bank , (2013) on the influence of disciplinary procedures in institutions in UK stated that employees experience the disciplinary procedure of the organization as

traumatic and emotionally exhausting and can be concluded that employees experience the disciplinary procedure as unfair. It is the manner in which discipline is applied and the different role players that are involved in the disciplinary procedure, in particular, that make it a lengthy and time consuming process. The disciplinary procedure causes unnecessary strain and pressure on employees, mostly due to delays in finalizing cases. Employees also indicated that personal problems lead to misconduct or inappropriate behaviour.

Santhanamani (2014) on a study on employees perception about the disciplinary proceedings in the manufacturing Industries at Sipcot, India examined that, discipline is the major factor to be considered in every employee and in every aspect of life, and hence disciplinary proceedings are regarded as a critical tool for management to maintain discipline in the work place. A disciplinary procedure aims to promote fairness and procedural justice in dealing with employee discipline. The advantages for organizations of a consistent disciplinary procedure are threefold: first, it contributes to the stability of the workforce; second, labour turnover is minimized; and third, it promotes productivity (Werner, 2007). According to Kivulu and Wandai (2009); Okumbe (1998), there are two types/ approaches to discipline which include methods that have a potential to cause pain or discomfort punitive/deterrent and methods that do not cause physical discomfort normative/ preventive.

Preventive type of discipline focuses on establishing a set of standards of behaviour, that is, norms, values and beliefs that contribute to relationship building, self-determination, self-regulation, intrinsic control and commitment to morals and ethics whereas the punitive approach is mainly characterized by rules, extrinsic control, inspection and policing and is intended to punish to discourage further infringement of a rule (Okumbe, 1998; Longman, 2003 & Mkhathshwa, 2000). Owele (2010), on a study issues affecting discipline in the Kenyan Civil Service in Kenya revealed that employees regard proper motivation as playing a very important role in promoting good performance and attainment of employee discipline in the Kenya civil service since employees would be encouraged to feel recognized as part of the system.

This would also discourage indifference, laxity and even corruption in the organization. The recommendation is that the human resource management units should be strengthened with adequate and skilled personnel of high integrity, and they should be

well facilitated with stationery and equipment. Given the large body of evidence on employee discipline and procedures there is also need to assess effect of employee discipline on performance of parastatals in Kenya. Motivated by this gap in literature, the study sought to answer the question: What is the effect of employee discipline on Performance of Parastatals? A case of Kenya Revenue Authority.

### **1.3 Objectives of the study**

This study was guided by the following objectives

#### **1.3.1 General objective**

The general objective was to assess the effect of employee discipline on performance in parastatals with reference to Kenya Revenue Authority.

#### **1.3.2 Specific Objectives**

The specific objectives of this study were:

- i. To determine the influence of organizational policies on performance in Kenya Revenue Authority.
- ii. To assess the influence of leadership styles on performance in Kenya Revenue Authority.
- iii. To deduce the effect of team work on performance in Kenya Revenue Authority.
- iv. To determine the effect of employee relations on performance in Kenya Revenue Authority.
- v. To determine the effect of organizational culture on performance in Kenya Revenue Authority.

### **1.4 Research Questions**

The study answered the following research questions:

- i. To what extent do organisational policies influence performance in Kenya Revenue Authority?
- ii. How does leadership style influence performance in Kenya Revenue Authority?
- iii. What is the effect of team work on the performance in Kenya Revenue Authority?
- iv. To what extent do employee relations influence Performance in Kenya Revenue Authority?

- v. How does organization culture influence Performance in Kenya Revenue Authority?

### **1.5 Significance of the Study**

This study aims to provide ways of managing employee discipline in an organizational setting. This can provide the management with an opportunity to establish the best approaches through which employees' effort can be harnessed to achieve great goals in an environment that is characterized by high discipline. The study can also enable the management to deal with the negative effects that influences employee performance in their day to day responsibilities.

This study is relevant to other parastatals that are in need to establish ways achieving goals by making use of the existing state of employee discipline to better the employee level of performance having adequate information about managing discipline can provide a basis that can enable this organization to come up with strategic approach of improving productivity of their employees therefore, this study tends to bridge that gap by making available some useful information on how to go about discipline in their organizations.

The study shall facilitate individual researchers to identify gaps in the current research in the area, and, the study shall benefit the Government through the Ministry of housing and construction in making policy decisions whose overall objectives are to accelerate the rate of growth in the construction industry through TQM practices.

To the academicians the study should contribute to the existing literature in the field of discipline on performance of Parastatals: Case of Kenya Revenue Authority. It should also act as a stimulus for further research to refine and extend the present study especially in Kenya.

### **1.6 Scope of the study**

This study examined the employee discipline practices affecting performance in parastatals in Kenya a Case of Kenya Revenue Authority. The target population of the study comprised 430 members from the main departments in KRA, while the target population of this study was 46 specifically selected staff of some departments namely customs, Domestic Revenue, Road transport and support service departments.

## **1.7 Limitations of the study**

First, this study relied on collecting primary data from a survey. Respondents may have provided their responses laced with some personal biases especially to make their organisation look good. Such biases are inherent in survey-type studies such as this one. As such, the study suffers from the limitations of survey design studies.

Secondly, the study was a case of one institution – the Kenya Revenue Authority. The focus on one organisation, while it provides an in-depth examination of an issue at hand, does not enhance the applicability of findings to other institutions. Further, given the unique nature of this organisation as the only revenue collecting body in the country, it may be important to approach application of the findings of this study to other organisations in Kenya other than KRA.

Lastly, the study model, explained majority of the variance in organisational performance, it did not take into account other firm specific variables that may affect organisational performance. The lack of control of these variables in the model may have affected the results of the study and this limitation should be taken note of while interpreting the results of this study.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents literature information on the study topic in line with research objectives. A theoretical review is provided focusing on theories that explain the assessment of discipline on performance, review of critical literature and summary and filling the gap.

### **2.2 Theoretical Framework**

Discipline is very essential for a healthy industrial atmosphere and the achievement of organizational goals. Various disciplinary management mechanisms can be manipulated in the organization which includes positive and negative reinforcement of expected behaviour in the organization. Fenley (2000) made a significant contribution to the understanding of discipline. He comes up with three models or theoretical approaches to discipline which are punitive, corrective and revisionist.

#### **2.2.1 Punitive Model**

Herbert Packer published "Two Models of the Criminal Process" in 1964; much thinking about criminal justice has been influenced by the construction of models. Models provide a useful way to cope with the complexity of the criminal process. They allow details to be simplified and common themes and trends to be highlighted. "As in the physical and social sciences, [models present] a hypothetical but coherent scheme for testing the evidence" produced by decisions made by thousands of actors in the criminal process every day. Unlike the sciences, however, it is not possible or desirable to reduce the discretionary and humanistic systems of criminal justice to a single truth.

Models based on victims' rights can thus describe phenomena such as the new political case which puts the accused against crime victims or minority and other groups associated with crime victims, or restorative justice practices which bring crime victims and their supporters together with offenders and their supporters. Normatively, punitive the model of victims' fights affirms the retributive and expressive importance of punishment and the need for the rights of victims to be considered along with the rights of the accused. Non-punitive model of victims' rights attempts to minimize the pain of both victimization and punishment by stressing crime prevention and restorative justice.

The punitive model is associated with “hard” management is willing and able to exercise prerogatives with little interference from trade unions and without substantial regard to the law or outside agencies. The objective of such management is to deter employees from committing offences. Employees are expected to obey rules because they fear to be punished. The distinguishing feature of the punitive approach is its authoritarian basis and the resulting arbitrary treatment. It neglects the educational possibilities of a disciplinary policy in training employees to obey rules. Adjudication by management is prompt and final; dismissal may take place without specific warning. Countervailing considerations such as effective union representation, legal, arbitrarily, and procedural rights will be marginal and of little consequence.

The punitive model can produce undesirable side effects in terms of worker resentment against the employer either through overt conflict or through other potential sources of disruption to work. This may breed unnecessary tension in various units of an organization with employees spending more of their time focusing on non-productive issues. Punitive damages or exemplary damages are damages intended to reform or deter the defendant and others from engaging in conduct similar to that which formed the basis of the lawsuit.

Although the purpose of punitive damages is not to compensate the plaintiff, the plaintiff will receive all or some portion of the punitive damage award. The Supreme Court has referred to punitive damages as penalties since 1852 and as fines since 1912. On one level, the choice of these terms contrasted with tort damages that were compensatory. The highest frequency of punitive-damages awards have occurred in intentional torts (battery, assault, etc.), defamation, and what many refer to as “financial torts” (fraud, insurance, employment, real property, contract, and commercial and consumer sales).

### **2.2.2 Corrective Model**

Corrective justice theory the most influential non-economic perspective on tort law understands tort law as embodying a system of first- and second-order duties. First order duties prohibit conduct (e.g., assault, battery, and defamation) or inflicting an injury (either full stop or negligently). Some theorists believe that corrective justice has nothing to say about the character of these norms; others think that it helps define their scope and content. Second order duties in torts are duties of *repair*.

These duties arise upon the breach of first-order duties. That second-order duties so arise follow from the *principle of corrective justice*, which (in its most influential form) says that an individual has a duty to repair the wrongful losses that his conduct causes. For a loss to be wrongful in the relevant sense, it need not be one for which the wrongdoer is morally to blame. It need only be a loss incident to the violation of the victim's rights—a right correlative to the wrongdoer's first-order duty.

The main intention of the corrective model is to foster self-discipline, action on the employer's part is designed to correct the individual rather than punish or instil fear. The validity and utility of the corrective model is substantiated by the paragraph 9 of the ACAS code of practice which states that disciplinary procedures should not be viewed as a means of imposing sanctions rather they should also be designed to emphasize and encourage improvements in individual conduct. Rules need to be well known and accepted by employees and penalties are designed to be applied fairly and consistently.

Code of conduct, for example, contains the rules to be observed at the workplace, together with a precise definition of those acts or omissions which constitute misconduct and a 216 Online J SocSci Res categorization of those acts or omissions according to their seriousness. From the employment code of conduct, this creates awareness to employees about certain behaviour which leads to misconduct. Except in cases of gross misconduct, dismissal will not take place unless there has been an opportunity to modify behaviour.

