AN INVESTIGATION INTO HUMAN RESOURCE PRACTICES AS DETERMINANTS OF EFFECTIVENESS IN THE MANAGEMENT OF INSURANCE COMPANIES.

BY

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DECLARATION.

This project is my original work and has not been presented for a degree in any other university.

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For my late mother, Jacinta Wanjiku.
ACKNOWLEDGEMENT.

I wish to express my gratitude to my supervisor, Dr. M.O. Khayota for his guidance and dedicated support throughout this research project. Dr. J.M.Chege, (MBA Coordinator) and Mr. P.Ochola, (Coordinator Institute of Business and Chairman, department of Business Administration) for all their support.

Sincere thanks and appreciation go to the Commissioner of Insurance Mr.Makove and Deputy Commissioner Ms. Agnes Ndirangu for allowing me to use their library. Thanks too to the librarian at the Commission Mr. Mageto for his tireless assistance as I ploughed through materials.

I want to say thank you to all the company officials who spared time to fill the questionnaire.

To my colleagues in the MBA class for support when I needed it and especially Joyce Mutinda.

Last but not least, I’m greatly indebted to my family and especially to my husband for the continued support, encouragement and assistance at all times.
ABSTRACT.

The role of insurance companies in creating jobs and generating economic growth in Kenya cannot be underestimated. Being a service industry, the insurance sector cannot escape from the fast changing trends where the service industry has become one of the fastest growing sectors. Trends in the management of the service industry are also fast changing and customer care is receiving a lot of attention. The human resources are now more than ever the most important assets that an organisation has. How the human resources are sourced, selected, motivated, evaluated, developed and retained is very much a determinant of the organisations position in terms of competitive advantage over its rivals and also in terms of how the human resources perform.

This study explores the place of human resources in enhancing effectiveness in the management of insurance companies.

 Apparently, very little research has been carried out in Kenya. The study will therefore form a basis for future researchers addressing the issue of effectiveness in management in this sector. The study draws samples from the city of Nairobi because the area is more open to research, as it is the concentration centre for most insurance companies in Kenya.
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CHAPTER ONE.

1.0 INTRODUCTION.

1.1 BACKGROUND INFORMATION.

The most recent approaches to the study of organisations and management have sought to identify features of organisations and management, which lead to successful and unsuccessful organisations. One of the most noteworthy product of this type of study is a book entitled 'In search of excellence' by Tom Peters and Robert Waterman, and 'The winning streak' written by M. Clutterback.

The work of Tom Peters and Waterman provided momentum for the development of contemporary theories of organisational management known as the 'Excellency theory'. Another contributor to the contemporary theory was William Ouchi who came up with theory Z.

Denis Kavitz in the book 'Human Resources Revolution' writes that according to William Ouchi in his theory Z approach, organisations should develop a philosophy and value system, which fosters commitment to organizational goals through the following practices:

- Long-term security of employment.
- Consensual, participative decision-making.
- Individual responsibility for decision-making, standards and performance.
- Slow personnel development, evaluation and promotion.
- Implicit, informal control within a framework of explicit formalised measures.
- Generally linear and moderately specialised career paths.
• Holistic concern for the well being of the organisation and all its employees (including their families) in the widest sense.

The strategies and attitudes of changing organisational structure, strategy, updated information and technology and the emphasis on cost cutting are good but they have at best delivered short-term results because they have ignored the human factor. The results have invariably only involved people as a central catalyst to change as an afterthought. One of the hardest tasks confronting organisations today is the conscious development of human habits in their organisations.

Understanding the strategic potential of human resources management is a phenomenon, which evolved from western countries through three main stages. From early this century until mid 1960s, Human resource management activities were in the file management stage, with emphasis on processing of personnel related paperwork and planning company social functions. The mid 1960s brought in an era of accountability and government regulations of employee issues. The third stage began in 1970s and early 1980s and is the competitive advantage stage. In this stage, human resources management is increasingly viewed as an important means to build internal capabilities and constitute competitive advantage. (‘Management’, Katheryn M. Bartol, & David C. Martin.)

Boosting profits through downsizing, which has become common practice in recent years is relatively easy, all the executives have to do is intellectually dodge and rationalise the criticisms of retrenchment. In the final analysis however, you can't reduce costs and grow, or as Tom Peters says, 'you can't shrink your way to sustained greatness'. What
companies need to do is focus on the development of human habits, which will translate into human resources with the skills, abilities and drive to give the organisation the needed competitive advantage.

The insurance industry in Kenya is probably as old as the country itself. The decade after independence witnessed an upsurge in the economic development in the country. There was rapid expansion in many sectors of the economy and the insurance sector was not left behind.

It wasn't until 1987 however that an Act of parliament aimed at regulating the operations of the industry was enacted. The Act, known as the Insurance Act was passed in January 1987 under an Act of parliament. It authorised the formation of the commission for Insurance to regulate all classes of insurance business, and the appointment of an Insurance commissioner to head the commission. The Act also set out the minimum qualifications for anyone aspiring to operate any insurance business. A person aspiring to open up an insurance agency for example must have passed the certificate of proficiency test (COP) which is the minimum qualification under the chartered insurance institute.

The Commission has since done a lot to streamline the industry. It has put in place solvency margins for different classes of insurance business in order to protect the insured. It also makes sure that the companies maintain the required paid up capital at all times. The Act however does not dwell much on the issue the human resources in the industry. It does not address the issue of management of the human resources.
Together with the Association of Kenya Insurers (AKI), the commission is working hard to see that professionalism is observed in the operations of the industry. The two have for example been holding seminars to sensitise people on fraud (AKI newsletter, Nov. 2002).

