THE IMPACT OF EMPLOYEE PARTICIPATION ON PERFORMANCE OF THE ORGANISATION: A STUDY OF THE BANKING SECTOR

By

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The impact of employee
DECLARATION

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DEDICATION

This study is dedicated to my parents, siblings and family as a whole whose care, love, support and deep interest has remained a source of inspiration in my academic endeavors.
ACKNOWLEDGEMENT

I am very grateful to Kenyatta University for awarding me the opportunity to take my MBA. I would also like to sincerely extend my appreciation to my supervisor, Mr. Wawire, who despite other commitments helped me bring this study into a sharp focus and to what it is now. The same goes to other members of the department who taught me to become a scholar.

I wish to extend my sincere gratitude to my parents, siblings, classmates and friends for the moral and financial support while undertaking the proposal. Without whose support this work would have hardly been completed.
The purpose of this study is to analyze the impact of employee Participation on performance of the firms. The study will consider all aspects of employee Participation that are applicable across the banking industry in Kenya and its impact on performance within the banking sector.

Performance for the purpose of this study will be evaluated in aspects such as motivation, commitment, Job security, responsibility and the banks profitability among others. The research questions will seek to establish not only the impact of employee Participation on the banks performance but also the impact of employee Participation on the employees themselves. The population of interest was Kenyan banks

The research undertook a descriptive study utilizing both primary data that was collected via questionnaires Secondary data was also be utilized to complement qualitative data collected through Questionnaires. The scoring method was based on the Likert scale, the data collected was coded, summarized, organized and analyzed using the statistitical package for social sciences (SPSS). The research findings will be represented in graphs and tables. The study found out that employee participation on management has a positive impact on performance of the firm.
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1.1 Definition of Terms

**Quality circles** — workgroup teams to access and implement improved methods of production and delivery of service

**Work councils** — employee representatives in strategic decision making

**Quality of work life (QWL)** — employee participation form which promote cooperation between management and union

**Job enrichment** — redesigning jobs to provide greater participation

**Management by objective** — people participating in setting objectives and demonstrating an ability to accomplish

**Team work** — organization of employees into work groups, which take responsibility for a process.

**Performance** — organizations profitability

**Employee empowerment** — providing an extension to employee authority by allowing workers to take decisions that were previously the preserve of their lithe consequences on managers and to assume responsibility for

**Employee participation** — actively taking part in formulating, designing, programming and implementing policies that pertains ones job.
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CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.2 Background to the Problem

According to Ashkanasy, Wilderom and Peterson (2000) employee Participation has been used in the literature to refer to individual’s attachment to both organization and their jobs. Lodahl and Kejner (1965) define job Participation as the degree to which a persons work performance affects his or her self-esteem. They also argue, based on their research findings that employee who are highly involved in their jobs are also high involved in their organization.

Grazier (1989) provides a more descriptive definition of employee Participation: it is a way of engaging employees at all levels in the thinking process of an organization; it is the recognition that many decisions made in an organization can be made better by soliciting the input of those who may be affected by the decision; it is an understanding that people at all levels of an organization posses unique talents skills and creativity that can be significant value if allowed to be expressed.

Etzioni (1975), on the other hand, proposes three different types of Participation: moral calculative and alienatively. In his opinion, individuals are morally involved if they accept and identify with organizational goals; calculative Participation is when the individuals perceive and exchange agreements with the organization and; alienatively involved when they have a negative feelings and attachment to their organization but are forced to remain due to a lack of alternatives or a behavior compliance system that forces them to remain.
Thus employee Participation is a participative process that uses the entire capacity of workers and is designed to encourage employee commitment to organizational success. Moreover, employee Participation is understood as a variety of techniques designed to achieve the objective of giving the employee some combination of information influence and/or incentives.

Employee Participation is an old idea constantly being revitalized by organizations and new generations of practitioners throughout the world. For instance, the oldest documented system of formal employee Participation is a document called *Employee Suggestion System* established by Eastman (1898).

However, employee Participation revolutionized when McGregor (1957) and Herzberg (1966) first started writing about the topic in their article *The Human Side of Enterprise and Work and Nature of Man*. In addition Lewin (1948) in the study of organizational behavior focused on the individual as a member of a group or within a social environment. He took the individual out of the abstract and placed him or her into the everyday environment of social forces. Cotton, (1993) studied the impact of Participation but never in business organization. Consequently, authors started searching for how the group can influence the individual (Asch, 1956). How non—physical entities such as norms could affect behavior Festinger, Schachter and Back (1950) how a group behaves. (James 1972).
Over the last thirty years, Edward Lawler has been one of the most recognized researchers in the effort to explore and integrate employee Participation. He studied not only the effectiveness of Participation, concluding and accepting employee Participation as a philosophical necessity but also, he concluded that additional changes can serve and support the Participation process, which need to be made to other systems in organizations Mohman, Reshick, West and Lawler (1989).

Osborn and Gaebler (1992) have argued that we are in the empowerment era and no vision and strategy can be achieved without able and involved employees. Nonetheless, employee Participation is paused seriously by only minority of enterprise and is less common than either as modern management techniques. Private sector organization saw employee Participation as a better way of targeting specific customers and adopts the organization product to specialized markets. Similarly, the commercial Banks received greater pressure to become more flexible, involved, innovative and responsive to the demands of the customer.

Due to poor economic performance of our country, the banking industry has in the recent past undergone a lot of restructuring; this has been due to decline in investments and shrinking profits. This has necessitated major review and re-organization aimed at maintaining these institution’s profit margins. Many banking Institutions have downsized their operations, which has led to redundancies and retrenchments. Aggregate profits have also dropped largely due to additional provisions of non-performing loans. Banks have had to re-organize their processes and service delivery with a view to cutting down
on costs. Employee Participation among other strategies is viewed as a possible alternative.

In commercial banks they know that the customer is the reason the employees are there and therefore they need to take care of the ever-changing needs of these customers. To be able to take care of the customers effectively, the employees must be involved and must be satisfied with the jobs they are given to handle, for it follows that satisfied employee serve customer better.

Thus if employee Participation is to spread throughout business organizations as a strategy it needs a practical implementation, manager need to be convinced that Participation has a practical benefit and is not just an ideological goal.

1.3 Statement of the Problem

With the remarkable structural complexities in banking sector as a result of shrinking markets for its products, high delinquency rates, sophisticated customers, declining interest rates coupled with heavy operating costs, shareholders demand for greater profits, employees increasingly demanding better leadership, greater autonomy, high pay and more personal development opportunities, there has been a decline in employees participation and the inevitability of increase of autocracy in management which has had a negative impact on the performance of the bank largely affecting its profit margin thus bank management have resorted to be more flexible and attempt to optimize the use of human resource
through employee participation in order to remain competitive and achieve higher performance

The study attempted to establish the impact of employee participation on performance of the organization within Kenyan banking sector

1.4 Objective of the Study

The main objective of this study was to analyze the impact of the employee participation on the performance of the firms. This study will try specifically:

1. To determine the extend to which quality circles affect the performance of employee in banking sector.
2. To determine the impact of job enrichment on the performance of the employee in the bank
3. To determine the impact of management by objective MBO on the performance of the employee in the Bank.
4. To determine the impact of quality work life QWL on the performance of employees in the bank.

1.5 Research Questions

The study was guided by the following research questions

1. To what extend do quality circles affect the performance of the employees in the Bank?
2. What is the impact of the job enrichment on the performance of the employees in the Bank?
3. What is the impact of management by objective on the performance of employees in the Bank?

4. What is the impact of quality work life (QWL) on the performance of the employees in the Bank?

1.6 Significance of the Study

The importance of this study was to identify the factors of employee Participation and its impact on the performance of the firm. This way, the academicians can be inspired to carry out more studies in this area, the students to understand the meaning and the impact of employee Participation on performance, the professional managers can better appreciate and use employee Participation as it is a process that has the potential to improve productivity, quality and employee attitudes and employees can use it to have more say in how they should be managed and carry out their routine duties. It is hoped that findings of this study will inspire other researchers to carry out more studies in this seemingly virgin research area in Kenya.