There will be adequate warnings, the opportunity to improve before a dismissal takes place, and lesser penalties for initial infractions. The principles of "natural justice" are an important and integral part of the corrective approach; the employee ought to have a right to a fair hearing, the right to representation, the right of appeal, to question the facts as presented and the right to present a defence.

The prime consideration under the corrective approach is to establish whether rules or orders are reasonably related to the efficient and safe operation of company business. The corrective model employer will sympathetically examine the degree of rule infraction, the employee's intent, his or her knowledge of the rule or standard, whether or not he or she made an honest mistake, and the personal impact of disciplinary action. Other factors include the employee's past service, his or her work and disciplinary record and psychological state. The corrective model is based on the assumption that employees are willing to abide by well-established and equitable standards of behaviour.



### **2.2.3 Revisionist Model**

The conflict of interests between employers and employed in private industry has two aspects writes Mr. Henry Clay in the Observer, the purely economic aspect of wages, and the moral aspect of subordination to discipline. There is no lack of testimony to the importance of the discipline aspect in present day labor feeling. Self-respect, status, independence, personal freedom, personal dignity - a whole propaganda literature and a whole set of commentaries on labor have been written around these terms, (Goodrich, 1975, p. 27).

In practice, organizations appear to have accepted the importance of formalizing their disciplinary arrangements. In 1984, it was estimated that 90 per cent of enterprises employing 25 or more people had formal discipline procedures, although only one-third of firms employing fewer than 20 had such procedures, (Edwards, 1989, p. 306).

Despite of the formalization of disciplinary procedures, the ACAS Annual Report for 1997 (ACAS, 1998) shows they received 42,771 unfair dismissal complaints (36 per cent of which went to tribunals). Of the 1166 collective conciliation cases completed by ACAS in 1997, 12 per cent were concerned with dismissal and discipline, while 30 per cent of the 71 requests for arbitration involved these matters (ACAS, 1998).

The advocates of this approach criticized the corrective and punitive approaches. Exponents of this model claims as its objective is to promote adequate self-respect. The chief procedural arrangements in the revisionist model are that at the induction stage the new employee signs a statement of assent to, and commitment to the company's rules of conduct. Subsequent lapses in behaviour are promptly brought to his or her attention in a friendly manner by the supervisor in order to adjust behaviour; repetition of offences requires a further reaffirmation of responsibilities by the employee.

After the first amicable chat, there is another friendly but more serious chat, followed by vocational counselling and the errant employee may be sent home with pay to consider the situation. Persistent bad behaviour or a single serious offence may lead to termination by the employer, or be regarded as the employee having voluntarily terminated his or her own employment. Until the ultimate sanction is applied, there are no disciplinary penalties such as demotions, suspensions, or other forms of punishment.

Dismissal is not seen as punitive because the intention on the employer's part is not retribution, but recognition that the employee, "lacks self-respect and, therefore, that his future behaviour is going to be troublesome and contrary to the legitimate aims of the company". The exclusive features of the revisionist model are that all forms of punishment and threats of punishment are eliminated as counterproductive. Payment of the employee while he or she is sent home is designed to be supportive and avoids grievances. The intent behind the revisionist model is to preserve the employee's psychological wellbeing, and prevent supervisors who do not like disciplinary situations from being put into conflictual contexts. The open door policy however, can be misused on the basis of power games. Some employee will use it as an opportunity to become disciples at the expense of others.

## **2.3 Empirical Review**

This section outlines the discipline practices that organisations follow as a way of improving their performance. These practices are organisational policies, leadership styles, team work, organisational culture, and employee relations.

### **2.3.1 Employee Disciplinary Practices**

#### **2.3.1.1 Organizational Policies & Performance**

Fanham (2006) explains that policies are rules to which the company and its employees must adhere, whether by law or by the company's mission statement while procedure are instruction manual for employees on how to accomplish company procedures. It is important that the customer understands what he or she can expect in terms of services, and a customer service policy can communicate this very well. A basic policy may simply spell out the roles of the contact centre staff and level of courtesy that can be expected from them.

An important component of an organization's performance management system is its employee discipline policy. Employee discipline policies provide structure and guidelines for maintaining a productive work environment. There are several ways to approach employee discipline; however, two of the most common types of policies are progressive discipline and positive discipline. Whether your company practices progressive or positive discipline, employee behaviour and productivity depend on your organization's coaching philosophy and performance management goals.

Bass (2006) noted that some employers have a traditional view about corrective action, referred to as a progressive discipline policy. A progressive discipline policy generally has approaches designed to improve employee performance. Sample progressive steps include an informal conference, verbal warning, two to three written warnings and suspension. The culminating final step in a progressive discipline policy is termination. Progressive discipline policies are common in collective bargaining agreements for workers who belong to a labour union.

By detailing what is expected of employees, company policies provide a framework through which employees can excel. By contrast, the policy handbook also outlines steps that will be taken if an employee breaks company rules. Chandra (2006) opines that this affords the company a legal protection; when employees sign off on company policy manuals, they are acknowledging accepted behaviour standards and what their continued employment is contingent on following rules of conduct. Likewise, company procedures manual, it is helpful to think about what the company wants employees to do, as well as how and when to do it.

The organization's mission statement is a policy. It is likely to have policies governing the way it conducts its activities or business, the way it deals with employees, with safety and health, and with purchasing equipment, the effect of policy change depends on the significance of the policy and the changes made. Latham (2000) changing the key policy governing the purpose and conduct of an organization or business is likely to have far reaching effects both on employees and on employees and on external stakeholders such as suppliers customers.

It is rare that an organization completely changes the reason for its existence, but major changes might include converting from a non-profit to a commercial organization, divesting part of the business, Chandra (2006) noted that merging with another organization, some policy changes may be fundamental but nevertheless directly affect employees. The most obvious are policy changes which shrink the workforce. Others include changes to terms of employment, including pay, pension, and overtime or vacation entitlement. Changes to safety and health policies, both positive and negative, may affect employees too.

Company policies are acceptable behaviours and employee expectations, while procedures define flows and company objectives. Both policies and procedures, however,

should be crafted within the scope of the organization's goals; policy and procedures manuals are therefore written with the ultimate goal of helping employees to aid the company's overall mission. Human resources executives can work with managers of other departments to craft policies and procedures that will ultimately strengthen the company (Ackerman, 2008).

Company policies and procedures are not something to be kept on a dusty shelf. In fact, policy and procedure handbooks work best when they are active and updated regularly. After all, companies are constantly evolving to meet changing business needs. Therefore, human resources managers need to review policy and procedures as a team effort, and on a regular basis, perhaps monthly. Any procedural changes, once authorized, would then be distributed to managers for review with their respective departments. In addition, it is advisable to keep signed copies of employees' review and acceptance of company policies on an annual basis (Nankervis, 2007).

According to Nankervis (2007) company procedures outline how employees will complete tasks, including job descriptions, divisional responsibility and organizational reporting structure. Procedures can also include expected outcomes and individual goals, setting annual standards for employee and department performance. Likewise, general policies may include standards of employee behaviour, such as dress codes, attendance expectations, vacation and holiday allowances, and sexual harassment policy. General company policies and procedures should be written with two goals in mind: to be clear and concise and to involve a cross section of departmental input. No one benefits from confusing operations manuals and employee handbooks. Companies also like to address problems with policies and procedures, such as gaps in oversight that result in faulty products. Chandra (2006) giving the right attention to the most important policies and procedures is a bottom line for managers. For example, managers can study the scope of policies and procedures, and decide the importance of each area of managerial oversight for which they're responsible. Then they can rank adjust their work schedule to ensure they devote enough time to the most important oversight duties.

### **2.3.1.2 Leadership Styles & Performance**

In a classic study, McGregor (2010) discusses leadership styles which are appropriate for different types of organisations contributing towards employee discipline, in review, the two major styles are theory x and y. Theory X is more suitable for an organization in

which the employees do not like their work situation and will avoid work whenever possible. In this case, the employees have to be forced, controlled, or reprimanded in order for the organization to meet its goals and objectives. The employees are looking for control because they are not willing to guide the work process themselves. The thing they are most interested in is security. Theory Y is appropriate for an organization in which the employees like their jobs and feel that their work is natural and restful. Furthermore, because they accept the goals and objectives of the organization, they tend to be self-directed and even to seek higher levels of responsibility.

Clear expectation, appropriate supervision and feedback on a day to day basis are the best ways to avoid the necessity of implementing a discipline process. Steyrer (2009) asserts that leadership style is a key construct in the organizational sciences and has spawned a large number of empirical studies over the past fifty years. Leadership strategies ranks among the most frequently conducted types of strategies in organizations, Industry Report of 1997 and the development of global leaders is seen as one of the central tasks of management development programs Conference Board, leadership is important because it leads to a number of desired outcomes at the individual, group, and organizational levels, for a summary.

Over the past fifteen years, much of the focus of leadership research has been on the class of outstanding leadership theories as explained by Steyrer (2009), transformational leaders motivate their subordinates to perform at a higher level by inspiring their followers, offering intellectual challenges, paying attention to individual developmental needs, and thus leading followers to transcend their own self-interest for a higher collective purpose, mission, or vision. Positive, proactive leadership styles, based upon shared visions and interaction with staff, have been demonstrated to increase staff and patient satisfaction. By contrast, laissez-faire and responsive leadership, with intervention only when problems occur, result in negative experiences (Bass, 2006).

Success or failure of an employee in the work will be known if the company or organization concerned implement performance appraisal system. Performance is the result of work that can be achieved by a person or group of people in an organization, in accordance with the authority and responsibility of each in an effort to achieve the goals of the organization in question legally, do not violate the law and in accordance with the moral and ethics. So performance is important for the company or organization as well as

from the employees themselves. Employee performance is influenced by several factors related both to the workers. Successful leaders not only can carry out the work quickly but also able to carry out all the tasks there well. The relationship between employees with leadership is factors that also affect employee performance in an attempt to obtain. Poor relationship between leaders and employees can lead to its own fault for employees. In addition to labour discipline and leadership, motivation is also important in improving employee performance. Motivation can be a driver of a person carrying out an activity in order to get the best results.