Effective management of human resources is more critical today than ever because they impact directly on the survival of the organisations. Consequently, a critical question becomes, how competent are Kenyan insurance companies in attracting, developing, measuring, motivating and retaining human resources with potential?

1.2 PROBLEM STATEMENT.

In any given organisation, there are various factors that go into production activities, whether of goods, services or both. These factors include land, labour and capital. Of all these factors of production, labour, also referred to as the human factor is the most important. The operation of the other factors of production is exclusively dependent upon the human factor. An organisation can have the latest in terms of technology, infrastructure etc, but these on their own are worthless until and unless they are managed by a competent human workforce at all times of operation or production.

Notwithstanding the above situation, it is interesting to note that for a long time, the human factor in organisations was never seen as a factor of production, but rather as a cost that had to be undertaken in the course of operations. Lack of emphasis on labour as an important factor of production for long has affected its place, role and importance in the industrial set up.
The forces relating to corporate organisations, global competition, declining markets, changing workforce demographics, employee expectations, and legal government requirements represent long-term trends that future organisations have to address in terms of the above challenges.

It is important for top management to realise that human resources considerations must be built and strategies conceived with human resources elements fused into them. For this to be effective, it is pertinent that the major components of human resources management are recognised. It is not surprising that in the modern day business world, the human factor can be seen as offering all manner of quality consultancy services to the industry. This underscores the importance of the human factor.

There is also need to establish why major firms in the world have set up separate departments exclusively handling the human related issues. This may be a pointer and lead to the true position of the human factor in the organisations.

World business experts contend that companies that are predominantly service oriented like insurance will emphasise on human resources management as part of their core strategy. Lord Harris put it thus; ‘when a business goes wrong, look only to the people who are running it’.

Effective management of human resources is more critical today than ever because they impact directly on the survival of the organisations. Consequently, the critical question becomes, how competent are Kenyan Insurance Companies in attracting, developing, measuring, motivating and retaining human resources with potential?
1.3 OBJECTIVES OF THE STUDY.

The career outlook for human resources professionals today is stronger than ever. The forces relating to corporate organisations, global competition, declining markets, changing workforce demographics, employee expectations and legal government requirements represent long-term trends that have transformed human resources who are in pivotal positions in terms of these challenges. More and more organisational effectiveness is being determined by the degree to which strategic objectives are formulated in the light of human resources considerations.

BROAD OBJECTIVES.

1. To analyse the various aspects of human resources management practices in selected Insurance companies in Kenya.

2. To generate baseline information that will contribute to the field of human resources management.

SPECIFIC OBJECTIVES.

1. Establish the extent to which selected insurance companies attract motivate, develop, measure and retain talented employees.

2. Establish the impact of human resources management practices in selected Insurance companies in Kenya.
1.4 RESEARCH QUESTIONS.

1. What importance is attached to the role of the human resources practices in determining organisational effectiveness?

2. Do the companies strive to attract, motivate, develop, measure and retain talented human resources?

1.5 IMPORTANCE/SIGNIFICANCE OF THE STUDY.

It is hoped that the findings of this study will help:

- The researcher to enhance her skills in the field of human resource management.

- The researcher to identify specific issues, which the organisations can effectively address, in order to add on to competitive advantage of the individual insurance companies.

- Future researchers who may wish to do research in a similar field.

The study also hopes to bring out the crucial role played by the human resources practices in ensuring that the companies maintain an advantage over competitors.

1.6 SCOPE OF THE STUDY.

The study was an investigation into whether human resources practices are seen as determinants of effectiveness in the management of insurance companies.

There are forty insurance companies with operations in Nairobi, dealing with various classes of insurance business. Random sampling method was used to select ten companies on which the study was based. Pre-prepared questionnaires were given out to the ten companies. The questionnaires consisted of structured and unstructured questions.
The questionnaires were administered to the head of human resources, claims, underwriting and marketing departments in each company. The researcher in addition was able to capture data through interacting with and interviewing the members of the companies.

1.7. DEFINITION OF WORKING CONCEPTS.

1. EFFECTIVENESS: producing results

2. MOTIVATION: The force that energizes behaviour,
gives direction to behaviour and underlies the tendency to persist.

3. DEVELOPMENT: Planned effort to facilitate employee learning of job related behaviours in order to improve performance.

4. MEASUREMENT: Evaluating and recording employee performance relative to expectations and providing feedback to employees.

5. ATTRACTING: Arousing interest in.
CHAPTER TWO

2.0 LITERATURE REVIEW.

This chapter examines the background to the management of the human resources and the effective role that is played by human factors with special reference to the importance attached to attracting, motivating, measuring, developing and retaining talented staff. The chapter will focus on the contributions of the human factors to organisational competitive advantage from the local and international viewpoints.

According to Catherine M. Bartol and David C. Martin in the book ‘Management’ a critical element in building competitive advantage through people is attracting and hiring the right people through the recruitment and selection process.

One of the crucial challenges facing Kenyan organisations today is how to manage change, some of which is linked to international trends and some to our own political and social circumstances. Without doubt, success in organisations can only be created by people because they constitute the core around which success is acquired and managed. Research by the World Bank has indicated that the prerequisites for growth and prosperity are that a country must have an external focus and that it must develop its people.

John Kotter from the Harvard business school conducted a research covering 900 executives from more than 100 top firms in the United States of America. The results were less than encouraging. According to the findings, nearly 80% of organisations do less than a good job of recruiting, developing, motivating, measuring and retaining people
with leadership potential. The following activities were seen by the executives to be less than adequate.

- 82% expressed concern at the quality of their career planning discussions.
- 93% pointed out that their reward system for developing people were not up to standard.
- 77% pointed out that the developmental job opportunities were inadequate.
- 79% felt that their mentoring, role modelling and coaching competence left much to be desired.
- 75% experienced the feedback regarding the developmental process to be less than adequate.
- 65% believed that there was inadequate participation in outside training programs.