1.7 Scope and limitation of the Study

Due to time limitations and financial constraints, the study was carried out only in banking institutions in Nairobi. Research findings were limited to data solicited from respondents through items in the questionnaire. The main respondents being the human resource manager, finance manager, union representative, shop steward and shop floor employee. Caution was taken in generalization findings to Kenyan banks.
CHAPTER TWO: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Literature Review

2.1.0 INTRODUCTION

There are numerous different rationales for introducing employee participation, often competing for financial or work-related, while others suggest introducing employee participation, often competing. Poutsma (2001) identified four attributable to pressures from other economic dominant approaches embracing humanistic and organizational factors such as power-sharing, organizational efficiency and organizational downsizing redistribution of results rationales. These can be subsumed under three main operational namely economic social and governmental. Each rationale derives from

2.1.0.1 Economic Rationale

The literature provides ample evidence of the employees towards the organization (Bradley successful use of participation to improve and Nejad, 1989), while loosening collectivist overall company performance. However, it is ties. Employee share ownership and a stake in the means by which participation influences company profitability produce a feeling of company performance that provides the crucial ownership (Pendleton, 2001) and this can lead explanatory factors. The association has been to positive employee orientations and high made, based on some evidence, that levels of commitment. While financial participation alters employee attitudes to work participation can provide a route to results-and to management, increasing employee based remuneration for employees, it
has been association with management values and noted by Heller et al. (1998, p. 20) that ‘employee consequently improving employee motivation owned companies are often undemocratic, since to work towards achieving these goals. There is employees have few control rights’ under these also some evidence that management attitudes system of participation. towards employees may also be favorably A considerable amount of statistical research influenced by participative regimes under has been undertaken to examine links between which managers and supervisors adopt more share schemes with company performance (see, ‘facilitative’ approaches towards their for example, Logue and Yates 2001). A recent subordinates (Marchington, 2000). North American study by Sesil et al. (2002) is Conversely, in what will be seen as a especially relevant, as it examined the role of dominant theme, other studies have indicated little impact for participative regimes whether financial or work related, while others suggest that any productivity enhancement may be attributable to pressures from other economic and organizational factors such as organizational downsizing.

**Financial Participation**

An economic rationale is most closely associated with financial participation Each rationale derives from it financial participation. Financial participation measures promise to exert fundamentally positive effects at the workplace through removing or at least blurring, boundaries between employer and employee by offering the latter a stake in the firm outcomes of participative initiatives can vary Fundamentally positive effects at the workplace accordingly. Each position will be considered in through removing, or at least blurring, turn boundaries between employer and employee by offering the latter 'a stake
in the firm' (Creigh e tal., 1981) shareholder status is believed to positively influence the behavior of individual employee towards the organization (Bradley and Nejrad 1989) while loosening collectivist ties. Employee share ownership and a stake in company profitability produce a feeling of ownership (Pendleton 2001) and this can lead to positive orientation and high levels of commitment. While financial participation can provide a route to results-based remuneration for employees, it has been noted by (Heller e tal 1998) that employee-owned companies are often undemocratic, since employee have few control rights under these systems of participation.

A considerable amount of statistical research has been undertaken to examine links between share schemes with company performance (see for example Logue and Yates 2001).

The second area of relevance is appeared to influence the associations on the assumption that knowledge workers will be in a favorable position to manage share schemes is that very few studies influence company performance (Newell et al., have examined their impact in adverse (Sesil et al., 2002,) comparing share scheme companies with their non-share company counterparts, the authors found greater added value per employee, but not greater new knowledge generation (Sesil et al., 2002, p. 289). Prominent employee-owned company, has They also offered a number of caveats to their prompted serious questions as to whether the study: the mechanisms for the higher added levels of employee shareholding contributed to value were not known; also, while added value was high it was not known whether the share scheme was the casual factor.
A number of American studies have been newspaper that: 'their options are underwater at conducted by share scheme evangelists, keen to the moment ... It is something we are looking at demonstrate associations between shares and – how do we keep these people incentives? Thus Logue and Yates (2001), who dedicate their book to employee owners 'who dedicate their book to employees owner who are building a better way of doing business every day aim to identify the best employee ownership practices to ensure optimum levels of economic performance.

Work Related Participation

From another perspective decision-making participation may enhance employee – employer co-operation through team working, communication and other supportive human resource policies (Levin 1995) it is frequently assumed in the management literature that the information effects of participative forms of work organization lead not only to more worker participation in organization decision making, but also as a consequence, to greater job satisfaction, higher employee motivation and a harmonious labour relations climate (Thornley 1981) According to Ramsey et al (1998) service requires employee internalization of a management –designed culture of commitment if it is not to be based on exhausting and expensive supervision.

Improved Company Performance

Consequent benefits for the employer spring from the assumption that the workers will want to work harder and more efficiently as a result of greater organizational commitment, which in turn stimulates greater worker flexibility and quality of output.
employer also benefits from the opportunity to harness workers knowledge and experience. Workers will know the most efficient way of organizing their work resulting in optimum productivity (Cooke, 1994) and management will benefit from the addition of valuable information about work tasks (Bryson and Millward, 1997) and the ability to access worker talents in decision making (Jones, 1987) under company inspired financial participation schemes. Organizational performance benefit without the scheme posing any obvious threat to management.

The sum of this changes is seen to be an improvement in employee productivity and flexibility and thus in company performance. The claim by Fernie and Metcalf (1995) that increased employee participation, and the union presence adversely affects productivity assumed changes it brings about in employee represents one common view of ‘new’ behavior, is the growing emphasis placed on participative measures as a means to increase customer service, which calls on committed productivity; however, this

**Participation Reduces Company Costs**

There is evidence that both financial and work-related participation can deter or delay quits from the company and lower absenteeism rates. Wilson and Peel (1990) found that share schemes reduce labor turnover. A decrease in labor turnover will reduce recruitment and, training costs for the organization (Kessler and resulting in optimum productivity (Cooke, Purcell, 1992). Cost savings may result from reductions in absenteeism rates. Furthermore, a more harmonious labor relations climate is also claimed to reduce costs to the company of Industrial disagreements and to permit the faster acceptance and implementation of organizational change.
Based on these expectation management can be seen to have a primarily economic rationale for introduction of participation in the workplace. Nevertheless, there are still a wide range of participation measures for management to choose from, collective or individual, direct or indirect.

2.1.0.2 Social Rationale

*Participation and quality of working life*

Not all management-led initiatives have direct economic gains as their sole or primary focus. It is clear that managers and employers can introduce participation in order to also improve working conditions (Osterman 1994) while the rare few are willing to hand ownership and (perhaps) control of their firms to the work force as with, for example, the Scott Bader Commonwealth and Tullis Russell paper mill. However, for participation schemes with social rationale to succeed, attitude change among all management as well as workers are crucial.

*Participation Improves Equality*

Unlike most management rationales for introducing socially focused efforts, these centre also on democratic and equal opportunity (between workers and management) basis for participation. Socially focused efforts centre also on the democratic and equal opportunity (between workers and between workers and management) basis for participation as in, for example, co-operatives.
Role of Union

The social rationale is also strong in participation initiatives that have relied on union support e.g management/employee buyouts, these forms of participation are often the result of bargained outcomes between the main interest groups, management and trade union, and therefore combine social with economic rationale (Pendleton 2001). A democratic participative firm will invariably fail to survive in this form of and will degenerate into a conventionally organized and controlled enterprise in order to remain economically viable (Jensen and Meckling 1979), where employee ownership schemes are designed as job-save efforts.

2.1.0.3 Government Rationale

Wider effect

Government interventions in participation encompass both the economic and social rationales and are designed to have a nation-wide effects that benefit the wider community. The government rationale behind the introduction of participation policies is therefore is to improve national economic efficiency while also enhancing the work experience. Because participation is believed to offer benefits from both social and economic perspective, it is not surprising that both the conservative and labor governments have supported the growth of employee participation, through from rather different perspective.

The American writer Mc Gregory described two contrasting assumptions about behavior of employees at work and termed them as theory X and theory Y. According to the theory
X he took the view that the average employee has a natural dislike for work and will try to avoid responsibility. He will be made to work only by a mixture of close controls and threats. Theory Y assumes that work is natural and a welcoming activity which need not only be externally controlled if the employee is adequately motivated but also that they will seek responsibility and give valuable help in solving work related problems.

There are similarities between theory X and task oriented management on one hand and theory Y and people oriented management on the other hand. Most employees would no doubt welcome the opportunity to have more control over their work and to put into practice their own ideas. There is undoubtedly a large field of valuable expertise experience and originality among employees that is often untapped by management.

However, the main problem facing management in employing a participative approach to policy making is the extent to which they should allow employee to participate in decision making which affects their work being the main implementers. This is because on one hand as stipulated in theory X there are many employees who do not expect to take responsibility at work and will avoid it if they can. Yet by encouraging participation the management is in effect decentralizing their authority within the complex expanding organizational structure.

In response to this behavior, Victor Vroom and Peter Yetton (1973) developed a Normative Model for participative decision-making, which showed how the management should approach group related decisions. They argued that there is no any leadership style
that is appropriate for all situations. The model uses the 'decision effectiveness' to evaluate the effectiveness of a leader. This is done on the basis of three factors namely: Decision quality, reason acceptance and timeliness. Decision quality: how important the decision is in facilitating group performance. Reason acceptance: how group members' employees accept to make decisions. Timeliness: all decision must be made in a timely fashion depending on whether they are urgent or not.