Latham (2000) has indicated that mutual trust between top management and employees is essential in order to be an effective leader. By recognizing employees' potential and delegating authority when possible, employees will feel more trusted and valued. You can no longer afford to manage for average performance, and if you want to get that extra margin from employees you have to loosen all the boundaries. Leaders who want a high commitment organization have to start relying more on the entire work force.

Transactional leaders, conversely, engage in a process of negotiation, offering subordinates rewards in exchange for the attainment of specific goals and completion of agreed upon tasks Bass (2006). While transactional leadership with its clear focus on specific goals and agreed upon rewards is necessary and effective, transformational leadership the appeal to affective states, such as pride to be working with a specific supervisor has been shown to exert an augmentation effect, that is to add to the levels of productivity, satisfaction, and effectiveness associated with transformational leadership alone, Charisma involves gaining respect, trust, and confidence toward the leader, and transmission to followers by the leader of a strong sense of mission and a vision of the desired future.

Pfeffer and Hofstede (2000) cultural values are important to leadership behaviour because, leadership is a compliment to subordinate ship. Unless leaders are able to fulfil subordinates' expectations of what leadership behaviour ought to be within the particular cultural context, leaders will not be effective. The tendency of treating leadership (and other practices and theories) as a culture independent characteristic has been labelled by namely the erroneous assumption that theories developed in one culture for instance, the United States would have global validity Much of the writing on cross cultural

differences in leadership, however, is anecdotal or conceptual and relatively few empirical studies have investigated the relationship between culture and leadership.

Steyrer (2009) compared leadership prototypes across eight countries and found reliable differences of leadership behaviour along cultural dimensions similar to Hofstede's Power Distance, Uncertainty Avoidance, and Individualism. Because quality circles rely heavily on active involvement by all members, reluctance to disagree with a superior made quality circles and other participative styles of managing less effective in that country. A conceptual article, addressed the relationship between Individualism and transformational leadership. They suggested that transformational Leadership processes are likely to be enhanced in countries that are low on Individualism because most subordinates in these cultures have high respect and are obedient toward their leaders. Production workers, engineers, and managers at each site reported very similar levels of each leadership style. Although lower levels of transformational leadership behaviour had been expected among production-level employees, the findings of this study suggest that leadership is homogeneous within each plant.

This finding might be explained by the fact that the organization that was studied ranks among the industry leaders in the telecommunications industry and invests heavily in supervisory, management, and leadership development. Further, the organization employs sophisticated production processes that require a high level of expertise from frontline workers. Much of the organization's strategies over the past fifteen years has been focused on quality management principles, such as worker participation, teamwork, and joint decision making and accountability Leadership principles such as vision and mission statements are common among the production employees of this high-tech organization. Replications and extensions of this study in different industries and with organizations of smaller size are required to assess whether the level of homogeneity of leadership is a common phenomenon (Lytle, Barsness and Janssens, 2005).

In leadership, decision making is a complex, multi-dimensional issue, as claimed by Chandra (2006) that while people may be -clear that they expect increased authority to make decisions, they may be less clear about the full meaning and implications of such authority. The desire to have a degree of input in decision making almost invariably arises when ownership of a company is broadly shared with employees. The expectation of a right to participate in decisions is deeply rooted in beliefs about ownership, and, by

extension, employee-ownership. Every day, employees make choices about rework, production speed, and prioritization of tasks-this is the area they should expect the most freedom to make decisions.

Peter (2006) argues that one way of doing this is by requiring employees to formulate development plans or goals that arise from competency-based performance reviews. The competency review process includes providing a clear and on-going communication plan to all employees about what they are doing and why, with a focus on clear roles and accountabilities and alignment of their talent initiatives with systems such as rewards, recognition, and compensation to drive results.

### **2.3.1.3 Team Work & Performance**

Osterman, (2010), outlines teamwork as one of the most important ways in which work is being reorganised, one of the most important workplace goals for an employer is maintaining a workforce that's fully engaged in the work, satisfied with job duties and responsibilities and, most of all, productive. Employee productivity is key to the company's profitability; however, job satisfaction is key to employee productivity. Employees who fail to meet their job expectations and employer guidelines concerning behaviour and workplace interaction are subject to discipline. The purpose of employee discipline is to improve workplace behaviour that impedes satisfaction, productivity and morale (Tauber 2001).

The importance of team for the organization success in the modern economy has become common place in management and economic literature. Teamwork and customer focus are important aspects of total quality. Throughout the latter part of the last century academic cutters from various disciplines turned their attention to homework and related topics according to Zikie (2001), producing a body of literature which has led to a proliferation of typologies and approaches to classify different team types or to explain variation in outcomes. Some actions focus on structural characteristics of the teams while others emphasize process features.

Fostering teamwork is creating a work culture that values collaboration. In a teamwork environment, people understand and believe that thinking, planning, decisions and actions are better when done cooperatively. People recognize, and even assimilate, the belief that "none of us is as good as all of us. It's hard to find work places that exemplify teamwork. Organizations are working on valuing diverse people, ideas, backgrounds, and



experiences. You can, however, create a teamwork culture by doing just a few things right. Admittedly, they're the hard things, but with commitment and appreciation for the value, you can create an overall sense of teamwork in your organization (Chirica, 2000).

It is more difficult to change the culture of an existing organization than to create a culture in a brand new organization. When an organizational culture is already established, people must unlearn the old values, assumptions, and behaviours before they can learn the new ones. The two most important elements for creating organizational cultural change are executive support and training. Executive support: Executives in the organization must support the cultural change, and in ways beyond verbal support. They must show behavioural support for the cultural change. Executives must lead the change by changing their own behaviours (Zikie, 2001).

It is extremely important for executives to consistently support the change Tauber (2001) culture change depends on behaviour change. Members of the organization must clearly understand what is expected of them, and must know how to actually do the new behaviours, once they have been defined. Training can be very useful in both communicating expectations and teaching new behaviours. Create value and belief statements: use employee focus groups, by department, to put the mission, vision, and values into words that state their impact on each employee's job. For one job, the employee stated: Practice effective communication: keeping all employees informed about the organizational culture change process ensures commitment and success. Telling employees what is expected of them is critical for effective organizational culture change.

Review organizational structure: changing the physical structure of the company to align it with the desired organizational culture may be necessary. As an example, in a small company, four distinct business units competing for product, customers, and internal support resources, may not support the creation of an effective organizational culture. These units are unlikely to align to support the overall success of the business. Redesign your approach to rewards and recognition: you will likely need to change the reward system to encourage the behaviours vital to the desired organizational culture. Review all work systems such as employee promotions, pay practices, performance management, and employee selection to make sure they are aligned with the desired culture. As an example, you cannot just reward individual performance if the requirements of your organizational culture specify team work. An executive's total bonus cannot reward the accomplishment of

his department's goals without recognizing the importance of him playing well with others on the executive (Byras, 2000).

Byras (2000) suggests that teamwork practice in system design is commonly studied in terms of cognitive factors. Such studies, however, usually limit themselves to the description and explanation of, for example, mental models, communication among team members, or coordination among actions of team members on shared objects. Useful as may be, the present study wishes to widen that scope and look at cognition as related to cultural factors, rules of conduct and behaviours that form the organizational parameters in which teamwork practice develops. When a team is part of a larger organization, there are organizational factors that can influence its work practices. Moreover, if the team constitutes a subculture within the organization, it is the team culture that may mediate the change in the whole organization.

A team member, who is the programmer, must have acceptable technical skills in programming. This skills can be competence and classified as a visible skill also having acceptable not always testable. Testing for time management, problem solving or collaboration skills can be challenging. An element of team skills known as social independence Beyer (2003) is increasingly being relationship between successful team and social interdependence and how these invisible skills such as team have a direct impact on team and business success creating an effective teamwork environment largely depends on management structures, leadership style and the flexibility of the organization.

Schein (2007), explains that individual do not work in teams unless the structure, conditions organization and purpose of enterprise support the team effort. Even so once, a team structure has been established management are not solely responsible for nurturing effective working. It is also responsibility or team member, manager then need to employ highly skilled individual who can contribute to a team environment practice choice of business wishing to be flexible and employ employees are expected to take on more responsibility, make informed decision within a team structure and make use of their intellectual and creative skills.

#### **2.3.1.4 Organization Culture & Performance**

Organization culture has been defined by Cooke & Mullins (2000) as a pattern of basic assumptions that has worked well enough to be considered valid and therefore to be

taught to new members as the correct way to perceive, think and feel. He says that basic assumptions guide decision makers in dealing with the problems of external adaptations and integrating the behaviours of the organization members. He notes that organization culture includes among other things, the mission and vision of the corporate, the values, beliefs and behavioural norms and expectations shared by the organization members which directly influence the organization motivation performance and satisfaction and stress levels. Culture acting through institutionalized belief systems and groups norms can be a very effective means of directing the behaviour of the organization members towards innovative activities even through motivation is a highly uncertain process.

Schein (2007) asserts that the culture of an organization is directly related to, and dependant on, the behaviour and attitude of its employees. The organization draws its strength from its core of employees, which naturally evolves and succeeds if its employees have a positive and healthy approach to business. Employee behaviour and organizational culture can be adversely affected in a negative work environment the culture of an organization will thrive and strengthen if the employees behave in a way that encourages and spreads a sense of personal responsibility, the acceptance of responsibility and accountability leads to positive growth and long lasting, mutually beneficial relationships. Denying or shirking responsibility only leads to resentment and has an adverse effect on the overall culture of the organization.

The culture of an organization has an enormous impact on the way in which an organization delivers services to its stakeholders. An initiative is implemented in order to meet a need which is then communicated to the organization and the message is filtered by the culture which then implements it and affect how it is delivered to customers. The implementation ultimately determines the success or failure. Long lived companies with financial performance which established them as industry leaders often shared a number of common qualities such as core values which dictates the behaviours and recruitment of employee focus on self-improvement and learning from failure, (Mazham, 2003).