Interestingly, all respondents agreed that there were sufficient people available with leadership potential but they blamed themselves for not finding, developing, motivating and supporting people with such potential. They also expressed concern that their organisation culture scared off people with potential or turned young potential leaders into cautious managers (John Kotter. The strategic impact of human resource’s, evidence from a panel study, 1995)

Joy Hall, U.S. advisor to American presidents points out that 80% of managers see and treat people as incompetent and this underlying attitude is evident in Hierarchical decision making structures, an inability to delegate and a failure to invest in people.
Guy Charlton in his book ‘human Habits of highly effective organisations’ says that people act on their own perception of reality. If they don’t believe that they are being treated with respect, and are not provided with opportunity to develop, they will leave or worse, they will work at only half their potential.

Speakers at a 1999 European conference quoted figures of two thirds and more of the assets of fast growing organisations as being attributable to the value of people.... their competence, concepts, connections etc. They also pointed out that if organisations are not viewing the cost of relevant training and other development initiatives as an asset, rather than a liability, our financial future will subsist in the short term (paper presented at a conference on ‘what works at work’. Washington DC, 1995.)

Fortune and Hay Consulting list of most admired global companies point to a single predictor of overall excellence... the ability to attract, develop, motivate and retain talented people. The all stars have one common denominator, they live the phrase, “people are our most important asset” what exactly do these companies do?

- They invest time in personal involvement. John Welch, the president of General Electric personally interviews all the candidates for top 500 jobs.
- The companies know what they are looking for; they have an overt measurable list of competencies underpinning performance.
- Career development is seen as an investment, not a chore. In 1998 Intel spent 6% of its payroll- $160million on its in house university .The most admired company CEOs personally coach the most promising talent.
- They reward performance. They value long-term performance more than short term.

- They measure workforce satisfaction. They regularly practice 360 degree evaluation in order to remain in touch and accountable to employees.

- They have the ability to equip people to cope with change and also initiate change.

(The 100 best companies to work for in America. Fortune, 12 January 1998)

According to Guy Charldon, Organisations proudly proclaim their share option schemes and performance bonuses as the strategy to retain competence. The assumption behind the easy option of money as an extrinsic motivator lies in the perceived power, pleasure and status it offers the recipient. However, as victor Frankl points out in his book 'Mans search for meaning' the will to pleasure and the drive for power in its various forms are distorted searches for meaning. From a motivational perspective, Herzberg in the book, 'work and the nature of man' confirms that money is not a motivational but a maintenance factor. More specifically, the issue of money usually obscures a deeper motivational need or value. In this regard and according to Frankl, the achievement of and recognition of an important task, (and sense of purpose), having an environment of creative expression, experiencing learning and growth, quality of life outside work, and a fully participative environment are the real currency of motivation. And they don't cost a thing!

According to estimates from a study done by Renwich management Services in the U.S., (Renwich Management Services. Brochure, 1996) it can cost as much as $890,000 to pursue and replace a top executive. According to the same survey, the bulk of the cost of
recruiting or replacing management is in the cost of training the new employee. The second largest contributor to the cost is the loss of work by the outgoing employee.

**Tom Peters summarises the cost of talent in the following table.**

<table>
<thead>
<tr>
<th>Cost area in $</th>
<th>Technical</th>
<th>Marketing</th>
<th>Engineering</th>
<th>Financial</th>
<th>GM/MD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placing of one advertisement in the newspaper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interviewing applicants</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Response administration.</td>
<td>2300</td>
<td>2300</td>
<td>2300</td>
<td>2300</td>
<td>2300</td>
</tr>
<tr>
<td>Testing and checking references.</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Loss of work output by departing employee</td>
<td>23000</td>
<td>20000</td>
<td>17000</td>
<td>21000</td>
<td>60000</td>
</tr>
<tr>
<td>Cost of training new employee</td>
<td>190000</td>
<td>207000</td>
<td>39000</td>
<td>47000</td>
<td>825000</td>
</tr>
<tr>
<td>Total costs</td>
<td>219700</td>
<td>232700</td>
<td>61700</td>
<td>73700</td>
<td>890700</td>
</tr>
</tbody>
</table>

**Source: Tom Peters, The circle of Innovation, 1997.**

An extensive research report involving 49 business leaders from London’s financial, professional and business service institutions and their human resource directors identified the priority need to develop leadership and people skills in order to continue to differentiate themselves from the competition. The study concluded that,

- Individuals should be exposed to a combination of relevant customised training, coaching and mentoring, self-directed learning, and ongoing self and follower
diagnosis. (Mastering the dynamics of innovation; how companies can seize opportunities in the face of change, Harvard Business School press, 1994).

The insurance industry in Kenya is bedevilled by many unique problems. There is the hopeless issue of overcrowding, over which the regulatory authorities seem to show little concern. Currently, there are about 40 insurance companies in Kenya, 130 brokers and over 1,000 registered agents. (Insurance Link, 2002). All these against an annual gross premium of approximately 21 billion. In the year 1999 and 2000, at least 18 insurance companies registered negative growth ranging from 1% to 52% (Insurance Link 2002).