According to Lawler and Mohrman, (1989) Employee Participation can be characterized by the use of sharing power; it refers to the use of various practices, such as participative decision making and job enrichment, which gives employees a degree of control or say in decisions that affect their work, sharing information; it refers to the practice of informing employees about company and work group goals as well as the sharing of performance feedback. Use of performance contingent reward system that link compensation, promotion and recognition to individual, group and organization performance and knowledge development through formal training as well as supervisory coaching including employees at all levels of organizational hierarchy.

Dachler and Wilper (1987) outlined the properties of employee Participation on concerning five different characteristics:

Formal -informal: Formal employee Participation refers to a system of rules imposed on or granted to the organization. Informal Participation, in contrast, is a consensus that arises in a casual way. for example a quality circle program or a gain sharing will be a
formal form of employee Participation when a supervisor casually allows his or her workers to make decisions about how their work is done would be an example of informal Participation.

Direct – indirect. Direct Participation refers to immediate personal Participation of organizational members. This is typically face-to-face Participation where workers can have an immediate and personal impact. Indirect Participation incorporates some type of employee representation in which, rather than employee interacting, his or her representative is involved. An example of direct Participation is quality circles; indirect Participation includes worker councils or an employee at the board of directors.

Access to decision: Level of access refers to the amount of influence that organization members can exert when making a decision. The authors employed a continuum of access; first, no information is given to employees about a decision; second, employees are informed in advance; thirdly, employees can give their opinion about a decision to be made; fifth, employees can negatively or positively veto a decision, and sixth, the decision is completely in the hands of the employees.

Decision content, importance and complexity although most programs of employees Participation focus on issues and decision directly related to the individuals work, this is not always the case. For example, gain sharing programs can focus on general improvements in productivity.
Social range: the social range dimension refers to who is involved, only a certain level of employees, only certain levels locations or departments, or what? This dimension also can refer to whether the Participation is on an individual level or group level; do employees participate as part of the group self directed work teams or as individual work redesign.

According to Blake and mouton (1981) in their book productivity the human side is that the more involved employees are in the challenges of production or service the more productive they will be. The four approaches of employee Participation that the authors emphasized also called employee participation are: management by objective, Quality of work life QWL, Quality circles and job enrichment.

2.1.1 MANAGEMENT BY OBJECTIVE

In this approach the gist is setting objectives in which people become involved in demonstrating an ability to accomplish these objectives thus the results is greater productivity. Blake and mouton (1981) concerns and issues that many people have seen and experienced in management lead MBO definitions. For instance, related with directing the issue. Peter Drunker (1954) says that MBO is directing each job toward the objectives of the whole business. Related with performance and development he also defined MBO as a system that integrates the company’s goals of profit and growth of the managers needs to contribute and develop him personally.
Referring to productivity as another concern or issue, Mali (1972) defines MBO as a six-step interrelated and inter-depended process — identify potential productivity areas, quantify productivity level desired, specify a measurable productivity objective, develop a plan for attaining objectives, control with time milestone of progress and evaluate productivity reached. Finally, Charles W Hughes (1965) defined MBO as it relates to motivation. In his opinion, MBO makes company goals known to the employees and provides opportunity for employees to participate meaningfully in meeting these objectives in a way that gives employee a chance for identify personal goals, the motivation to work that results will achieve company goals as well as personal goals.

A major weakness of the MBO process resides in the methodological area. In other words, achieving the basic goal of MBO through the process of pulling all the relevant parts together in a systematic way is not an easy thing to do. Sang M Lee (1981) said it has been more of a philosophy than a system.

Vroom (1963) suggest that allocating of problem solving and decision making task to entire work group as compared with the leaders or managers in charge of groups requires a greater environment of man hours. This produced higher acceptance of decisions and a higher probability that the decisions will be executed efficiently. The point to be made is that people affected should participate at the very inception of any plans to introduce change as systematized an existing situation. Failure to do so will only imperil success indeed the concurrence of work people is required so as to increase a more committed performance on the event of achieving organizational goals.
2.1.2 QUALITY OF WORK LIFE (QWL)

Nadler and Lawler (1983) describe different definition of QWL the first definition as a variable in this sense Quality of work life is employed as an overall term for outcome from a job.

The second definition describes QWL as an approach, in this sense it is defined as a program between management and the union, a program designed to improve cooperation and to help both the worker and the organization. It focuses QWL as a cooperative labor management programs designed to increase the Participation of employees.

Robbins (1989) defined QWL as a process by which an organization responds to employee needs by developing mechanism that allow them to share fully in making the decision that design their lives at work QWL has been widely recognized as a multi dimensional construct and it may not be universal or eternal the concepts captured and discussed in the existing literature including job security better reward system, higher pay an opportunity for growth, participative groups and increase organizational productivity among others Moreover Walton (1973) and Nandler and Lawler (1983) are two examples of many people that agree with the fact that QWL is known as the most difficult employee Participation form to define.

Cooke (1989) presented a study examining the impact of QWL programs on productivity and product quality the result indicate that changes productivity and product Quality .The
results indicate that changes in productivity were positively influenced by having a QWL program.

Katz, Kochan and Gobeille 1983 examined the impact of QWL on product quality and productivity in eighteen plants within one division of general motors. Their analysis indicated that greater QWL efforts was significantly related to higher product quality and fewer grievances. A follow up study by Katz, Kochans and Weber (1985) expanded the sample to 25 manufacturing facilities and found similar results.

2.1.3 QUALITY CIRCLES

Crocker, Chiu and Charney (1984) defined QC for the Japanese industry such as they is a problem solving teams use simple statistical methods to research and decide on solutions to workshop problem. On the other hand, the definition in America is very similar. The difference is that in America the QC may emphasize a particular function, such as problem solving, team building or quality control. Another definition of QC provided by Donald L, Dower (1980) says that QC is a way of capturing the creative innovative power that lies within the force.

In terms of Dalcher and Wilpers (1978) typology quality circles and employee teams are a formal program of direct, face-to-face Participation ideas. But they can only suggest them to their superiors who decide whether or not to follow the groups recommendation the social range is typically a work group or department.
Mohrman and Novelli (1985) compared attitudes and productivity in two similar departments of warehouse operation for retail supermarkets. One department implemented a quality program while the other department did not. Their results indicated that the department without quality circles had decreased in employee attitudes, while the employee attitudes in the department with quality circles remained constant. Productivity measures indicated an improvement for the quality circle department, while little for the control department.

Griffin (1988) examined the impact of quality circle in longitudinal quasi-experimental design. He compared responses from particular in quality circle at one manufacturing plant with responses from another plant that produces the same set of products. The results indicated that the quality circle members indicated higher organizational commitment and higher supervisory ratings. Steel and Lloyd (1988) investigated cognitive, affective, and behavioral outcomes from quality circles on U.S. Air Force base. The authors surveyed employees on job satisfaction, organizational commitment, sense of control over job and perception of the work setting in addition they obtained intentions to quit and supervisor evaluation and self-evaluations of job performance. The results indicated that the experience with quality circles influenced competence and intentions to quit. As the authors pointed out, these results indicated at best marginal support for quality circle.

Elmuti and Kathawala (1990) examined the impact of quality on productivity and satisfaction during the introduction of computer system. Quality circle employees showed
significant increases in job satisfaction and productivity. In addition, the entire firm was able to reduce operating expenses by 20 percent this period.

Buch and Spangler (1990) tested whether a quality circle program affected the job performance and promotions of participants. Their results indicated that performance evaluations of quality circle participants increased more than non-participants evaluations. The authors used these results to argue for the development value of quality circle which has a direct positive impact on the firms.

Lawler and Mormhan (1987) suggested that quality circles can be a good first step in the employee participation process, leading to other, more participative programs. The authors examined three ways that organizations can move beyond quality circles. The first way includes expanding the kinds of decisions made by circles, similar to Gebers (1986) notion of second generation quality circles. The second way is to allow employees greater authority in making the decisions. This might involve having the quality circles eventually transform into another form such as self-directing work teams. A third way is to alter the context in which the quality circle program exists, making the program more durable. Suggestions that Lawler and Mohrman gave include creating management development programs for supervisors and other managers, helping them transform their jobs, giving the groups more training and information so that they can function more effectively and perhaps adding a bonus system such as gain sharing.
2.1.4 JOB ENRICHMENT

Hackman and Oldham (1980) describes job enrichment as redesigning jobs to provide greater participation and greater participation in this way the job itself produces internal motivation and job satisfaction.