DuBrin and Andrew (2001) culture is the environment that surrounds you at work all of the time. Culture is a powerful element that shapes your work enjoyment, your work relationships, and your work processes. But, culture is something that you cannot actually see, except through its physical manifestations in your work place. In many ways, culture

is like personality. In a person, the personality is made up of the values, beliefs, underlying assumptions, interests, experiences, upbringing, and habits that create a person's behaviour.

Inspiring culture is one that encourages extraordinary performance from its diverse workforce if the organization wants them to do great things. Fair corporate culture is good only if it fits its context that is your business space and your business strategy. In today's rapidly changing economy, only culture that can help organizations anticipate and adapt to environmental change will be associated with superior performance over the long time. According to Mazham (2003) research findings show that culture that are externally oriented risk taking and readiness to meet new challenges tend to be more strongly associated with organization performance than those that are bureaucratic and predominantly internally focused.

According to Schein (2007) the culture of an organization is a set of norms and beliefs which have developed over time. An organization culture is that which is shared by individuals with the organization their beliefs, values, culture and norms of behaviour or the established routines, traditions, ceremonies and reward systems that determines how people within the organization react and behave both towards their internal and external stakeholders, peers and customers simply put organization culture include among other things the mission and vision of the corporate, values, beliefs and behavioural norms and expectation shared by the organization members who directly influence the organizational members' motivation, performance, satisfaction and stress levels. The major elements that make up a culture and drive organization performance and service deliver include, leadership what are the vision, plan and communication that provide the organizational glue.

According to Stanhope (2006) the concept of work culture has been receiving competition in recent years. However, it's difficult to specifically focus ones attention on work culture since it's an intangible concept. The facet of work culture usually gets manifested in diverse tangible aspect like conflicts, cooperation and productivity. Culture therefore, comprises the totality of beliefs, norms and values which are related to the patterned regularity in people's behaviours. If employees perceive the prevailing work culture as positive it could lead to effective performance and consequently organizational success. To generate this positive employee perception, the organization needs to

necessarily create conditions for effective human resource management practices. Therefore practicing human resource management facilitates positive work culture which in turn will assist performance effectiveness.

An organization culture involves shared expectations, values and culture. It exerts influence on individuals groups and organization processes thus if quality service is important in the culture then individuals are expected to adopt the behaviour. It on the other hand adhering to a specific set of behaviour in dealing with the customers is the norm then this type of the behaviour would be expected, recognized and rewarded. It is important to differentiate between strong and weak cultures since strong cultures are characterized by employees sharing core values (Boyett, Finlay and Escalano, 2005).

As Andreason (2009) indicated, the more employees share and accept the core values the stronger the culture is and more influential it is on the behaviour. Culture is learned over a period of time. There are two ways in which his learning takes a place. First the trauma model in which members of the organization learns to cope with some threats by using defence mechanism. Second, the positive reinforcement model whose things that seems to work becomes embodied and entrenched. Learning takes place as people adapt to cope with external pressures and as they develop successful approaches and mechanisms to handle the internal challenges, process and technologies in their organizations.

### **2.3.1.5 Employee Relations & Performance**

Employee relationship is a term that refers to relationship development and management between employers and their employees (Cole, 2004). There are a lot of different issues that can affect employee satisfaction, which has a direct result on employee productivity and overall corporate culture. Some of the core issues that can be controlled with effective employee relationship management are: Communication, open communication both amongst the employees and between the employees and the management team is imperative. When employees feel that they cannot be heard, they may become frustrated, leading to lowered employee morale. Lowered morale can result in lowered productivity and an uncomfortable, or even hostile, work environment.

According to Cole (2004) 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.

It is important to understand how to handle Conflict management when problems arise; this is a fundamental aspect of employee relationship management. Sometimes those conflicts occur between employees and employers. Employees that feel they are only required to put in their hours and go home will do just that. Stanhope (2006) explains that employees that feel they can become a valuable asset based on their work, as well as their ability to provide important ideas, offer input, and perhaps pursue growth opportunities within the company, will create a positive atmosphere within the corporate culture. According to Dale (2007) focusing on employee relationship management can have profound effects on the business operates.

Conducting employee surveys is a useful tool towards reaching a beneficial level of employee relationship management because they provide an opportunity for candid feedback and analysis that is not achievable in typical business communication. Employee relationship management is a process that companies use to effectively manage all interactions with employees, ultimately to achieve the goals of the organization. The human resources department can play a critical role in this process, both in terms of training and coaching managers and executives on how to effectively establish and nurture relationships with employees and in measuring and monitoring those relationships to determine whether objectives are being met.

Dale (2007) still opines that employee relationship management is a general term that means a lot of different things to a lot of different people. At the outset, it is important to define what is meant by employee relationship management and, specifically, what areas of the relationship will be managed. For most companies, relationship management centres on items like attracting and retaining employees. Common measures of the effectiveness of these relationships include time to hire, turnover and employee satisfaction.

It is not enough to assume that a company or even its HR professionals know what is important to employees; Dale (2007) says that needs vary greatly depending on employee characteristics such as age, gender, as well as the type of job being performed. It is a good idea to find out directly from employees what their needs are. One can do this in one-on-one conversations that take place informally throughout the year, during formal employee evaluation meetings and through surveys and polls that can provide a quantitative indication of employee needs. There is a widespread recognition in the 21st century that effective employee relationship management requires consideration of the whole employee. That means taking steps to ensure that the employee's work-life needs are well balanced.

It was noted from Cooke and Mullins (2000) that communication is critical to establishing strong employee relationships. Managers must be committed to communicating regularly and honestly with employees about the issues that impact their work. The more open organizations can be, the more likely they are to establish strong relationships that lead to increased loyalty and productivity among employees and decreased turnover and dissatisfaction. Effective employee relationship management requires on-going attention. That means that managers and their HR departments should be alert at all times for signs of discontent, which can be subjective, as well as carefully monitoring the results of more formal assessments.

Ultimately Dale (2007) indicated that employee relationship management requires the same skills and processes required to manage any relationship; a clear understanding of employees' needs and a desire to meet those needs is foundational. Then steps must be taken to interact effectively with employees through a variety of communication channels, both interpersonal and formal (intranet site, employee newsletters. Finally, measurement of the effectiveness of these efforts should be frequent and on-going, with improvements and adjustments made when results are not showing continual improvement or satisfactory levels of performance. The best ways considered to improve employer employee relationship can constitute motivation of employees by giving them incentives within the workplace. Treat all of the employees equally and give them all the chance to good opportunities.

### **2.3.2 Employee Disciplinary Practices and Firm Performance**

Bass (2006) noted that some employers have a traditional view about corrective action, referred to as a progressive discipline policy. A progressive discipline policy generally has approaches designed to improve employee performance. Sample progressive steps include an informal conference, verbal warning, two to three written warnings and suspension. The culminating final step in a progressive discipline policy is termination. Progressive discipline policies are common in collective bargaining agreements for workers who belong to a labour union. Whereas the ideas provided by the author is relevant towards organizational policy, however, it considered not adequate in addressing employee discipline, therefore, this calls for additional studies to be carried out to establish how organizational policies affected employee discipline in parastatals.

Schein (2007) asserts that the culture of an organization is directly related to, and dependant on, the behaviour and attitude of its employees. The organization draws its strength from its core of employees, which naturally evolves and succeeds if its employees have a positive and healthy approach to business. Employee behaviour and organizational culture can be adversely affected in a negative work environment, the culture of an organization will thrive and strengthen if the employees behave in a way that encourages and spreads a sense of personal responsibility, the acceptance of responsibility and accountability leads to positive growth and long lasting, mutually beneficial relationships. Denying or shirking responsibility only leads to resentment and has an adverse effect on the overall culture of the organization. Despite the ideas of the author still considered useful in explaining about organizational culture, the studies were not fully addressing how culture affected employee discipline, as a result, additional studies have to be undertaken on how organizational culture affects employee discipline in parastatals.

Interest in employee discipline (ED) has been stimulated largely by its demonstrated negative relation to turnover (Sahi and Mahajan, 2014). As turnover is costly to organisations, discipline is generally assumed to be a desirable quality that should be fostered in employees because discipline employees have been found to be less likely to leave an organisation than those who are undisciplined (Angle and Perry, 1981; Porter et al., 1974). Hence, employee discipline has been studied extensively and is considered to