There is also the problem of 'mediocre pricing'. The existing regulatory law is very generous on the issue of pricing insurance. Section 73 of the Insurance Act merely gives a guideline on the rating of general insurance products. Insurance is probably the only industry where prices have gone down ten 10 years in a row while prices in all other sectors are going up. In 1997 for example, on average, most underwriters were rating private motor vehicles at 7.5% to 10% of the insured value. A rate of 2.5% is commonplace and in the course of business, one can even come across a rate as low as 0.85% from some of the largest firms in the industry. Such drastic reductions in rates cannot unfortunately be explained by a corresponding reduction in risk exposure. According to AKI (bulletin Jan 2002) some of the biggest challenges and threats facing the insurance industry are the deteriorating underwriting standards, pursuit of short-term goals, and abandonment of prudent underwriting. Why charge absurdly low premium rates which cannot even meet a claim if it should arise?
According to Mr. David Ngugi, the outgoing chairman of AKI, some insurers in the industry are not able to apply scientific rating due to lack of requisite technical expertise. This compounds the problem even more and brings us to the issue addressed by insurance link newsletter of August 2002 entitled, ‘Average Standard Amateur Jockeys Never Win The Derby’ and which says, ‘unless the insurance industry recruits professionals with a wealth of talent and expertise covering literally every insurance related discipline, it will be faced with an increase in technical incompetence.’

According to ‘Focus’ a Newsletter by the University of Nairobi students pursuing Insurance option, the insurance industry is faced with a severe shortage of qualified professionals if the number of students taking up the insurance major at the University’s Faculty of Commerce program is anything to go by.

There is little or no mention of Insurance and risk in formal school education in Kenya and there is little provision for fulltime post school education in risk and insurance. The problem is compounded by the fact that few people in Kenya really understand insurance. Many people will buy a third party insurance policy because they are required to do so by traffic law rather than the eventuality of an accident liability in the future.

World business experts contend that companies that are predominantly service oriented such as insurance companies will emphasise on human resources management as part of their core business strategy. Lord Harris put it thus ‘when a business goes wrong, look only to the people who are running it.’
CHAPTER THREE

3.0 RESEARCH METHODOLOGY.

3.1 RESEARCH DESIGN.

In this part of the study, the type of study is discussed, the population of the study defined, the sample size and selection method are also addressed. A description of data collection instruments and data analysis is made. There will also be a highlight on possible limitations encountered during data collection.

The study used both qualitative and quantitative methods of data collection and analysis. It used primary data to gain real concerns of the respondents and employed secondary data from reviewed literature to simplify and relate the interpretation with current trends in the insurance industry.

The information gathered provided in-depth understanding of the human resources practices, which contribute to effectiveness in the management of insurance industry and the extent to which the organisation managers engage in these practices.

3.2 TARGET POPULATION.

The population of interest consists of ten randomly selected companies. They consist of national and multinational insurance companies with operations in Kenya. These are registered under the insurance companies Act (1987) and operate under the local authorities Act. They are all members of the Association of Kenya Insurance (AKI), and their operations are regulated by the commissioner for insurance (Kenya).
3.3 DATA COLLECTION.

The study used both secondary data and primary data. Primary data was collected using a questionnaire containing both unstructured and structured questions. The questionnaires were administered personally by the researcher after pre-testing and making necessary modifications to enable the questionnaire achieve the objectives of the study.

The questionnaires were administered to heads of human resources, claims, underwriting and marketing departments of the ten companies. Probes were used where necessary to capture desired information from the unstructured questions.

Emphasis was placed on strong assumptions and considerable knowledge inferred from documented work.

3.4 DATA ANALYSIS.

Data collected from research was coded and tabulated. Both qualitative and quantitative data was extracted for appropriate analysis.

Due to the nature of the sample size (only ten firms), data was analysed using simple descriptive statistics. Descriptive statistics included the use of percentages, frequencies and cross tabulation. Tables were mainly used for presentation of data. Documented data provided the best and only opportunity to relate the practices in the Kenyan insurance industry.
3.5 LIMITATIONS OF DATA COLLECTION.

Due to the nature of the industry the following problems were encountered:

- Lack of empirical studies of a similar nature so as to enable comparison of results.
- Some of the questions were perceived as sensitive and companies refused to respond to them making data analysis and research recommendations difficult.
CHAPTER FOUR

4.0 FINDINGS AND DISCUSSIONS OF RESULTS.

The purpose of this study was to investigate whether human resource practices are seen as determinants of effectiveness in the management of insurance companies in Kenya.

The companies targeted for the research all responded to the questionnaires these included: Invesco, cooperative, United, Pan Africa, Mercantile, Blue shield, I.C.E.A, Madison, Gen accident and Gateway Insurance companies. Data was collected using a sample size of 40. However only 36 responses were obtained due to non-existence of human resources departments in Gateway, Mercantile, General Accident and Invesco Insurance companies. This made it a 90% response rate.

Due to the nature of the sample size, only simple descriptive statistics like percentages, frequencies and cross tabulation were used for data analysis. Tables are used for presentation of the findings where appropriate.
4.1 DATA FINDINGS.

Table 1. Education Level Indicators

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>30</td>
<td>23</td>
</tr>
<tr>
<td>Secondary</td>
<td>50</td>
<td>38</td>
</tr>
<tr>
<td>Diploma</td>
<td>35</td>
<td>27</td>
</tr>
<tr>
<td>Degree</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From table 1 above, the respondents showed a total of 130 employees in their respective departments, of the 130 employees, 23% had acquired up to primary level of education, 38% had secondary education, 27% had a college diploma and only 12% had acquired a degree.

The results from the table also indicate that majority of insurance employees (38%) have only secondary school education. Those with a degree are the minority at 12%.

All the respondents agreed that the level of education affected the individual employees performance on the job.
Skills acquisition procedures.

Table 2a. Learning on the job.

<table>
<thead>
<tr>
<th>Value label</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>6</td>
<td>16.5</td>
</tr>
<tr>
<td>Sometimes</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Always</td>
<td>20</td>
<td>55.5</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 2b. Outside courses.