In Dachler and Wiper's (1978) typology, job enrichment is formal Participation because job enrichment is a conscious effort to increase the autonomy and responsibility of job incumbents it falls within the direct Participation category as the participation is face to face in a thumbnail sketch of the history of job design Griffin (1987) described the major phases as discussing on job specialization.

Herzberg's motivation-hygiene theory or two –factor theory. Came out an extensive study on job attitudes by Herzberg, Mouser and Snyderamn (1959) these authors found out that the process producing satisfaction are very different from those producing dissatisfaction are not simply opposite ends of the same continuum ,but are separate phenomena Therefore one concern might produce satisfaction but the absence of it would not necessary produce dissatisfaction.

In this research Herzberg developed lists of factors motivators that lead to satisfaction and other lists hygiene factors that lead to satisfaction. Herzberg (1966). In general the motivators tend to be related to recognition, achievement, responsibility and the work itself
The hygiene factors tend to include the context in which the job occurs such as company policy, administrative practices, supervision and interpersonal relations (Miner, 1980).

Herzberg (1968) argued that trying to motivate workers with hygiene factors, for example, pays. Work conditions is inherently ineffectual because it requires escalating the rewards. As workers become accustomed to the pay and working conditions an increase is required to maintain positive reactions. This increase leads to a continual ratcheting up of these factors in contrast a responsible, challenging job with recognition can continue to be motivating as the responsibility and challenge will not dispute. However, activation theory (Scott, 1966) deposits that the impact of job enrichment dissipates over time, therefore requiring repeated enrichment (Gardner and Cummings, 1988).

Hackman and Oldham (1975) posited that the degree to which jobs are motivating can be assessed through five core job characteristics: skill variety, task identity, task significance, autonomy and job feedback. To the extent that a job contains these five characteristics, three psychological states are produced: experienced meaningfulness of the work, experienced responsibility for the outcome of the work, and knowledge of the actual results of the work activities. To the degree that these psychological states are present, high internal work motivation exists which has a direct impact on the performance.

Locke, Sirota, and Wolfson (1975) described a job enrichment intervention in a government agency. Several units within the agency had their jobs enriched, while
matched control units had no changes in their jobs. Locke et al found that performance increased, turnover and absenteeism decreased and job attitudes improved for the experimental units versus the control units in spite of this positive results Locke et al (1976) argued that job enrichment had little impact They argued that performance effects were due to more efficient use of work effort and that the other effects were due to a combination Hawthorne effect Roethlisberger and Dickson (1939) and an expectation of extrinsic rewards.

This study thus contends that all organizations are concerned about maximizing production or performances while at the same time ensuring that concern for the employee welfare is catered for in an attempt to harmonize the individual and organizational goals. Hence modern management practices emphasize the need for involving the employees.

2.2 Conceptual Framework

On analyzing the impact of employee Participation on performance the independent variables are the factors that promote Participation. These are quality of work life, management by objective, job enrichment and quality circles .the dependent variable being performance.

Quality of work life is a form of employee Participation which promote cooperation between the management and the union by developing mechanisms that allow the employee to share fully in making the decision that design their lives at work place.
quality of work life as a form of employee Participation creates commitment and job security on the employee. This implies when the level of commitment and job security is high then this has a positive effect on the performance.

Management by objective is setting objectives in which people become involved in demonstrating an ability to accomplish these case the employee owns the responsibility of setting the objective and he or she is committed to implementing the set objective. In this case when the level of employee responsibility and commitment is high, his or her performance is positively affected.

Job enrichment is redesigning jobs to provide greater participation and greater Participation. In this way the job itself produces internal motivation and job satisfaction. Performance thus manifests itself in form of level of motivation and job satisfaction, this implies the level of motivation and job satisfaction has a positive effect in the performance.

Quality circles are a problem solving teams, which use simple statistical methods to research and decide on solutions to organizational problem. It's away of capturing the creative innovative power that lies within the force. This informs increases the level of job satisfaction and motivation, which has a positive effect on performance.

Thus the independent variables quality of work life, management by objective, job enrichment and quality circles, which are the factors of employee Participation, has a
positive impact on the dependent variables. Performance which manifests itself on the level of commitment, level of responsibility, level of job satisfaction and security and level of motivation. This is shown in the diagram below:

Figure 1: Model of the Impact of Employee Participation on Performance.
CHAPTER 3: METHODOLOGY

3.0 Introduction

This chapter lays out the research methodology, describing the specific procedure that was employed by the researcher in order to address the study objectives these include research design, population technique and data collection

3.1 Research Design

The study employed a descriptive study. This method seems to have a clear advantage of being an effective way of collecting data from a large sample cheaply and faster. Mugenda and Mugenda (1999) notes that survey research is probably the best method available to researcher who are interested in collecting original data for the purpose of describing a population which is too large to observe properly.

Kothari (1990) describes descriptive research studies as those studies, which are concerned, with describing the characteristic to particular individual or of a group.

The study employed a descriptive survey study. Descriptive research is a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subject of the study. It is in light of this observation that the researcher settled on this research design in this study.
3.2 Area of study

The study was carried out in Nairobi; it was confirmed only to the banking sector due to time and financial constraints.

3.3 Population and Sampling Techniques

Kothari (1990) describes a sample design as a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample.

Kothari (1990) describes random sampling as a lottery method in which individual units are picked up from the whole group not deliberately but by some mechanical process. The results from a random sampling can be assured in terms of probability. That is, we can measure the error of the estimate or the significance of the results obtained from a random sampling design.

A sample plan has been described by Wiersma (1998) as a small proportion of the largest population selected using some systematic procedure for the study. It points out that the ideal sample should be large enough so that the investigator can with confidence and specified limits be certain that a different sample of the same size, if drawn using the same procedure can give approximately similar results. The study will employ stratified random sampling.
The following table shows how banks were stratified

<table>
<thead>
<tr>
<th>Type of institution/Bureau</th>
<th>Nov 2003</th>
<th>Nov 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>45</td>
<td>43</td>
</tr>
<tr>
<td>Building Societies</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Non Bank Financial Institutions</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>47</strong></td>
</tr>
<tr>
<td>Foreign Exchange Bureaus</td>
<td>48</td>
<td>52</td>
</tr>
</tbody>
</table>

*Source: Central Bank of Kenya- 2003*

Table 1: Stratification of Banks

From the population of 47 banks the sample size was 11 banks. The population was divided into homogeneous subgroups/strata as shown in the table then an appropriate number of banks was then randomly selected using a 20 percent from each classification.

The respondents were the Finance managers, Human Resources managers, shop steward and the shop floor employee. The choice of the respondents was reached because of the varying responsibilities carried by each in the firm for instance the finance manager is in...
charge of the overall performance of the firm, the human resource is in charge of the development, motivation and overall welfare of the employees, the shop steward is in charge of employee well being while the shop floor employee is the one carrying out the operation and can best explain the procedure, processes and policies at the employees level.

This is shown in figure below:

![Diagram](image)

Figure 2: List of Respondents
3.4 Data Collection

Primary data was collected using questionnaires. There were two sets of questionnaires prepared, the first set was for managerial staff and the other was for employees, the questionnaire was chosen because it was essential for collecting information from a large sample within a relatively short period. Secondary data was obtained from existing literature such as journals, published annual reports and textbooks.

Open-ended questions were used in order to allow respondents personal views and closed questions was also used to captivate the respondents. Five point Likert Scale will be used. Mumo (2001) used the five point Likert scale related research on study of the services offered by banks in Kenya. The five point Likert scale consists of statements related to the attitude in the questions.

3.5 Reliability and validity of the instruments

Pre-testing of the data collection instruments was done before the actual field research was carried out in order to determine the validity and reliability of the research instruments. The pilot study enabled the researcher to modify the research instruments. Validity in this case implied that the instruments obtains information that is expected by researcher and reliability implies that consistent results are achieved through use of the same instruments, with the same respondent at different intervals.
3.6 Data Analysis

Data analysis is essential for a scientific study and for ensuring that we have all relevant data for making contemplated comparison and analysis. Kothari (1990) defines the term analysis as the computation of certain measures along with searching for the patterns of relationships that exist among data groups. Thus in the process of analysis relationships or differences supporting or conflicting with original or new hypothesis was subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusion. Therefore data analysis in a general way involves a number of closely related operations, which are performed with the purpose of summarizing the collected data and organizing these collected, data in such a manner that they answer the research questions.