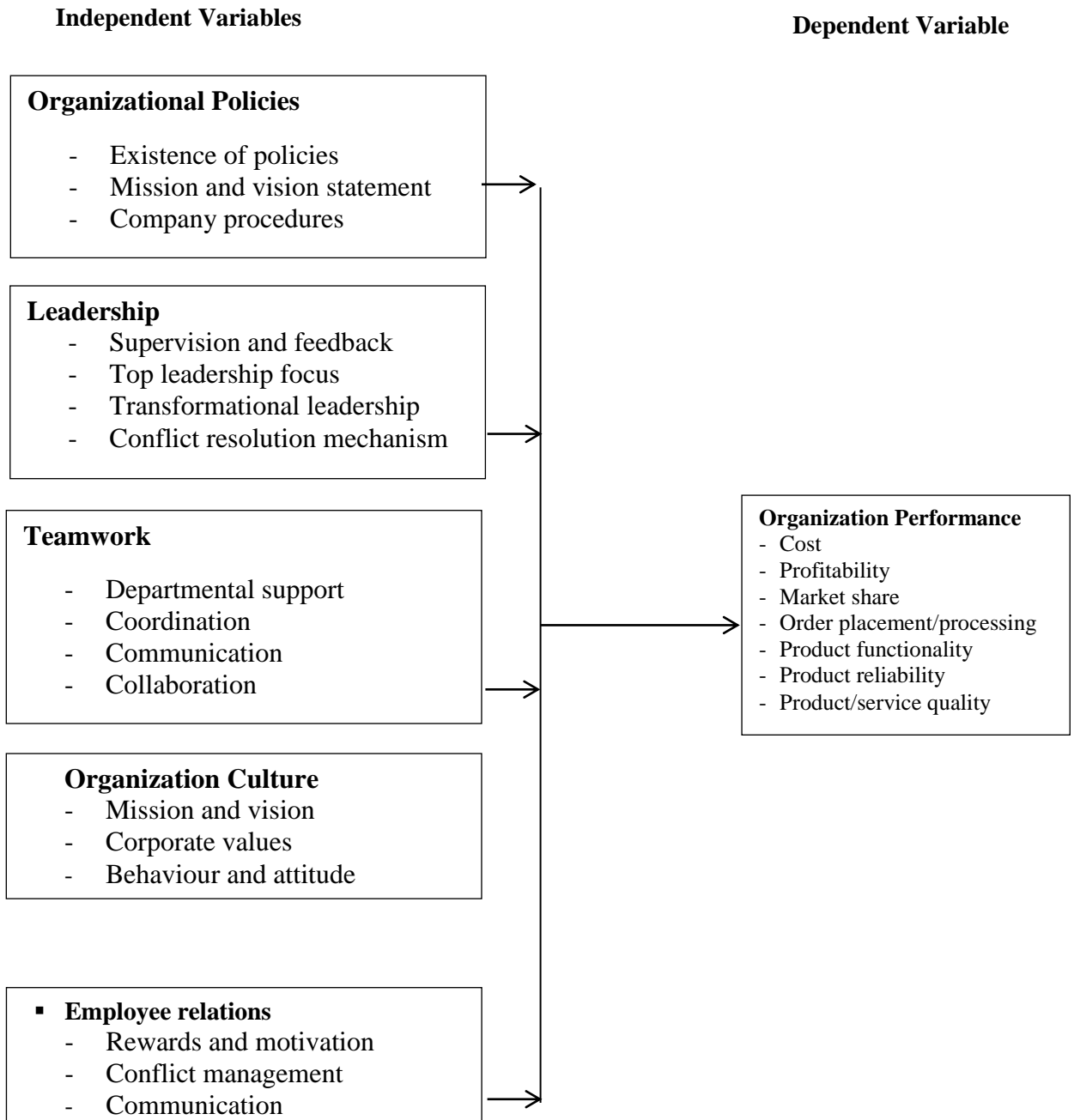


be important for employees' turnover intentions or stay with the organization and vice versa (Manzoor and Naeem, 2011; Lee et al., 2012). Disciplined employees are willing to go beyond the minimum requirements of their duties and are more likely to remain with the organization than undisciplined employees (Meyer and Allen, 1991). The interests in employee discipline are based on the belief that it is related to employee turnover (Meyer and Allen, 1997).

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. Whereas this is true of the contribution provided, limited information has been provided to explain how employer employee relations affected employee discipline in parastatals.

## 2.4 Conceptual Framework

**Figure 1: The conceptual framework showing the relationship between employee disciplines to Performance**



## **2.5 Summary of the Literature and Research gap**

Employees must know the rules that have been established. Even though employees might have had input in the development of the rules, it is the employer who creates the final version. The organization's work rules should be presented in a printed format, and each employee should be given a copy. This is usually accomplished in the form of an employee handbook. The handbook may have other information, but the work rules are a critical part of it.

However, most of what has been written on discipline is usually related productivity even though it is widely believed that the concepts and procedures under discipline are relevant to the parastatals organizations. Generally, there is still a shortage of disciplinary studies in the government sector. Motivated by this gap in literature, the research will seek to assess the effect of employee discipline practices on performance of Kenya Revenue Authority.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter present the research methodology that was adopted to enable the researcher obtain answers to the research question and achieve the objective stated. This chapter presents the research design, population of the study, data collection method and instrument to be used in the study. It will also describe research procedures to be used in collection of data and it shows how data will be analysed and presented.

### **3.2 Research Design**

A descriptive case study was adopted in carrying out the study. Descriptive case studies are exploratory, if relatively little research has been done in the area, or they can illustrate aspects thought to be representative or typical: Both exploratory and illustrative aspects can be included in a single case study, with accent being typical.

### **3.3 Population of the Study**

A population can be defined as group of individuals taken from general population who share common characteristics such as age, sex in an organisations from which a sample may be obtained; Shao (1999) while target population is 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 population of the study was all the 430 members from the main departments in KRA; while the target population of this study was 46 specifically selected staff of some departments namely customs, Domestic Revenue, Road transport and support service departments.

**Table 3.1 Population of the Study**

<b>Departments</b>	<b>Target Population</b>	<b>Percentage</b>
Customs Department Staff	144	33
Domestic Revenue Staff	126	29
Road Transport staff	104	25
Support Services staff	56	13
<b>Total</b>	<b>430</b>	<b>100</b>

**Source: Author (2013)**

### 3.4 Sampling Design

The sample size of the study was 129 respondents selected through a stratified random sampling method. This number is 30% of the population arrived at based on the rule of thumb (Mugenda and Mugenda, 2003). From each department, a representative sample based on the weight of the population will be selected. This is shown in Table 3.2. The researcher will use random sampling to select respondents for interviews and administration of questionnaires (Kothari 2004).

**Table 3.2 Population of the Study**

<b>Departments</b>	<b>Target Population</b>	<b>Sample</b>
Customs Department Staff	144	43
Domestic Revenue Staff	126	38
Road Transport staff	104	31
Support Services staff	56	17
<b>Total</b>	<b>430</b>	<b>129</b>

**Source: Author (2013)**

This sample size is justified because the population of the study is huge and the respondent number enabled the researcher to come up with a concrete and conclusive report therefore data collected will be accurate and would be obtained with relative ease.

### 3.5 Data Collection Procedure

The study used primary data. Primary data was collected using questionnaires. The tool was used to explore and evaluate employee discipline factors to the performance of Kenya revenue authority. In order to improve the response rate and quality of data gathered, the researcher administered the questionnaires to the respondents in the study accordingly.

The researcher obtained permission to collect data from the company and also request for permission from the Management of the firms to collect data. Research assistants were recruited to assist in data collection. The research assistants were trained on the research objectives and guided on techniques of administering the questionnaires. Introduction letters introducing the assistants on behalf of the researcher were issued. Questionnaires

were administered to the heads of department in the organization, this include the human resource managers, marketing managers, and financial managers.

### **3.5.1 Reliability of research instruments**

Kothari(2001) indicated that reliability involves the quality of measurement. In its everyday senses, reliability is the consistency or repeatability of the measures. Validity concerns whether the concept really measures the main purpose of the study. To confirm validity and reliability of research instrument, few questionnaires were distributed to the respondents to pre-test the process of data collection.

### **3.5.2 Validity of research instruments**

The question of validity is raised in the context of the form of the test, the purpose of the test and the target population. This study concentrated on content validity. Mugenda and Mugenda (2003) define content validity as a measure of the degree to which data collected using a certain instrument represent a specific domain of indicators or content of a particular subject. The questionnaire items were assigned arbitrary scores and data entered into computer software for Statistical Package for Social Sciences and regression analysis to find out the relationship of employee discipline to organization Performance.

## **3.6 Data Presentation and Analysis Techniques**

Data analysis is the process of obtaining raw data and converting it into information useful for decision making by users. All the collected data was edited, coded and tabulated. To analyse the data, quantitative and qualitative techniques was used to assess the effect of employee discipline on performance in the parastatals. Data was analysed to answer questions, test hypotheses or disapprove theories. The nature of data collected was quantitative and qualitative. It was analysed using descriptive statistics as well as inferential statistics. According to DeCaro, (2003), descriptive statistics describes a big hunk of data with summary, charts and tables but do not attempt to draw conclusions about the population. Inferential statistics tests hypothesis to draw conclusions about the population under study. This study used both descriptive and inferential statistics by way of charts, frequency diagrams, graphs and percentages to summarize data. The study used regression analysis to analyse data.

**$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \epsilon$ ; Where:**

Y = Organization Performance

a = Constant

$b_1, b_2, b_3, b_4$  = Coefficients of Employee Discipline Measures

$X_1, X_2, X_3, X_4$  = Employee discipline Measures (Independent variables).

$X_1$  = Organization Policies

$X_2$  = Leadership Styles

$X_3$  = Teamwork

$X_4$  = Organization Culture

$X_5$  = Employer employee relations

$\epsilon$  = Error term.

### **3.7 Ethical Considerations**

The researcher adhered to the ethical standards by protecting the sources of information which is critical and private. The information obtained is used for academic purposes and for mutual benefit of stakeholders. The respondents were informed and gave consent to voluntarily taking part in the study.

## CHAPTER FOUR

### DATA ANALYSIS AND FINDINGS

#### 4.1 Introduction

This chapter presents the results of the study. The chapter is organised as follows. The next section presents the results of bio-data analysis. This is followed by the descriptive results on employee discipline as well as on organisational performance. Then, the inferential results are presented on the relationship between employee discipline and organisational performance.

#### 4.2 Bio-data analysis

This study anticipated to get responses from 129 respondents. However, only 120 respondents took part in the survey. This gives a response rate of 93%. This is a high response rate considering the nature of the study (survey). As such, it is appropriate for purposes of generalising to the population of the study.

**Table 4.1: Gender**

	Frequency	Percent
Male	72	60.0
Female	48	40.0
Total	120	100.0

Source: Author (2016)

Table 4.1 presents the results of the distribution of respondents by gender. The results show that 60% of the respondents were male and 40% were female. Thus, majority of the respondents in the study were male which coincides with the number of employees in the population of interest.

**Table 4.2: Age**

	Frequency	Percent
21 - 30 years	18	15.0
31 - 40 years	72	60.0
41 - 50 years	24	20.0
Above 50 years	6	5.0
Total	120	100.0

Source: Author (2016)



Table 4.2 shows the results for the distribution of respondents by age. The results reveal that 15% of the respondents were aged 21-30 years, 60% were aged 31-40 years, 20% were aged 41-50 years and 5% were aged above 50 years of age. Thus, most of the respondents in the organisation were youth below 40 years.

**Table 4.3: Education**

	Frequency	Per Cent
Secondary	6	5.0
College	72	60.0
University	42	35.0
Total	120	100.0

Source: Author (2016)

Table 4.3 presents the results on the distribution of respondents by highest levels of education. The results show that 5% had secondary education, 60% had college education and 35% had university education. Thus, majority of the respondents had at least a college education.