<table>
<thead>
<tr>
<th>Value label</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Sometimes</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>Always</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 2c. In-house Training

<table>
<thead>
<tr>
<th>Value label</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Sometimes</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>Always</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Results of the study on the various methods of skill acquisition indicate that learning on the job is the most preferred method of acquiring skills. 55.5% of the respondents...
indicated that learning on the job happens the entire time. 28% indicated that it happened sometimes and 16.5% indicated that it never happened.

50% of the respondents indicated that in-house training is the method used always to acquire needed skills. 11% said that in-house trainings are never conducted while 39% said that in-house trainings are sometimes conducted.

The respondents indicated outside training as the least preferred method of acquiring skills. 28% said it never happened, 39% said it happened sometimes while 33% said that it happened always.

**Summary of employee development**

Results of the study show the following as the main courses that respondents have attended in the last one-year:

1. Customer care
2. Computer courses
3. Professional Insurance (A.C.I.I.)
4. Management courses

The table below clearly captures the respondents' views on professional development by indicating whether any training was offered and the nature of course attended.
Table 3. Professional development indicators

<table>
<thead>
<tr>
<th>Course offered</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer care</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Management</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>Insurance</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Computer training</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>None</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Results show that 28% of the respondents had not attended any training or seminars in the last one year. 22% indicate that they were pursuing a diploma with the London based Chartered insurance institute. The diploma is the highest professional qualification in the Insurance industry and leads one to become an associate member of the college. It is studied through distance learning. According to the information captured through probing, many companies encourage their employers to pursue the diploma. Upon passing, most companies will refund the employees either 50% or 100% of the cost of the diploma.

17% have attended customer care training conducted either in-house or outside. The training was mainly offered to the sales team, administrative assistants and receptionists. 19% have attended some form of managerial training in business management, team building, strategic management or marketing management.
All the 36 respondents indicated that some form of induction training was offered to the employees upon joining the organisation.

Data gained through observation showed that most of the companies had not become computerised. Employees had their working tables piled with files. Available computers are for managerial level employees. Only 14% of the respondents indicated that they had undergone some form of computer training in the last one year.

Information gathered through interviews and probes showed that the companies without human resources departments were the least concerned with staff development. This is where the majority who had not attended any training derived from i.e. 28%. Information inferred from collected data showed also that the companies owned by people of Asian descent were the least concerned in the development of staff.

**Employee turnover.**

This refers to the rate at which employees have been leaving the companies under research. The researcher was interested in capturing information regarding those who left the companies through other causes apart from death and retirement.

The result findings are summarised in the table below.
Table 5. Employee turnover indicators.

<table>
<thead>
<tr>
<th>Value label</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5</td>
<td>22</td>
<td>61</td>
</tr>
<tr>
<td>5 - 10</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>10 - 15</td>
<td>2</td>
<td>5.5</td>
</tr>
<tr>
<td>15 - 20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>20 - 30</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>30 and above</td>
<td>2</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the above table, results indicate that the average turn over is low, with majority, 61% placing it at between 0 and 5 persons per year. 17% placed turn over at between 5 and 10 persons. 5.5% put it at between 10 and 15 persons per year. 11% put it at between 20 and 30 persons a year and another 5.5% put it at 30 persons and above.

There were no turnovers indicated in the category 15 to 20 persons.

This information on turnover was used to determine the reasons behind the turnover figures and especially in the category where the turn over figure was given as 30 persons and above in one year.

The major factors contributing to turn over were indicated as below: -

a) Better paying jobs  
b) Non-productivity  
e) Retrenchments.  
f) change of top management
c) Fraud

d) Lack of motivation.

The above information on reasons behind turnover was used to determine the degree to which each factor determined turnover.

Table 6. Turnover factors indicator.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better job</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Fraud</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Non-productivity</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>Retrenchment</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Lack of motivation</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Change of management</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Results as summarised on table 6 indicate the following: -

According to 28% of the respondents, most employees left their jobs because they got a better one. Asked what a better job meant, all the respondents who gave this indication talked about a higher salary, benefits and better working conditions. In one particular company, respondents indicated that they would like to have pleasant offices to work in.

22% of the respondents cited fraud as the reason for turnover. According to them, those employees caught engaging in fraud were immediately sacked.
19% of the respondents gave non-productivity as a reason for employee turnover. According to them, those who failed to measure up in terms of productivity were sacked. 14% of the respondents said that employees left due to retrenchment as a way of cutting down costs.

11% cited lack of motivation as the major cause of employee turnover. Some of the companies don’t do much to make the jobs in their companies exciting. There is ‘too much routine’ and some employees don’t feel motivated to wake up and go to work since ‘each day at work is like the previous one. 6% said that change of management was the major cause of turnover. This percentage was traced by the researcher to just one company where top management moved to different companies with many employees following them.

Other reasons given for turnover include: - low salaries, lack of promotions and unequal pay for jobs of comparable worth. The factors however do not influence turnover to any considerable extent

**Motivational factors**

The respondents were asked to identify the measures their organisations use to motivate their employees. They were further asked to identify the most preferred method in their companies.

The respondents gave the following responses when asked about the methods used to motivate employees: -
a) Offering fringe benefits such as medical cover, and car and house loans.

b) Training
g) None
d) Promotions
e) Awarding top performers
f) Salary increments

Asked to tick the method mostly used in their organisation, the respondents picked the methods as summarised in the table below.

**Table 8. Summary of Motivation indicators.**

<table>
<thead>
<tr>
<th>Motivation factor</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fringe benefits</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>Salary increments</td>
<td>11</td>
<td>30</td>
</tr>
<tr>
<td>None</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Training</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The table indicates that fringe benefits are the preferred method of motivation with 39% of the respondents picking it as the method most used in their companies.

The respondents gave the following as the types of fringe benefits offered: car loans, house loans and medical cover.