The data collected was analyzed by use of both descriptive and inferential statistics. Percentages and means was calculated from responses to open ended responses in the questionnaire, which was coded and tallied. SPSS computer package was used for this purpose.
CHAPTER FOUR: RESEARCH FINDINGS AND PRESENTATION

4.0 Introduction

This chapter analyses the data collected by summarizing and organizing it in such a manner that they answer the research questions. Data was collected from 11 banks of the 44 questionnaires distributed, 42 were completed and received representing a response rate of 95.45%. The data collected was captured in SPSS package (statistical package for the social sciences). The analysis and study findings are summarized into percentages and frequencies. These are subsequently presented in table's graphs and charts as shown below. The responses were analyzed according to the objectives of the study utilizing the managerial and non-managerial staff responses to questionnaires.

4.1 MANAGERIAL STAFF RESPONSES

4.1.0. QUALITY CIRCLES

The following questions attempt to capture the extend to which quality circles are utilized in the banks as a form of employee participation.

The table below gives the percentage of the number of employees involved in decision making. 28.6% said they were involved in decision making and 71.4% were not involved. This implies that most of employees in the bank are not involved in decision making.
Table 2: number of employees involved in decision making

The table below gives the percentage of companies' effectiveness in resolving individual employee problems. 66.7% of the respondents said it was very effective and 28.6% said it was not too effective. This indicates most banks are very effective in solving individual employee problems as suggested by managerial staff.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>YES</td>
<td>6</td>
<td>28.6</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td>NO</td>
<td>15</td>
<td>71.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>21</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 3: percentage of companies' effectiveness in resolving individual employee problems

The table below gives the frequency of the emphasis on team work. 9.5% said there was emphasis on team work while 90.5% said there was no emphasis on team work. This indicates most banks don’t have team work.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>VERY EFFECTIVE</td>
<td>14</td>
<td>66.7</td>
<td>66.7</td>
</tr>
<tr>
<td></td>
<td>NOT TOO</td>
<td>6</td>
<td>28.6</td>
<td>95.2</td>
</tr>
<tr>
<td></td>
<td>EFFECTIVE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NO RESPONSE</td>
<td>1</td>
<td>4.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>21</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 4: frequency of the emphasis on team work
4.1.1 JOB ENRICHMENT

The following questions attempt to capture the extent to which enrichment is utilized in the bank as a form of employee participation.

The table below shows the adequacy of communication system within the departments in the bank. 85.7% of the respondents said that both downward and upward communication are adequate. 9.5% said only downward communication was available while 4.8% said horizontal is available. This shows that in most banks, there is both upward and downward communication.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONLY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOWNWARD BUT UPWARD</td>
<td>2</td>
<td>9.5</td>
<td>9.5</td>
<td>9.5</td>
</tr>
<tr>
<td>COMMUNICATION NOT AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOTH DOWNWARD AND UPWARD</td>
<td>18</td>
<td>85.7</td>
<td>85.7</td>
<td>95.2</td>
</tr>
<tr>
<td>COMMUNICATION ARE ADEQUATE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VERTICAL IS ADEQUATE BUT</td>
<td>1</td>
<td>4.8</td>
<td>4.8</td>
<td>100.0</td>
</tr>
<tr>
<td>HORIZONTAL IS INADEQUATE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 5: Adequacy of communication system within the departments in the bank.
4.1.2 MANAGEMENT BY OBJECTIVE

The following questions attempt to capture the extent to which management by objective is utilized in the bank as a form of employee participation.

The table below shows the frequency of departmental tendency to resist or accept organizations' goals. 14.3% of the respondents said that people outwardly accept goals but inwardly resist. 19% said that people outwardly accept goals and don't act to achieve them, while 66.7% said that goals were readily accepted and pursued to the best ability. This shows that in goals in the bank are readily accepted and action taken to achieve them.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid PEOPLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OUTWARDLY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCEPT GOALS</td>
<td>3</td>
<td>14.3</td>
<td>14.3</td>
<td>14.3</td>
</tr>
<tr>
<td>BUT INWARDLY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESIST STRONGLY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEOPLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OUTWARDLY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCEPT GOALS</td>
<td>4</td>
<td>19.0</td>
<td>19.0</td>
<td>33.3</td>
</tr>
<tr>
<td>DON'T ACT TO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACHIEVE THEM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOALS ARE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>READILY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCEPTED AND</td>
<td>14</td>
<td>66.7</td>
<td>66.7</td>
<td>100.0</td>
</tr>
<tr>
<td>PURSUED TO THE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEST ABILITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Departmental tendency to resist or accept organizations' goals
4.1.4 QUALITY OF WORKLIFE

The following questions attempt to capture the extend to which quality of work life are utilized in the bank as a form of employee participation.

The figure shows the rating of the relationship between employees and management. From the responses 42.9% said it was excellent, 52.4% good, and 4.8% said it was fair. This indicates that in most banks, the relationship between employees and management is good.

Fig 3: rating of relationship between employees and management

The figure below shows the frequency of positive appreciation of the organization and the work done. 9.5% of the respondents agreed that they were being appreciated for their work while 90.5% disagreed. This indicates that in most banks, there was no positive appreciation of the work done by employees.
Figure 4: frequency of positive appreciation of the organization and the work done

The figure below gives the percentage of better working environment 66.7% said there was poor working environment while 33.3% said there was good working environment. This implies that most banks don't provide for better working environment.

Figure 5: percentage of better working environment
4.1.5 PERFORMANCE

The following questions attempt to capture the extend to which banks appreciate employee performance.

The figure below shows the departmental level of concern for high performance. 71.4% said that the organisation seek high performance goal while 28.6% said high performance goals are resisted by non-managerial staff this indicates that in most bank there is high concern for high performance.

Figure 6: departmental level of concern for high performance

The figure below shows whether there is a general review of employee performance within the bank 95.2% of the respondents agreed that there was genera review if the performance within the department while 4.8% of the respondents did not agree this implies that in most banks they review the performance of the employees.
4.2 NON-MANAGERIAL STAFF RESPONSES

4.2.0. QUALITY CIRCLES

The following questions attempt to capture the extend to which quality circles are utilized in the banks as a form of employee participation. The table below shows the level of participation in decision making. 54.8% said there were involved in decision making, 41.9% said they were fairly involved, while 3.2% were not involved in decision making. This implies that most banks employees were involved in decision making.

Figure 7: general review of employee performance within the bank
Table 7: level of participation in decision making

4.2.1 JOB ENRICHMENT

The following questions attempt to capture the extend to which enrichment is utilized in the bank as a form of employee participation.

The table below gives opinion of employees on level of job enrichment 12.9% rated the level of job enrichment as excellent 54.8% rated as good while 32.3% rated the level of job enrichment as fair in general we can rate the level of job enrichment in banks as good as suggested by most respondents.

Table 8: opinion of employees on level of job enrichment
4.2.2 MANAGEMENT BY OBJECTIVE

The following questions attempt to capture the extent to which management by objective is utilized in the bank as a form of employee participation.

The table below gives the level of direct participation in setting goals for work groups. 38.7% said that there was a lot of direct participation, 61.3% said there was little direct participation, while 3.2% said there was no direct participation in setting goals for work groups. This implies that in most banks there was a little level of direct participation by employees in setting goals.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>A LOT</td>
<td>11</td>
<td>35.5</td>
<td>35.5</td>
</tr>
<tr>
<td></td>
<td>ONLY A</td>
<td>19</td>
<td>61.3</td>
<td>96.8</td>
</tr>
<tr>
<td></td>
<td>LITTLE</td>
<td>1</td>
<td>3.2</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>NONE</td>
<td>1</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>31</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 9: Level of direct participation in setting goals for work groups.

4.2.3 QUALITY OF WORKLIFE

The following questions attempt to capture the extent to which quality of work life are utilized in the bank as a form of employee participation.

The figure below shows employees' opinion in supervision of their work. 67.7% of the respondents agreed that there was always close supervision, 29.0% said sometimes, while 3.2% said there was neither a close or detailed supervision of their work.
Figure 9: employee's opinion in supervision of their work.

4.2.4 PERFORMANCE

The following questions attempt to capture the extend to which banks appreciate employee performance;

The figure below gives the effect of feedback on performance output. 80.6% agreed that there was positive correlation on feedback on performance output while 19.4% disagreed. This implies that in most banks there is a positive relationship between feedback and performance output.
4.3 CORRELATION ANALYSIS

4.3.0 MANAGERS' OUTPUT

Performance is measured by the Effectiveness of Participatory Programs in Improving Performance. The table below gives a summary of the relationship between the independent variables being quality circles, job enrichment, management by objective, and quality of work life on the dependant variable performance giving a positive and direct relationship. Based on managerial data.