### 4.3 Employee Discipline

This section presents the descriptive results on employee discipline. It begins with a presentation on organisational policies followed by leadership styles, teamwork, organisational culture, and finally, employee relations.

#### 4.3.1 Organisational Policies

The respondents were asked whether their organisation had adopted employee discipline. The results of the analysis are shown in Table 4.4

**Table 4.4: Has your company adopted employee discipline?**

	Frequency	Percent
Yes	102	85.0
No	18	15.0
Total	120	100.0

Source: Author (2016)

As shown in Table 4.4, the study found that 85% of the respondents agreed that the organisation had adopted employee discipline while 15% of the respondents disagreed. Generally, the results show that the organisation had adopted employee discipline.

The respondents were asked to state the extent to which they agreed that their firm organisational policies attribute discipline as key to performance in the organisation. The results are shown in Table 4.5.

**Table 4.5:** The firm organisational policies attribute discipline as key to performance in the organisation

	Frequency	Percent
Strongly disagree	12	10.0
Disagree	6	5.0
Neutral	18	15.0
Agree	54	45.0
Strongly agree	30	25.0
Total	120	100.0

Source: Author (2016)

The study found that 10% strongly disagreed, 5% disagreed, 15% were neutral, 45% agreed, and 25% strongly agreed. Thus, most of the respondents (70%) agreed that the policies of KRA attribute discipline as key to performance in the organisation. This means that discipline is a key component in organisational performance, especially that of the Kenya Revenue Authority.

The respondents were asked to state whether their departmental heads in the organisation formulate policies towards employee discipline. The results are shown in Table 4.6.

**Table 4.6:** The departmental heads in the organisation formulate policies towards employee discipline

	Frequency	Percent
Strongly disagree	12	10.0
Disagree	6	5.0
Neutral	12	10.0
Agree	42	35.0
Strongly agree	48	40.0
Total	120	100.0

Source: Author (2016)

The study found that 10% of the respondents strongly disagreed, 5% disagreed, 10% were neutral, 35% agreed and 40% strongly agreed. The results show that most of the respondents (75%) agreed that the departments in KRA formulate policies towards employee discipline. This suggests that policy formulation is important in organisations as it helps to foster issues of employee discipline.

The respondents were also asked to state the extent to which they agreed that organisational policies incorporate discipline in the company's vision. The results are shown in Table 4.7.

**Table 4.7:** Organisational policies incorporates discipline in the company's vision

	Frequency	Percent
Strongly disagree	6	5.0
Disagree	12	10.0
Neutral	18	15.0
Agree	30	25.0
Strongly agree	54	45.0
Total	120	100.0

Source: Author (2016)

The study found that 5% strongly disagreed, 10% disagreed, 15% were neutral, 25% agreed and 45% disagreed. From the results, most (70%) of the respondents agreed that the policies of KRA incorporate discipline in the company's vision. With the presence of a policy on discipline, the Kenya Revenue Authority is therefore capable of handling employee disciplinary issues in reference to what the policies suggest.

### 4.3.2 Leadership Styles

The respondents were asked the extent to which they agreed that the company's top leadership focus on discipline to ensure performance. The results are analysed and presented in Table 4.8.

**Table 4.8:** The company top leadership focus on discipline to ensure performance

	Frequency	Percent
Strongly disagree	6	5.0
Disagree	12	10.0
Neutral	12	10.0
Agree	48	40.0
Strongly agree	42	35.0
Total	120	100.0

Source: Author (2016)

The study found that 5% strongly disagreed, 10% were disagreed, 10% were neutral, 40% agreed and 35% strongly agreed. Thus, 75% of the respondents agreed that KRA's top leadership focus on discipline to ensure performance. Since top management involvement is important in enhancing employee discipline, this means that the employees of KRA as assured that their issues can be handled by the management.

The respondents were further asked to state the extent to which they agreed that the company had effective process for resolving employee discipline complaints. The results are shown in Table 4.9.

Table 4.9: The Company has effective process for resolving employee discipline complaints

	Frequency	Percent
Strongly disagree	12	10.0
Disagree	6	5.0
Neutral	18	15.0
Agree	36	30.0
Strongly agree	48	40.0
Total	120	100.0

Source: Author (2016)

The results show that 10% of the respondents strongly disagreed, 5% of the respondents disagreed, 15% of the respondents were neutral, 30% of the respondents agreed and 40% strongly agreed. The results reveal that 75% of the respondents agreed that KRA has an effective process for resolving employee discipline complaints. This means that KRA has an effective process for resolving employee issues.

The respondents were asked to state the extent to which they agreed that the company leadership undertakes employee discipline very serious in the organisation. The results are shown in Table 4.10.

Table 4.10: The company leadership undertakes employee discipline very serious in the organisation

	Frequency	Percent
Disagree	6	5.0
Neutral	12	10.0
Agree	42	35.0
Strongly agree	60	50.0
Total	120	100.0

Source: Author (2016)

The study found that 5% of the respondents strongly disagreed, 10% disagreed, 35% agreed, and 50% strongly agreed. Thus, 85% of the respondents agreed that KRA's leadership undertakes employee discipline very serious in the organisation. This is important as it underscores the level of seriousness with which employee disciplinary issues are resolved within the organisation.

### 4.3.3 Teamwork

The respondents were also asked to state the extent to which they agreed that all departments work towards employee discipline in the organisation. The results are shown in Table 4.11

Table 4.11: Do all departments work towards employee discipline in the organisation?

	Frequency	Percent
Strongly disagree	6	5.0
Disagree	12	10.0
Neutral	18	15.0
Agree	42	35.0
Strongly agree	42	35.0
Total	120	100.0

Source: Author (2016)

As shown, the study found that 5% of the respondents strongly disagreed, 10% disagreed, 15% were neutral, 35% agreed and another 35% strongly agreed. Thus, 70% of the respondents were in agreement that all the departments in KRA work towards employee discipline in the organisation. This cohesiveness and inclusivity is important in ensuring that discipline issues are the forefront of all the departments in an organisation.

The respondents were further asked to state the extent to which they agreed that there was communication towards employee discipline in the organisation. The results are presented in Table 4.12

Table 4.12: Is there communication towards employee discipline in the organisation

	Frequency	Percent
Strongly disagree	6	5.0
Disagree	18	15.0
Neutral	42	35.0
Agree	30	25.0
Strongly agree	24	20.0
Total	120	100.0

Source: Author (2016)

The study found that 5% of the respondents strongly disagreed, 15% disagreed, 35% were neutral, 25% agreed and 20% strongly agreed. Thus, 45% of the respondents were in agreement that there was communication towards employee discipline in the organisation. Communication is an important element of fostering disciplinary mechanism in an organisation and, therefore, key for KRA.

#### 4.3.4 Organisation Culture

The respondents were asked to state the extent to which they agreed that the company undertakes employee discipline as a culture in the organisation. Table 4.13 shows the results.

Table 4.13: The Company undertakes employee discipline as a culture in the organisation

	Frequency	Percent
Strongly disagree	18	15.0
Neutral	12	10.0
Agree	48	40.0
Strongly agree	42	35.0
Total	120	100.0

Source: Author (2016)

The results show that 15% of the respondents strongly disagreed, 10% disagreed, 40% agreed and 35% strongly agreed. Thus, 75% of the respondents agreed that KRA undertakes employee discipline as a culture in the organisation. This means that employee discipline is part of the culture of the organisation. This is important as it enhances the spirit of discipline within the organisation and the employees do not see it as part of punishment.

The respondents were asked to state the extent to which they agreed that the company uses customer complaints as a method to initiate improvement in current processes. The results are presented in Table 4.14.

Table 4.14: The Company use customer complaints as a method to initiate improvements in current processes

	Frequency	Percent
Disagree	12	10.0
Neutral	48	40.0
Agree	42	35.0
Strongly agree	18	15.0
Total	120	100.0

Source: Author (2016)

The study revealed that 10% of the respondents disagreed, 40% were neutral, 35% agreed and 15% strongly agreed. Thus, the results show that half of the respondents were in agreement that KRA uses customer complaints as a method to initiate improvements in the current processes. This is very important because customer complaints, if addressed, improves the efficiency of the organisation using these to as part of disciplinary action

reinforces other methods employed in the organisation. The respondents were also asked to state the extent to which they agreed that the company evaluates the discipline and performance of staff. The results are tabulated and presented in Table 4.15.

Table 4.15: The Company evaluate the discipline and performance of staff

	Frequency	Percent
Disagree	6	5.0
Neutral	42	35.0
Agree	60	50.0
Strongly agree	12	10.0
Total	120	100.0

Source: Author (2016)

The study found that 5% of the respondents disagreed, 35% were neutral, 50% agreed and 10% of the respondents strongly agreed. Thus, 60% of the respondents agreed that KRA evaluates the discipline and performance of staff. This evaluation is important as it informs a basis upon which rewards are provided to the employees in the organisation. In most cases, highly disciplined workforce translates to better results. The respondents were asked to state the extent to which they agreed that the company improves employee discipline through trainings. The results are presented in Table 4.16.

Table 4.16: The Company improves employee discipline through trainings

	Frequency	Percent
Strongly disagree	6	5.0
Disagree	12	10.0
Neutral	30	25.0
Agree	54	45.0
Strongly agree	18	15.0
Total	120	100.0

Source: Author (2016)

As shown, the study found that 5% of the respondents strongly disagreed, 10% disagreed, 25% were neutral, 45% agreed, and 15% strongly agreed. Thus, the study revealed that 60% of the respondents were in agreement that KRA improves employee discipline through trainings. Trainings are a key component for employee discipline and KRA understands this link hence the investment in employee trainings.

### 4.3.5 Employee Employer Relation

The respondents were asked to state the extent to which they agreed that the employees and employers understand clearly on the issue of employee discipline relation in the organisation. The results are analysed and presented in Table 4.17.