30% of the respondents indicated salary increment as the preferred method for motivating staff.

14% said that there were no measures in place to motivate staff.
Information gathered from motivation indicators was used to assess the impact of the same on job performance. Three motivational factors were taken as variables. Table 9 below gives a summary of the findings of the analysis.

Table 9. Summary of extent of 'motivators' on performance.

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>SAME</th>
<th>LOWER</th>
<th>HIGHER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
<td>Frequency</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>10</td>
<td>28</td>
<td>0</td>
</tr>
<tr>
<td>Salary</td>
<td>4</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Training</td>
<td>12</td>
<td>33</td>
<td>0</td>
</tr>
</tbody>
</table>

From table 9 above, majority of the respondents felt that fringe benefits increased motivation, which in turn improved performance. The largest majority 89% said that salary increment increased motivation, which in turn improved job performance.

All the respondents indicated that the motivating factors did not in any way contribute to lowering of performance. All gave a 0% indication on the same.

67% of the respondents said that training improved job performance, while 33% felt that training did not in any way affect job performance.

On performance appraisals, all the respondents indicated that there were some measures in place to appraise the performance of employees. 50% however said that the employees.
were not involved in their own evaluation, which was carried out exclusively by the management.

**Summary of cost cutting measures**

Results obtained on the above indicate that the available measures to cut down costs include:

- Retrenchment
- Non-recruitment of new staff
- Controls on usage of stationery especially the telephone
- Reducing limits of benefits to employees, especially medical benefits.

On whether the above measures have affected delivery of service, job performance, productivity and motivational levels in any way, the respondents indicated the following as summarised in table 9 below.

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>SAME</th>
<th>LOWER</th>
<th>HIGHER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>Frequency %</td>
</tr>
<tr>
<td>Job performance</td>
<td>10 28</td>
<td>18 50</td>
<td>8 22</td>
</tr>
<tr>
<td>Productivity</td>
<td>9 25</td>
<td>1 3 26</td>
<td>72</td>
</tr>
<tr>
<td>Motivation</td>
<td>12 34</td>
<td>16 44</td>
<td>8 22</td>
</tr>
<tr>
<td>Service delivery</td>
<td>15 42</td>
<td>14 39</td>
<td>7 19</td>
</tr>
</tbody>
</table>
Table 9 above shows that 50% of the respondents felt that cost cutting measures had lowered job performance. 22% felt that the measures had improved job performance while 28% felt that performance remained the same.

A majority 72% respondent felt that the cost cutting measures had increased productivity. 25% felt that productivity had remained the same while a minority 3% felt that productivity had gone down.

On motivation, the results of the analysis showed that 34% of the respondents felt that motivation had remained the same as before the cost cutting measures were applied. 44% felt that motivation levels had gone down and 22% felt that motivation levels had gone up.

Results on service delivery indicate that 42% of the respondents felt that service delivery had remained the same. 39% felt that it had gone down while 19% felt that service delivery had improved.

**Indicators for staff measurement/evaluation.**

On the question of performance measures, all the respondents indicated that they did have in place procedures for staff measurement. Most of them were however very vague on the methods used to measure the performance of their employees.

What emerged is in fact a trend where most of the companies do have in place a kind of unformulated way of evaluating the staff, either ones a year, half yearly or quarterly.
The management solely does measurement of staff performance, according to the respondents and the junior staffs are not involved. What is mainly measured is the level of productivity.

According to the respondents, the methods the management of the companies use to deal with those who don't meet performance standards include-:

Denial of salary increment, transfers to other departments, discussions with line managers to establish the reason behind underperformance and when everything else has failed, sacking is sometimes employed.

**Measurement of job / organisation attitudes.**

Table 10 below summarises the views of the respondents on certain aspects of an employee's job. The views were used to measure the extent to which the organisation takes an interest on certain human factors that have implications for job motivation, job performance and productivity.
Table 11. A summary of employees’ attitudes towards their organisation.

<table>
<thead>
<tr>
<th>STATEMENTS</th>
<th>SCALE POINT</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Satisfied</td>
<td>Moderately</td>
<td>Dissatisfied</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Freq. %</td>
<td>Frequency %</td>
<td>Frequency %</td>
<td>%</td>
</tr>
<tr>
<td>Freedom to choose how to work</td>
<td>15 42</td>
<td>16 44</td>
<td>5 14</td>
<td></td>
</tr>
<tr>
<td>Relationship with fellow workers</td>
<td>36 10</td>
<td>0 0</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Recognition for work well done</td>
<td>4 11</td>
<td>16 44</td>
<td>16 44</td>
<td></td>
</tr>
<tr>
<td>Amount of responsibility given to you.</td>
<td>4 11</td>
<td>18 50</td>
<td>12 33</td>
<td></td>
</tr>
<tr>
<td>Your pay</td>
<td>3 8</td>
<td>17 47</td>
<td>16 44</td>
<td></td>
</tr>
<tr>
<td>Opportunities to use ability and skills</td>
<td>16 44</td>
<td>10 28</td>
<td>10 28</td>
<td></td>
</tr>
<tr>
<td>Relationship with management</td>
<td>7 19</td>
<td>19 53</td>
<td>10 28</td>
<td></td>
</tr>
<tr>
<td>Consideration for promotion</td>
<td>5 42</td>
<td>20 56</td>
<td>11 18</td>
<td></td>
</tr>
<tr>
<td>Management of the company</td>
<td>21 58</td>
<td>10 28</td>
<td>5 14</td>
<td></td>
</tr>
<tr>
<td>Attention paid to suggestions</td>
<td>6 17</td>
<td>18 50</td>
<td>12 33</td>
<td></td>
</tr>
<tr>
<td>Working hours</td>
<td>26 72</td>
<td>6 17</td>
<td>4 11</td>
<td></td>
</tr>
<tr>
<td>Amount of variety in the job</td>
<td>10 28</td>
<td>16 44</td>
<td>10 28</td>
<td></td>
</tr>
<tr>
<td>Job security</td>
<td>17 47</td>
<td>19 53</td>
<td>0 0</td>
<td></td>
</tr>
</tbody>
</table>

Table 10 reveals that 100% of the respondents are satisfied with the relationship existing among the employees. 44% feel that they are only moderately satisfied with the way work well done is recognised. 50% say they are moderately satisfied with the responsibility given to them. 44% say they are satisfied with opportunities given to use their skills and
abilities. On consideration for promotions, 56% of the respondents say they are only moderately satisfied.