Figure 10: effect of feedback on performance output
<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Co-efficient of Correlation (r)</th>
<th>p-value(significance level)</th>
</tr>
</thead>
<tbody>
<tr>
<td>QUALITY OF CIRCLES</td>
<td>0.245</td>
<td>0.184</td>
</tr>
<tr>
<td>JOB ENRICHMENT</td>
<td>0.115</td>
<td>0.539</td>
</tr>
<tr>
<td>MANAGEMENT BY OBJECTIVE (MBO)</td>
<td>0.129</td>
<td>0.491</td>
</tr>
<tr>
<td>QUALITY OF WORK LIFE (QWL)</td>
<td>0.143</td>
<td>0.443</td>
</tr>
</tbody>
</table>

**4.3.1 NON-MANAGERS' OUTPUT**

Performance is measured by the Effectiveness of Participatory Programs in Improving Performance. The table below gives a summary of the relationship between the independent variables being quality circles, job enrichment, management by objective and quality of work life on the dependant variable performance giving a positive and direct relationship. Based on non-managerial data.
## 4.4 INTERPRETATIONS

### 4.4.0 CO-EFFICIENT OF CORRELATION

When $r = -1$ relationship is very strong and inverse (indirect)

When $r = -0.5$ relationship is moderate and inverse

When $r = 0$ no relationship

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Co-efficient of correlation(r)</th>
<th>p-value(significance level)</th>
</tr>
</thead>
<tbody>
<tr>
<td>QUALITY CIRCLES</td>
<td>0.204</td>
<td>0.375</td>
</tr>
<tr>
<td>JOB ENRICHMENT</td>
<td>0.281</td>
<td>0.217</td>
</tr>
<tr>
<td>MANAGEMENT BY OBJECTIVE (MBO)</td>
<td>0.075</td>
<td>0.745</td>
</tr>
<tr>
<td>QUALITY OF WORKLIFE (QWL)</td>
<td>0.196</td>
<td>0.393</td>
</tr>
</tbody>
</table>
When $r=0.5$ relationship is moderate and moderate

When $r=1$ relationship is very strong and positive

**4.4.1 LEVEL OF SIGNIFICANCE**

A Variable is considered significant when its p-value $<0.05$

**4.5 CROSSTABULATIONS—MANAGERIAL STAFF RESPONSES**

From the figure below shows the impact of participation on performance of the banks based on managerial data and out that the impact of participation on performance of the bank varied, the impact in some banks were effective and others not effective for instance as seen from the table those banks that practiced participation and had an impact on the performance were as follows Barclays bank with 44.4%, Kenya commercial bank 25%, Standard Chartered 33.3%, Cooperative 13%, National Bank of Kenya II 11%, those banks that were not effective were as follows First American with 33%, Family Finance 25%, Consolidated Bank 18%, NIC Bank 16%, CFC 11% and 8% this indicates that those banks which utilize employee participation has a positive impact on performance of the bank while those who don’t utilize employee participation has a negative impact on the performance of the bank.
IMPROVE OF PARTICIPATION ON PERFORMANCE OF THE BANK

<table>
<thead>
<tr>
<th>Bank</th>
<th>EFFECTIVE FQY</th>
<th>EFFECTIVE %</th>
<th>NOT-EFFECTIVE FQY</th>
<th>NOT-EFFECTIVE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>BARCLAYS</td>
<td>4</td>
<td>44.4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
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<td>3</td>
<td>25.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>STANDARD CHARTERED</td>
<td>2</td>
<td>33.3</td>
<td>0</td>
<td>0</td>
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<tr>
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<td>13</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NATIONAL BANK OF KENYA</td>
<td>1</td>
<td>11</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>EQUITY BANK</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>CFC BANK</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>NIC BANK</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>CONSOLIDATED BANK</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>FAMILY FINANCE</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>FIRST AMERICAN</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
<td>100</td>
<td>18.3</td>
<td>100</td>
</tr>
</tbody>
</table>

4.6 CROSSTABULATION-- NON-MANAGERIAL STAFF RESPONSES

From the figure below, according to results given the most effective bank on employee participation was Barclays while NBK was somewhat effective and First American bank was highly ineffective.
CHAPTER FIVE: SUMMARY, RECOMMENDATION AND CONCLUSION

5.0 Introduction

In this chapter, the research findings are summarized, recommendation and conclusions to the study are drawn and research gaps are identified for future studies.

5.1 Summary

This chapter summarizes and discusses the findings according to the objectives set out for the study. The main purpose of the study was to analyze the impact of employee participation on performance of the organization.

The study had four main objectives: To determine the extent to which quality circles affect the performance of the employee in the banking sectors, to determine the impact of job enrichment on the performance of the employee in the banks, to determine the impact of management by objective (MBO) on the performance of the employee in the bank and lastly to determine the quality of work life (QWL) on the performance of the employee in the bank.
The data obtained from the respondents was analyzed using frequency tables, percentages and charts. The chi-square was used to determine the correlation of the factors of the participation and performance.

5.1.1 DISCUSSION

There are various issues that have arisen from the study, this issues shall be examined in light of the objectives and variables used in the study based on the review of literature and the findings of the field research on the impact of participation of employees on performance of the organization. Several issues have arisen from the study; this issues shall be examined in light of the objectives and variables that are under study.

5.1.2 QUALITY CIRCLES

First we must distinguish between program-specific attitudes that is perception of influence satisfaction with quality circles and general employee attitude that is job satisfaction and organizational commitment. From the study, the evidence suggest that quality circles have a positive effect on the attitude thus performance of organization giving a co-efficient of correlation of 0.245 based on managerial data and 0.204 based on non-managerial data indicating a direct and positive relationship.

Elmute and Kathawala (1990) examined the impact of quality circles on performance and satisfaction during the introduction of computer systems. They compared the productivity and job satisfaction of 42 employees who volunteered for quality circles before the program began and then again 12 months later, quality
employees showed significance increase in the job satisfaction and productivity over the 12 months period while the non-participants demonstrated no change in addition the entire firm was able to reduce operating expenses by 20% over this period

In conclusion we can say quality circles has a positive impact on performance of both employees and organization as a whole as seen from the research.

5.1.3 JOB ENRICHMENT

When participation is part of job enrichment the job redesign also can include aspects of task revision this in fact is a possibility of performance improvement. From the above the data collected showed that intrinsic job characteristics such as achievement, responsibility and recognition were related to experience of satisfaction and that contextual factors such as pay, supervision and working conditions were related to improvements in performance with co-efficient of correlation of 0.155 for managerial data and 0.218 for non-managerial data respectively indicating a positive and direct relationship.

Pearlman (1990) and Campioin and Thayer (1987) argued that it is effective to involve employee in job enrichment, reasons of bottom up approach are that employee information about what aspects of the jobs need the most enrichment and they could contribute suggestion that might improve performance as weil thus
we can comfortably say from the above study enrichment has a positive impact on performance of the organization.

5.1.4 QUALITY OF WORKLIFE

From the above study it clear that QWL programs tends to improve labor-management relationship, product or service quality and productivity this is exhibited by employee through a high level of job satisfaction and commitment showing a co-efficient of correlation of 0.143 based managerial data and 0.196 based on non-managerial data respectively.

Cooke (1989) presented a study examining the impact of QWL programs on productivity and product quality in 109 unionized manufacturing company and results indicated that changes in productivity were positively influenced by having more union leaders on the steering thus its evident that quality of work life has a positive impact on performance of the organisation

5.1.5 MANAGEMENT BY OBJECTIVE

From the study it is evident that management by objective increases the level of commitment and responsibility in an employee which in turn has a positive impact on performance of both the employee and the organization as a whole it is argue that when employee takes the responsibility of setting goals and objectives then the employee owns it and is committed into achieving it. As seen from the above research MBO has a positive and direct relationship with performance giving a co-
efficient of correlation of 0.129 based on managerial data and 0.075 based on non-managerial data respectively.

In general from the above study the impact of employee participation is seen as having a positive effect on both the employees performance and the organization as a whole. Barclays bank exhibited much use of employee participation program this in turn had a positive impact on performance of the employee and the organization as a whole registering high profits followed by Kenya commercial bank, then standard chartered bank, then cooperative bank, followed by national bank of Kenya, followed by equity bank, followed by CFC bank, followed by NIC, followed by consolidated bank then family finance and lastly first American.

5.3 Recommendation

a) Human resource managers should adopt participatory policies as this has a positive impact on ones performance

b) Employees should adopt a participatory policy as it has a positive impact on performance and it has the potential of improving ones attitude towards a job.

c) Organization managers should adopt participatory policy as it has the potential of maximizing utility of human resource
5.2 Suggestion for Further Research

Finding of this research indicate that further research needs to be carried out it is the researchers suggestion that more studies should be undertaken on the impact of employee participation on performance of the organization and especially on gender disparities in places of work.