Table 4.17: The employees and employers understand clearly on the issue of employee discipline relation in the organisation

	Frequency	Percent
Strongly disagree	18	15.0
Neutral	18	15.0
Agree	54	45.0
Strongly agree	30	25.0
Total	120	100.0

Source: Author (2016)

The study found that 15% of the respondents strongly disagreed, 15% were neutral, 45% agreed and 25% strongly agreed. Thus, 70% of the respondents agreed that the employers and employees in KRA clearly understand issues of employee discipline relation. This understanding by both the employer and the employees is important in fostering better relationship and hence improved discipline. The respondents were asked to state the extent to which they agreed that all employees/employer believe that discipline is their responsibility. The results are shown in Table 4.18.

Table 4.18: All employees/employer believe that discipline is their responsibility

	Frequency	Percent
Disagree	18	15.0
Neutral	12	10.0
Agree	48	40.0
Strongly agree	42	35.0
Total	120	100.0

Source: Author (2016)

The study found that 15% of the respondents disagreed, 10% were neutral, 40% agreed, and 35% strongly agreed. Thus, 75% of the respondents were in agreement that everyone in the organisation believes that discipline is their responsibility. This means that no one party is the custodian of discipline within the organisation as everyone is responsible for the discipline in the organisation.



Table 4.19: Is the workforce well motivated to undertake employee discipline procedures in the organisation?

	Frequency	Percent
Strongly disagree	6	5.0
Disagree	6	5.0
Neutral	12	10.0
Agree	36	30.0
Strongly agree	60	50.0
Total	120	100.0

Source: Author (2016)

The respondents were asked to state the extent to which they agreed that the workforce was well motivated to undertake employee discipline procedures in the organisation. The results are presented in Table 4.19. The study found that 5% of the respondents strongly disagreed, 5% disagreed, 10% were neutral, 30% agreed, and 50% strongly agreed. Thus, the study shows that 80% of the respondents agreed that the workforce was well motivated to undertake employee discipline procedures in the organisation. This means that the employees are capable of handling discipline issues since they have the motivation to do so.

#### 4.4 Organisational Performance

The respondents were asked to indicate in terms of average percentages the extent to which a number of performance measures had improved positively in the organisation over the last five years. The results in Table 4.20 show the improvements in cost reduction.

Table 4.20: Cost reduction

Cost reduced by ...	Frequency	Percent
0% - 10%	12	10.0
11% - 20%	6	5.0
21% - 30%	6	5.0
31% - 40%	30	25.0
Over 41%	66	55.0
Total	120	100.0

Source: Author (2016)

As shown, 10% had only improved by up to 10%, 5% of the respondents said it had improved by 11-20%, another 5% had improved by 21-30% and 25% said it had improved by 31-40%. The results show that 55% of the respondents said it had improved

by over 41%. Thus, the studies revealed that majority of the respondents were of the opinion that costs had reduced by over 40% of the last five years.

Table 4.21: Increase in productivity

Productivity improved by ...	Frequency	Percent
0% - 10%	12	10.0
11% - 20%	6	5.0
21% - 30%	6	5.0
31% - 40%	36	30.0
Over 41%	60	50.0
Total	120	100.0

Source: Author (2016)

Table 4.21 shows the results on the increase in productivity. As shown, 10% of the respondents were of the opinion that productivity had improved by 0-10%, 5% said it had improved by 11-20%, another 5% said it had improved by 21-30% while 30% said it had improved by 31-40%. The results also show that half of the respondents noted that productivity had improved by over 40%. Thus, the results show that most of the respondents agreed that the productivity of the organisation had improved by over 31%.

Table 4.22: Increase in market share

Market share increased by ...	Frequency	Percent
11% - 20%	12	10.0
21% - 30%	18	15.0
31% - 40%	36	30.0
Over 41%	54	45.0
Total	120	100.0

Source: Author (2016)

Table 4.22 shows the results on the increase in market share. As shown, the study found that 10% of the respondents said that the market share had increased by 11-20%, 15% said it had increased by 21-30%, 30% said it had increased by 31-40% and 45% said it had increased by over 40%. Therefore, the study shows that majority of the respondents agreed that the market share had increased by over 30%.

Table 4.23: Increased order placement

Order placement increased by ...	Frequency	Percent
0% - 10%	12	10.0
11% - 20%	6	5.0
21% - 30%	12	10.0
31% - 40%	30	25.0
Over 41%	60	50.0
Total	120	100.0

Source: Author (2016)

Table 4.23 shows the results on the increases in order placement over the last five years. The results show that 10% of the respondents said that the order placement had increased by 0-10%, 5% said it had increased by 11-20%, 10% said it had increased by 21-30%, 25% said it had increased by 31-40% and 50% said it had increased by over 40%.

Table 4.24: Improved order processing

Order processing improved by ...	Frequency	Percent
0% - 10%	6	5.0
11% - 20%	12	10.0
31% - 40%	42	35.0
Over 41%	60	50.0
Total	120	100.0

Source: Author (2016)

Table 4.24 shows the results on improved order processing. The results show that 5% of the respondents noted that order processing had improved by 0-10%, 10% said it had improved by 11-20%, 35% said it improved by 31-40% and 50% it improved by over 41%. Thus, the results reveal that most of the respondents were of the opinion that order processing had improved highly.

Table 4.25: Improved product functionality

Product functionality improved by ...	Frequency	Percent
0% - 10%	6	5.0
11% - 20%	12	10.0
21% - 30%	12	10.0
31% - 40%	48	40.0
Over 41%	42	35.0
Total	120	100.0

Source: Author (2016)

Table 4.25 presents the results on the improved product functionality. The results reveal that 5% of the respondents noted that the product functionality had improved by 0-10%,

10% said it had improved by 11-20%, another 10% said it had improved by 21-30%, 40% said it had improved by 31-40% and 35% said it had improved by over 41%. Thus, most of the respondents noted that there had been improved product functionality by over 31%.

Table 4.26: Improved product reliability

Product reliability improved by ...	Frequency	Percent
11% - 20%	18	15.0
21% - 30%	18	15.0
31% - 40%	42	35.0
Over 41%	42	35.0
Total	120	100.0

Source: Author (2016)

Table 4.26 shows the results on the improved product reliability. The results show that 15% of the respondents said that the product reliability had improved by 11-20%, another 15% said it had improved by 21-30% while 35% said it had improved by 31-40%. The results also show that 35% of the respondents said the product reliability had improved by over 41%. These results show that most of the respondents were in agreement that product reliability had improved by over 31%.

Table 4.27: Improved product/service quality

Service quality improved by ...	Frequency	Percent
0% - 10%	12	10.0
11% - 20%	6	5.0
21% - 30%	18	15.0
31% - 40%	42	35.0
Over 41%	42	35.0
Total	120	100.0

Source: Author (2016)

Table 4.27 shows the results on improved product/service quality for the last five years. The results show that 10% of the respondents were of the opinion that service quality had improved by 0-10%, 5% said it had improved by 11-20%, 15% said it had improved by 21-30%, 35% said it had improved by 31-40% and another 35% said it had improved by over 41%. These results show that most of the respondents were of the opinion that service quality had improved by over 31%.

## 4.5 Discipline and Organisational Performance

This section presents the results on the relationship between discipline and organisational performance.

Table 4.28: Summary descriptive statistics results

	Mean	Std. Deviation
Organisational performance	4.0000	1.04041
Organisational policies	3.8500	1.07153
Leadership styles	4.0167	.98433
Teamwork	3.4833	.88229
Organisational culture	3.6375	.79577
Employee relations	3.9167	1.03645

Source: Author (2016)

Table 4.28 is a summary of descriptive statistics on all the variables used in the study. The mean organisational performance is 4.0 suggesting that most of the respondents noted that the performance scores for their organisation for the last five years ranged from 31-40%. On employee discipline, the most important factors were leadership styles (mean = 4.02) followed by employee relations (mean = 3.92), organisational policies (mean = 3.85), and organisational culture (mean = 3.64). The least factor was teamwork (mean = 3.48).

Table 4.29: Correlation matrix

	Performance	Policies	Leadership	Teamwork	Culture	Relations
Performance	1					
Policies	.927	1				
Leadership	.909	.868	1			
Teamwork	.709	.735	.597	1		
Culture	.894	.842	.904	.611	1	
Relations	.883	.871	.874	.645	.834	1

Source: Author (2016)

Table 4.29 shows the results of a correlation analysis. From the results, the study found that there are generally strong correlations between performance and the other independent variables in the study namely policies, leadership, teamwork, culture and employee relations.

The Spearman correlation coefficient measures the monotonic association between two variables in terms of ranks. It measures whether one variable increases or decreases with another even when the relationship between the two variables is not linear or bivariate normal. Computationally, each of the two variables is ranked separately, and the ordinary Pearson correlation coefficient is computed on the ranks.

Table 4.30: Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.959 <sup>a</sup>	.919	.915	.30300

Source: Author (2016)

Table 4.30 shows the regression model summary. From the results, there was high correlation between the dependent and independent variables as the correlation coefficient,  $r$ , was closer to 1 ( $r = 0.959$ ). The R-square shows that the independent variable used in the study accounted for 91.9% of the variance in organisational performance ( $r^2 = 0.919$ ).

Table 4.31: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	118.346	5	23.669	257.810	.000 <sup>b</sup>
Residual	10.466	114	.092		
Total	128.813	119			

Source: Author (2016)

Table 4.31 presents the analysis of variance (ANOVA) results for the regression model. From the table, F-statistic was significant since the p-value falls below 0.05 level of significance ( $F = 257.81$ ,  $p = 0.000$ ). This means that the model was fit to test the relationship between discipline and organisational performance. Thus, at least one of the independent variables in the model is significant.

Table 4.32: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.236	.142		-1.659	.100
Policies	.377	.068	.388	5.557	.000
Leadership	.246	.080	.233	3.077	.003
Teamwork	.100	.047	.085	2.124	.036
Culture	.287	.085	.219	3.364	.001
Employee relations	.103	.063	.103	1.644	.103

Source: Author (2016)

Table 4.32 shows the coefficient results for the independent variables in the study. As shown, the study reveals that organisational policies had a positive and significant effect on organisational performance ( $\beta = .377, p = .000$ ). This means that an improvement in organisational policies on discipline leads to an improvement in organisational performance and vice versa. Ostensibly, a 1% improvement in policies leads to a .377% increase in organisational performance.