72% of the respondents are satisfied with the working hours while 50% say they are only moderately satisfied with the attention paid to suggestions. 53% say they are only moderately satisfied with the relationship with management. 28% of the respondents said that they are satisfied with the amount of variety in the jobs while 44% said they are only moderately satisfied.

From the results on table 10 above, it is clear that the management need to do something to put some flavour in the jobs. Relationship with management does not seem to fully satisfy 53% of the respondents. Attention paid to employees' suggestions only moderately satisfies 50% of the respondents while 33% are actually dissatisfied.

Most of the respondents at 44% are satisfied at the opportunities availed to use ability and skills. 53% are only moderately satisfied with the job security, 47% are satisfied. None of the respondents indicated that they are dissatisfied.
CHAPTER FIVE.

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.1 SUMMARY OF FINDINGS.

The main objective of the study was to investigate whether human factors determine effectiveness in the management of insurance companies. The factors selected as variables are attracting, developing, measuring and retaining of employees.

The results revealed that many insurance companies were not very keen on the level of education of the employees they attracted to the jobs. At a time when majority of employers are insisting on high level of education for their employees, the only education the insurance companies seem to recognise is a diploma from London based insurance institute. Only degree holders and very few A level graduates qualify to study for the diploma, leaving a majority of the employees with little professional qualifications for the kind of jobs they do. The insurance industry does not seem to recognise the university of Nairobi graduates who take a B.com, (insurance option) leading to a big drop in enrolment for the same, currently standing at six students only. (Focus, Nov.2002).

Many respondents said that the education level had implications on job performance.

On staff development, 28% of the respondents had not attended any type of seminar/training in the last one year. 19% had attended some sort of management courses, 17% had attended customer care and the rest had joined the chartered Institute of London for a diploma. All the organisations provided some form of induction training to their new employees. Most of the job knowledge was however gained on the job because nearly all the employees were engaged without any prior training in insurance.
On the whole, there appears to be lack of keenness to develop the staff. Considering that many of them join the industry without any skills on the jobs they were given, the industry can make better efforts.

The two main reasons indicated as causing employee turn over are:-: getting a better job as indicated by 28% of the respondents and getting laid off for fraud as indicated by 22% of the respondents. Productivity came third with 19% of the respondents indicating it as the main factor behind turn over.

The three most frequent measures used by the organisations to motivate the employees are: -Fringe benefits as indicated by 39% of the respondents, salary increments, indicated by 30% and training as indicated by 17%.

From the results it is clear that the motivational factors do make a positive difference on performance. All the respondents indicated that they made performance go high, salary increment was indicated by 89% of the respondents as causing performance to go high.

The cost cutting measures mostly used by the organisations were indicated by the respondents as -: retrenchment, non-recruitment of new staff, control on usage of stationery including the telephone and reducing on the limits of benefits, especially the medical cover.

Looking at the general efficiency of staff after the cost cutting measures using variables such as productivity, motivation, service delivery and job performance, the results indicate that on average, the cost cutting measures increased productivity, as indicated by
72% of the respondents. Efficiency in the delivery of service was not impressive and neither was job performance and job motivation, which were all, indicated to have gone down.

A survey of the general attitudes of employees towards the organisation and towards their jobs revealed some interesting trends. The responses to nearly all the statements made and which were used as variables to determine the extent of the attitudes indicates that most of the respondents are neither satisfied, nor dissatisfied with most of the on goings in the organisation. Most of the respondents, at 44% are really dissatisfied with lack of recognition for jobs well done.
5.2 RECOMMENDATIONS.

Following the discussions of the result findings, the researcher recommends the following:

The study revealed that there is a lot of ignorance on the importance of developing staff and also the value of relevant qualifications for the job being done. The insurance industry should encourage development of professionalism in the industry. This can be done by employing people who are qualified for the job. The industry should recognise the graduates who take B.com, Insurance option and readily absorb them into the industry as a measure of cultivating professionalism.

There is an urgent need for those who are employed in the insurance industry to be equipped with the skills to do their job. It is important that they have some training on insurance. The industry should in fact come up with some local minimum academic qualifications for one to be employed in the industry.

From the findings, it comes out that human resources practices such as the type of employees attracted for the job, development of employees and motivation very much influence the way employees do their job. The results of the survey on attitudes of respondents towards the organisation and their jobs show that there is a need to put in place measures to motivate employees, to make their jobs more interesting and rich and to make them feel that they are part and parcel of the organisation. The relationship between the management and employees should also be improved.
BIBLIOGRAPHY.


17. Insurance Link Newsletter, September/October, 2001

18. Focus. (Nairobi university insurance students Association

APPENDIXES 1

QUESTIONNAIRE.

AN INVESTIGATION INTO HUMAN RESOURCES PRACTICES AS DETERMINANTS OF EFFECTIVENESS IN MANAGEMENT OF INSURANCE COMPANIES.

Information collected through this questionnaire will be treated in strict confidence and will be used only for this academic study.