5.3 conclusion

From foregoing it is evident that employee participation should be embraced in order to transform our organization towards improving policy making, planning and programming. From the recommendation given by the researchers it is anticipated that the findings will be important to employers, government, organization, management, policy makers and academicians in understanding the impact of management in organization and where necessary take the necessary action.
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APPENDICES

LETTER OF INTRODUCTION TO RESPONDENTS

HILDA CHESANG,
DEPARTMENT OF BUSINESS ADMINISTRATION,
KENYATTA UNIVERSITY,
PO BOX43844,
NAIROBI.

Dear respondent,

I am a MBA student at Kenyatta University am carrying out a research study entitled the *Impact of Employee Participation on Firms Performance*. The study attempts to identify the different forms of employee Participation and its effects on firms’ performance.

I will very much appreciate your in put. The information you will give will be handled in strict confidentiality and your anonymity is guaranteed do not write your name anywhere in the questionnaire.

Thanks-in advance,

Yours faithfully,

Hilda Chesang.
Appendix I: Non-Managerial Staff Questionnaire

SECTION 1

1.1) Gender:  
[ ] Male  
[ ] Female

1.2) Age:  
[ ] 24-34  
[ ] 35-44  
[ ] 45-55

1.3) What is your current occupation/responsibility? .........................

1.4) What is Name of your department/division/unit? .......................

1.5) For how many years have you served in this category? ...............  

SECTION 2

2.1) Does the organization structure in place allow you to participate in departmental decision-making?

[ ] Yes  
[ ] No

2.2) Do you have sufficient resources needed to maximize your job output?

[ ] Yes  
[ ] No
2.3) Are you kept informed about matters related to your job?

[ ] Yes  [ ] Always  [ ] Sometimes  [ ] Never

2.4) How much direct do you have in:

a. Deciding how your job is done

[ ] A Lot  [ ] Only A Little  [ ] None

b. Setting goals for your work group

[ ] A Lot  [ ] Only A Little  [ ] None

c. Setting work schedules

[ ] A Lot  [ ] Only A Little  [ ] None

d. Deciding what training is needed for people in your work group

[ ] A Lot  [ ] Only A Little  [ ] None

e. Setting safety standards and practices

[ ] A Lot  [ ] Only A Little  [ ] None

f. Deciding how to work with new equipment or software
2.5) Is there close and detailed supervision of your work by your supervisor

[ ] Yes         [ ] Always         [ ] Sometimes         [ ] Never

2.6) Please rank in this scale the quality of your departmental work environment

a. Managerial non managerial

[ ] Excellent                       [ ] Good                       [ ] Fair                       [ ] Poor

b. Staff work relationship

[ ] Excellent                       [ ] Good                       [ ] Fair                       [ ] Poor

c. Your job motivation level

[ ] Excellent                       [ ] Good                       [ ] Fair                       [ ] Poor

d. Appreciation of your work by management

[ ] Excellent                       [ ] Good                       [ ] Fair                       [ ] Poor

2.7) Does the communication flow between you and your supervisor positively influence your job performance

[ ] Yes                       [ ] No
a. If yes (above) give two ways on how this affects your job output

[] ..............................................................................................................................

[] ..............................................................................................................................

b. If no (above) give two ways in which this affects your job

[] ..............................................................................................................................

[] ..............................................................................................................................

SECTION 3

3.1) Do you at departmental level occasionally have corporate consultative meetings to make and review some decisions?

[] Yes  [] No

3.2) If no from the above question how would do you describe your perception on the usefulness of the departmental decisions made by your supervisors?
3.3) What is your level of Participation in the process of making decisions pertaining to your department?

[] Highly Involved  [] Quite Involved  [] Fairly Involved  [] Not Involved

3.4) Does the level of decision making have any effect on your job implementation

[] Yes  [] No

a. If yes please give two ways in which it does affect your job performance

[] ....................................................

[] ....................................................

b. If no please give two ways in which it does affect your job performance

[] ....................................................

[] ....................................................
3.5) Efficiency has two components: speed of implementation of an action and accuracy or quality of the action implemented. How do you rate the overall activities of your department on these two values?

a. Speed

[ ] Excellent  [ ] Good  [ ] Fair  [ ] Poor

b. Accuracy

[ ] Excellent  [ ] Good  [ ] Fair  [ ] Poor

3.6) What suggestions would you give on ways of which management can consider so as to fully maximize your job performance.

[ ]...........................................................................................................

[ ]...........................................................................................................

[ ].............................................................................................................
SECTION 4

4.1) have you personally benefited from your Participation in the program by getting:

[ ] An increase in pay  [ ] more influence in the job

4.2) As part of this program do you ever talk about wages and benefits?

[ ] Yes  [ ] Sometimes  [ ] Just production issues

4.3) How effective have those programs been in improving productivity or performance

[ ] Very effective  [ ] Somewhat effective  [ ] Not too effective  [ ] Not effective at all
4.4) If your company got rid of employee Participation how would it affect you personally?

[] A lot  [] Not at all  [] A little  [] Would not care

4.5) If, employees as a group, had more say in how these programs are run at your company do you think they would be more or less effective?

[] More  [] Less
Appendix II: Managerial Staff Questionnaire

SECTION 1

1.1) Gender:  [] Male  [] Female

1.2) What is your job title?

1.3) For how long have you worked with this company?

1.4) To which department is your specific task categorized?

[] Administration  [] Finance  [] Human resource

1.5) How would you describe your departmental structure?

[] Complex and highly structured  [] Line structure

[] Simple and not structured  [] Staff structure

1.6) What are the three main weaknesses of the present departmental structures in relation to decision implementation?
1.7) To what extent is technical and professional knowledge used in decision making?

- Used only if available

- Much of what is present at higher levels and some of what is available at middle and lower levels is used

- Most of what is available anywhere within the department is used

1.8) What role does non-managerial staff have in decision-making?

- They make decisions

- Only used to make suggestions

- Play almost no role in decision-making
SECTION 2

2.1) How much loyalty do you feel toward company you work for as a whole?

[ ] A lot [ ] Only a little [ ] None

2.2) In general how much do you trust your company

[ ] A lot [ ] Only a little [ ] None

2.3) How would you rate relations between employees and management?

[ ] Excellent [ ] Good [ ] Fair [ ] Poor

2.5) Do you think relations between employees and management are

[ ] Average [ ] Better than [ ] Worse than

2.5) Rate the performance of your company on a scale similar to school grades in relation to:

a. Concerns for employees.

[ ] A [ ] B [ ] C [ ] D

b. Giving fair pay increase/benefits

[ ] A [ ] B [ ] C [ ] D
1.9) What role of the non managerial staff in providing information concerning departmental policies?

[] Are the main source of information?

[] Information the provide is considered alongside information from other sources
2.6) How is your company effective in resolving problems individual employees have in place of work?

[ ] Very effective  [ ] Not too effective  [ ] Not effective at all
SECTION 3

Which of these sentiments best describe the processes in your department?

3.1) Level at which concern for high performance is shown

- [ ] High performance goals are presented by top management but strongly resisted by non managerial staff
- [ ] All levels in the organization seek high performance goals

3.2) Is there tendency to accept resist or reject organizational goals?

- [ ] People outwardly accept goals but inwardly resist them strongly
- [ ] People outwardly accept goals do not act positively to achieve them
- [ ] Goals are readily accepted and pursued to the best ability

3.3) Generally is there a continuous review and control on employee performance within the department?
3.4) How adequate is communication system within the department?

[] Only downward but upward communication not available

[] Both downward and upward communication are adequate

[] Vertical communication is adequate but horizontal communication is inadequate

SECTION 4

4.1 Please give suggestions, if any, on how participation approach processes in your department can be improved and collectively utilized.

[ ] ........................................................................................................................................

[ ] ........................................................................................................................................

[ ] ........................................................................................................................................

[ ] ........................................................................................................................................

[ ] ........................................................................................................................................
4.2 please give your suggestions, if any, on the strategies to employ so as to improve the performance of the staff in your department in their implementation of the departmental objectives.
## Appendix III: Budget

### Proposal Stage

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<tr>
<th>Item</th>
<th>Cost</th>
</tr>
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<td>Stationary &amp; Text books</td>
<td>Ksh. 15,000</td>
</tr>
<tr>
<td>Typing &amp; Photocopy</td>
<td>Ksh. 10,000</td>
</tr>
<tr>
<td>Printing &amp; Binding</td>
<td>Ksh. 5,000</td>
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<tr>
<td>Sustenance and traveling expenses</td>
<td>Ksh. 10,000</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td><strong>Ksh. 40,000</strong></td>
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### Pilot Study

<table>
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<td>Ksh. 10,000</td>
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<tr>
<td><strong>Total cost</strong></td>
<td><strong>Ksh. 55,000</strong></td>
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</table>
Appendix IV: Work Schedule

September 2005 to May 2006

- Writing and defense of the research proposal

May 2006 to June 2006

- Literature review at University libraries.