The study also found that leadership style had a positive and significant effect on the organisational performance ( $\beta = .246, p = .003$ ). This shows that an improvement in leadership style leads to an improvement in organisational performance. In other words, a 1% improvement in leadership style leads to a .246% increase in organisational performance.

The study revealed that teamwork had a positive and significant effect on organisational performance ( $\beta = .100, p = .036$ ). The results suggest that an improvement in teamwork in the organisation leads to an improvement in organisational performance. Thus, a 1% improvement in teamwork leads to a .100% improvement in organisational performance.

The results show that organisational culture had a positive and significant effect on organisational performance ( $\beta = .287, p = .001$ ). This means that an improvement in organisational culture leads to an improvement in organisational performance. In other words, a 1% improvement in organisational culture leads to a .287% increase in organisational performance.

Lastly, the results showed that employee relations had a positive but insignificant effect on the organisational performance ( $\beta = .103, p = .103$ ). These results suggest that an improvement in employee relations may not significantly affect the performance of an organisation as the effect is inconsequential to the company's bottom line.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This last chapter is concerned with presenting the summary of the study as well as the conclusions from the findings. The chapter also presents the recommendations for policy and practice. Further, the chapter presents the limitations of the study. Finally, suggestions for further research are made.

#### 5.2 Summary of the Study

This study sought to assess the effect of employee discipline on performance in parastatals with reference to Kenya Revenue Authority. Specifically, the study sought to determine the influence of organizational policies, leadership styles, teamwork, employee relations, and organisational culture on performance in Kenya Revenue Authority. A descriptive case study design was adopted. From a population of 430 employees from various departments of KRA, a sample size of 129 was selected using a random sampling method from which a total of 120 questionnaires were collected and used in the analysis. Primary data was collected using questionnaires. The analysis was done using descriptive and inferential statistics.

##### 5.2.1 Organizational Policies

The study shows coefficient results for the independent variables in the study. As shown, the study reveals that organisational policies had a positive and significant effect on organisational performance ( $\beta = .377, p = .000$ ). This means that an improvement in organisational policies on discipline leads to an improvement in organisational performance and vice versa. Ostensibly, a 1% improvement in policies leads to a .377% increase in organisational performance.

##### 5.2.2 Leadership Styles

The study also found that leadership style had a positive and significant effect on the organisational performance ( $\beta = .246, p = .003$ ). This shows that an improvement in leadership style leads to an improvement in organisational performance. In other words, a 1% improvement in leadership style leads to a .246% increase in organisational performance.



### **5.2.3 Teamwork**

The study revealed that teamwork had a positive and significant effect on organisational performance ( $\beta = .100, p = .036$ ). The results suggest that an improvement in teamwork in the organisation leads to an improvement in organisational performance. Thus, a 1% improvement in teamwork leads to a .100% improvement in organisational performance.

### **5.2.4 Organizational Culture**

The results show that organisational culture had a positive and significant effect on organisational performance ( $\beta = .287, p = .001$ ). This means that an improvement in organisational culture leads to an improvement in organisational performance. In other words, a 1% improvement in organisational culture leads to a .287% increase in organisational performance.

### **5.2.5 Employee relations**

Lastly, the results showed that employee relations had a positive but insignificant effect on the organisational performance ( $\beta = .103, p = .103$ ). These results suggest that an improvement in employee relations may not significantly affect the performance of an organisation as the effect is inconsequential to the company's bottom line.

The study revealed that organisational policies had a positive and significant effect on organisational performance ( $\beta = .377, p = .000$ ). Ostensibly, a 1% improvement in policies leads to a .377% increase in organisational performance. The study also found that leadership style had a positive and significant effect on the organisational performance ( $\beta = .246, p = .003$ ). In other words, a 1% improvement in leadership style leads to a .246% increase in organisational performance. The study revealed that teamwork had a positive and significant effect on organisational performance ( $\beta = .100, p = .036$ ). Thus, a 1% improvement in teamwork leads to a .100% improvement in organisational performance. The results showed that organisational culture had a positive and significant effect on organisational performance ( $\beta = .287, p = .001$ ). In other words, a 1% improvement in organisational culture leads to a .287% increase in organisational performance. Lastly, the results showed that employee relations had a positive but insignificant effect on the organisational performance ( $\beta = .103, p = .103$ ).

### **5.3 Conclusions of the Study**

The study sought to determine the influence of organizational policies on the performance of Kenya Revenue Authority. The study revealed that organisational policies had a positive and significant effect on organisational performance. Thus, the study concludes that organisational policies influence the performance of Kenya Revenue Authority.

The study sought to examine the influence of leadership styles on the performance of Kenya Revenue Authority. The study also found that leadership style had a positive and significant effect on the organisational performance. The study concludes that leadership style influences the performance of Kenya Revenue Authority.

The study sought to determine the influence of teamwork on the performance of Kenya Revenue Authority. The study revealed that teamwork had a positive and significant effect on organisational performance. The study concludes that teamwork influences the performance of KRA.

The study sought to examine the influence of organisational culture on the performance of Kenya Revenue Authority. The results showed that organisational culture had a positive and significant effect on organisational performance. The study concludes that organisational culture affects the performance of Kenya Revenue Authority.

Lastly, the study sought to assess the influence of employee relations on the performance of Kenya Revenue Authority. The results showed that employee relations had a positive but insignificant effect on the organisational performance. The study, therefore, concludes that employee relations do not affect the performance of Kenya Revenue Authority.

### **5.4 Recommendations of the Study**

This study makes a number of recommendations. First, the study recommends that KRA should institute better policies that address the employee discipline in the organisation. This will help improve the discipline issues in the organisation and, ultimately, lead to better performance of the organisation.

Secondly, the study recommends that KRA's management should focus more on supervision and feedback from the employees. Transformational leadership would suite different situations so as to reduce the dominance of autocratic leadership. This will enhance better relations in the organisation and improve employee discipline.

Thirdly, the study recommends that KRA's management should focus on encouraging teamwork within the organisation. This should strengthen departmental support and coordination in the entire organization. Such efforts will go a long way in improving discipline issues in the organisation and, therefore, help improve the performance of the organisation.

Fourthly, the study recommends that the culture of the organisation should be in sync with the aspirations of the organisation in terms of fostering discipline among the staff. Having clear mission and vision will help improve the performance of the institution. Corporate values are also key in the study in that they influence overall behaviour and help to communicate what is important to the organization.

Lastly, the study recommends that rewards and motivation should be employed in KRA which from a strategic management perspective, it is important to design the most effective reward structure, because the implementation of a firm's business strategy depends on it.

## **5.5 Suggestions for Further Research**

Further studies should adopt a mixed-methodology (use both primary and secondary data) to examine the relationship between discipline and performance. Such mixed methods are capable of unravelling better insights about this relationship than the current methodology adopted.

Secondly, future studies should expand the scope of the study by focusing on a survey of multiple institutions to examine the effect of discipline on firm performance. This will enhance the applicability of findings to various institutions.

Lastly, further studies should include other control variables in the model to test the relationship between discipline and organisational performance. Such control variables will improve the fitness of the model and, therefore, the final outcome of the study.

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## APPENDICES

### Appendix I: Research Questionnaire

Please attempt the following questions by selecting choices where options have been given and giving your views on various questions asked.

#### PART I: GENERAL INFORMATION

##### 1. Gender

Male ( )

Female ( )

##### 2. Age group

21-30 years ( )

31-40 years ( )

41-50 years ( )

Above 50 years

##### 3. Highest level of education

Secondary ( )

College ( )

University ( )

#### Part A: Employee Discipline

Please give answers in the spaces provided and tick (✓) in the box that matches your response to the questions where applicable:

4. Has your company adopted employee discipline Yes ( ) No ( )

5. Please indicate the extent to which the following total employee discipline practices has influenced the performance of your company? Where **1 - Strongly disagree; 2 -Disagree; 3 - Neutral; 4 - Agree; 5 - Strongly Agree**

	<b>Organisational Policies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The firm organisational policies attribute discipline as key to performance in the organisation					
2	The departmental heads in the organisation formulate policies towards employee discipline					
3	Organisational policies incorporates discipline in the company's vision					
	<b>Leadership styles</b>					
1	The company top leadership focus on discipline to ensure performance					
2	The company has effective process for resolving employee discipline complaints					
3	The company leadership undertakes employee discipline very serious in the organisation					
	<b>Teamwork</b>					
1	Do all departments work towards employee discipline in the organisation					
2	Is there co-ordination in organisation towards employee discipline in the organisation					
3	Is there communication towards employee discipline in the organisation					
	<b>Organisation Culture</b>					
1	The company undertakes employee discipline as a culture in the organisation					
2	The company use customer complaints as a method to initiate improvements in current processes					
3	The company evaluate the discipline and performance of staff					
4	The company improves employee discipline through trainings					
	<b>Employee employer relation</b>					



1	The employees and employers understand clearly on the issue of employee discipline relation in the organisation					
2	All employees/employer believe that discipline is their responsibility					
3	Is the workforce well motivated to undertake employee discipline procedures in the organisation					

**Part B: Organizational Performance**

1. Indicate in terms of average percentage the extent to which the following performance measures have improved positively in your organization over the last five years. Where, **1 = (0% – 10%); 2 = (11% – 20%); 3 = (21% – 30%); 4 = (31% - 40%); 5 = (Over41%)**

<b>Organizational performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Cost reduction					
Increase in profitability					
Increase in market share					
Increased order placement					
Improved order processing					
Improved product functionality					
Improved product reliability					
Improved product/service quality					

## Appendix II: Research Budget

The following is a budget proposal of the total amount of money to be spent:

<b>Item/Activity</b>	<b>Estimated Cost (Kshs)</b>
Stationery	1,000
Printing/Photocopying	3,000
Transport	3,000
Binding	1,500
Data analysis	5,000
Miscellaneous	5,000
<b>Total cost</b>	<b>18,500</b>