General profile of employees.

SECTION 1:

Please answer the questions provided below

Name and contact address of your organisation .................................................................

...........................................................................................................................................

...........................................................................................................................................

Type(s) insurance business transacted ................................................................................

Name of your department? ................................................................................................

When was the organisation established? ............................................................................

How many branches does the organisation have? ..........................................................

What is your job title? ........................................................................................................

When did you join the organisation?..................................................................................
what was your job title when you joined?

Please indicate your gender.

a) Male

b) Female

How long have you worked in this organisation? .............................................................
**SECTION 11.**

**Workforce development**

Please indicate the number of employees in your department.

What is the formal education level of the employees in your department? (Please indicate in the ranges given below)

<table>
<thead>
<tr>
<th>EDUCATION LEVEL</th>
<th>NO. OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td></td>
</tr>
<tr>
<td>Secondary O’ Level</td>
<td></td>
</tr>
<tr>
<td>Secondary A’ Level</td>
<td></td>
</tr>
<tr>
<td>Diploma</td>
<td></td>
</tr>
<tr>
<td>Degree</td>
<td></td>
</tr>
<tr>
<td>Others (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

Do you feel that the level of education in any way affects performance? [Yes] [No]

Please explain.

We train/do not train our workers beyond school qualifications (please indicate)

Please specify the nature of training offered when an employee joins your organisation.

How do your employees normally acquire new skills? (Please indicate by filling in the table provided)
<table>
<thead>
<tr>
<th>SECTION</th>
<th>Never</th>
<th>Sometimes</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning on the job</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-house training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courses outside</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specify any other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What criteria do you use to select employees for trainings? (Explain briefly)

____________________________________________________________________________________

____________________________________________________________________________________

Indicate some of the professional development courses (if any) that you have attended in the last twelve months.
Motivating, measuring and Retaining Staff.

What is the average employee turnover rate in one year in your organisation?  
- 0 – 5  
- 15 – 20  
- 5 – 10  
- 20 and above  
- 10 – 15

Identify some of the main reasons for employee turnover.

Please indicate with a tick the factor that affects your organisation most. Identify some of the measures your organisation adopts to motivate employees.

Please indicate with a tick the measure most preferred by your organisation.

Fill in the provided table to indicate how the 'ticked' motivator affects employees' performance. Does it go up, remain the same or does it go down?
We do/do not have in place procedures to measure performance specify the nature of performance appraisal in place if any. ..............................

Are the employees involved in their own evaluation?  [Yes]  [No]

Indicate also the frequency of appraisals........................................

In these years of economic hardships, what methods has your organisation been using to cut down costs?

i---------------------------------------------------------------------

ii---------------------------------------------------------------------

iii---------------------------------------------------------------------

Using the given table, please indicate how the above measures have affected the given variables.
<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>SAME</th>
<th>LOWER</th>
<th>HIGHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motivation level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Identify the measures you employ to deal with under performers.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

How would you describe your organisation's culture (very briefly)?

________________________________________________________________________
________________________________________________________________________

Briefly state what you would like improved in the administration of your organisation.

________________________________________________________________________
________________________________________________________________________
SECTION IV

Below are certain aspects of your job in the organisation. Please respond to the stated aspects using the following scale: Dissatisfied, moderately satisfied, satisfied.

<table>
<thead>
<tr>
<th>STATEMENTS</th>
<th>SCALE POINT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Freedom to choose how you want to work</td>
<td></td>
</tr>
<tr>
<td>2. Relations with fellow workers</td>
<td></td>
</tr>
<tr>
<td>3. Recognition for work well done</td>
<td></td>
</tr>
<tr>
<td>4. Amount of responsibility given to you</td>
<td></td>
</tr>
<tr>
<td>5. Your pay</td>
<td></td>
</tr>
<tr>
<td>6. Opportunities to use your abilities and skills</td>
<td></td>
</tr>
<tr>
<td>7. Relationships between employees and management</td>
<td></td>
</tr>
<tr>
<td>8. Being considered for promotion</td>
<td></td>
</tr>
<tr>
<td>9. The management of the company</td>
<td></td>
</tr>
<tr>
<td>10. Attention paid to suggestions</td>
<td></td>
</tr>
<tr>
<td>11. Hours of work</td>
<td></td>
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<td>12. Amount of variety in your job</td>
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<td>13. Guarantees that your job is secure</td>
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APPENDIX 11.

BUDGET.

Cost of the proposal
a). Typing pages @Ksh 40/= = Ksh 9,600/=  
b). Binding five copies @Ksh 100/= = Ksh 500/=  
c). Travelling expenses = Ksh 2,000/=  
TOTAL = Ksh 12,100/=  

2. Projected cost of project
a) Typing @ Ksh 40/= = Ksh 9,600  
b) Binding five copies @ Ksh 1,000 = Ksh 5,000  
c) Cost of travelling = ksh 4,000  
d) Contingency (10%) = ksh 1,860  
TOTAL = KSH 20,450
25th April 2003

TO WHOM IT MAY CONCERN

RE: GATHII ROSE W. - D53/7287/2001: RESEARCH ON AN INVESTIGATION INTO THE ROLE OF HUMAN FACTORS IN DETERMINING ORGANIZATIONAL EFFECTIVENESS IN THE MANAGEMENT INSURANCE COMPANIES

This is to introduce Ms Gathii Rose W., one of our MBA students. She is carrying out the above research as part of her programme requirement.

Ms Gathii would like to collect data from your Organization. Any data given will be used for academic purpose and confidentiality is strictly guaranteed.

Any necessary assistance as requested to her will be highly appreciated.

Thank you,

Jonathan M. Chege
Associate Dean, School of Humanities and Social Sciences - MBA Co-ordinator
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