July 2006

- Pilot study to be conducted at the three banking institutions
- Analysis of data collected during pilot study
- Adjustment of tools of data collection if need be

August 2006 to March 2007

Collection of data for the main research

- Analysis of data collected
- Write up of the draft and final project
- Submission of project for examination
- Final submission of project
## Appendix 5
### PROFITABILITY OF BANKING INSTITUTIONS FOR THE YEAR 2004

<table>
<thead>
<tr>
<th>No</th>
<th>BANKS</th>
<th>PROFIT BEFORE TAX (Ksh Mn)</th>
<th>RETURN ON ASSETS (%)</th>
<th>TOTAL ASSETS (Ksh Mn)</th>
<th>RETURN ON ASSETS (1/2)%</th>
<th>SHAREHOLDERS RETURN ON EQUITY (1/4)%</th>
<th>RETURN ON EQUITY (%)</th>
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<tbody>
<tr>
<td>1</td>
<td>Barclays Bank of Kenya Ltd</td>
<td>5,413</td>
<td>4.67</td>
<td>115,800</td>
<td>12,485</td>
<td>43.36</td>
<td></td>
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<tr>
<td>2</td>
<td>Standard Chartered Bank Ltd</td>
<td>2,691</td>
<td>3.83</td>
<td>70,310</td>
<td>5,419</td>
<td>49.66</td>
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<tr>
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<td>Kenya Commercial Bank Ltd</td>
<td>1,076</td>
<td>1.32</td>
<td>81,797</td>
<td>7,978</td>
<td>13.49</td>
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<td>Transnational Bank Ltd.</td>
<td>1,035</td>
<td>36.54</td>
<td>2,832</td>
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<td>5</td>
<td>National Bank of Kenya Ltd</td>
<td>743</td>
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<td>59,727</td>
<td>2,625</td>
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<td>Commercial Bank of Africa Ltd.</td>
<td>416</td>
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<td>1,612</td>
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<td>969</td>
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<td>1,325</td>
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<td>Diamond Trust Bank Kenya Ltd.</td>
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<td>11,961</td>
<td>1,223</td>
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<td>18</td>
<td>Bank of India</td>
<td>123</td>
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<td>K-Rep Bank Ltd.</td>
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<td>934</td>
<td>10.02</td>
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<td>25</td>
<td>Habib Bank Ltd.</td>
<td>92</td>
<td>2.65</td>
<td>3,453</td>
<td>413</td>
<td>22.17</td>
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<tr>
<td>26</td>
<td>Southern Credit Banking Corp. Ltd.</td>
<td>61</td>
<td>1.37</td>
<td>4,453</td>
<td>504</td>
<td>12.07</td>
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<td>27</td>
<td>Habib AG Zurich</td>
<td>56</td>
<td>1.22</td>
<td>4,596</td>
<td>448</td>
<td>12.50</td>
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<tr>
<td>28</td>
<td>Credit Bank Ltd.</td>
<td>47</td>
<td>1.74</td>
<td>2,708</td>
<td>419</td>
<td>11.24</td>
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<tr>
<td>29</td>
<td>Victoria Commercial Bank Ltd.</td>
<td>45</td>
<td>1.21</td>
<td>3,750</td>
<td>507</td>
<td>8.92</td>
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<tr>
<td>30</td>
<td>Charterhouse Bank Ltd.</td>
<td>43</td>
<td>1.14</td>
<td>3,773</td>
<td>503</td>
<td>8.57</td>
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<tr>
<td>31</td>
<td>Middle East Bank of Kenya Ltd.</td>
<td>36</td>
<td>0.81</td>
<td>4,366</td>
<td>713</td>
<td>4.98</td>
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<tr>
<td>32</td>
<td>Dubai Bank Ltd.</td>
<td>31</td>
<td>2.70</td>
<td>1,146</td>
<td>373</td>
<td>8.28</td>
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<tr>
<td>33</td>
<td>Giro Commercial Bank Ltd.</td>
<td>14</td>
<td>0.27</td>
<td>5,166</td>
<td>431</td>
<td>3.25</td>
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<tr>
<td>34</td>
<td>Paramount-Universal Bank Ltd.</td>
<td>12</td>
<td>0.58</td>
<td>2,048</td>
<td>292</td>
<td>4.06</td>
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<tr>
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<td>Financial Institution</td>
<td>Number</td>
<td>Total Assets</td>
<td>Growth Rate</td>
<td>Total Deposits</td>
<td>Deposits Growth Rate</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------</td>
<td>--------</td>
<td>--------------</td>
<td>-------------</td>
<td>----------------</td>
<td>---------------------</td>
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</tr>
<tr>
<td>35</td>
<td>City Finance Bank Ltd.</td>
<td>11</td>
<td>624</td>
<td>1.77%</td>
<td>417</td>
<td>2.64%</td>
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</tr>
<tr>
<td>36</td>
<td>Fidelity Commercial Bank Ltd.</td>
<td>2</td>
<td>1,776</td>
<td>0.10%</td>
<td>262</td>
<td>0.65%</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Daima Bank Ltd.</td>
<td>-3</td>
<td>1,080</td>
<td>-0.24%</td>
<td>-276</td>
<td>0.91%</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Bank of Africa</td>
<td>-32</td>
<td>5,188</td>
<td>-0.62%</td>
<td>649</td>
<td>(4.95)%</td>
<td></td>
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<tr>
<td>39</td>
<td>Fina Bank Ltd.</td>
<td>-51</td>
<td>6,564</td>
<td>-0.78%</td>
<td>786</td>
<td>(6.49)%</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Akiba Bank Ltd.</td>
<td>-62</td>
<td>5,009</td>
<td>-1.24%</td>
<td>604</td>
<td>(10.30)%</td>
<td></td>
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<tr>
<td>41</td>
<td>Consolidated Bank of Kenya Ltd.</td>
<td>-71</td>
<td>4,579</td>
<td>-1.55%</td>
<td>565</td>
<td>(12.57)%</td>
<td></td>
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<tr>
<td>42</td>
<td>Industrial Development Bank Ltd.</td>
<td>-90</td>
<td>1,844</td>
<td>-4.86%</td>
<td>184</td>
<td>(48.74)%</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>Chase Bank Ltd.</td>
<td>-92</td>
<td>2,128</td>
<td>-4.31%</td>
<td>526</td>
<td>(17.42)%</td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>Oriental Commercial Bank</td>
<td>-369</td>
<td>2,874</td>
<td>-12.83%</td>
<td>368</td>
<td>(95.07)%</td>
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</tr>
<tr>
<td></td>
<td><strong>SUB-TOTAL</strong></td>
<td></td>
<td><strong>644,338</strong></td>
<td><strong>2.32%</strong></td>
<td><strong>65,394</strong></td>
<td><strong>22.86%</strong></td>
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<tr>
<td></td>
<td><strong>NBFI’S</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1 Prime Capital &amp; Credit Ltd.</td>
<td>122</td>
<td>2,810</td>
<td>4.33%</td>
<td>704</td>
<td>17.27%</td>
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</tr>
<tr>
<td></td>
<td>2 Housing Fin. Co. of Kenya Ltd.</td>
<td>99</td>
<td>14,084</td>
<td>0.70%</td>
<td>1,080</td>
<td>9.13%</td>
<td></td>
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<tr>
<td></td>
<td>3 Savings and Loan (K) Ltd.</td>
<td>63</td>
<td>4,429</td>
<td>1.43%</td>
<td>533</td>
<td>11.85%</td>
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<tr>
<td></td>
<td><strong>SUB-TOTAL</strong></td>
<td>283</td>
<td>21,323</td>
<td>1.33%</td>
<td>2,317</td>
<td>12.23%</td>
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<tr>
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<td><strong>BUILDING SOCIETIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Family Finance Building Society</td>
<td>91</td>
<td>2,531</td>
<td>3.56%</td>
<td>285</td>
<td>31.81%</td>
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</tr>
<tr>
<td></td>
<td>2 East African Building Society</td>
<td>27</td>
<td>6,582</td>
<td>0.42%</td>
<td>835</td>
<td>3.29%</td>
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<tr>
<td></td>
<td><strong>SUB-TOTAL</strong></td>
<td>118</td>
<td>9,113</td>
<td>1.30%</td>
<td>1,120</td>
<td>10.55%</td>
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<tr>
<td></td>
<td><strong>GRAND TOTAL</strong></td>
<td>15,350</td>
<td>674,774</td>
<td>2.27%</td>
<td>68,831</td>
<td>22.30%</td>
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</tbody>
</table>