

✓ **A SURVEY OF THE RELATIONSHIP BETWEEN TRAINING AND
DEVELOPMENT PROGRAMMES AND JOB SATISFACTION IN
MICROFINANCE INSTITUTIONS IN NAIROBI, KENYA**

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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
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FACULTY OF COMMERCE

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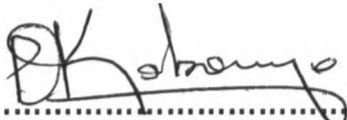
DECLARATION

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

Signed:.......... Date: 10/12/2002.....

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This management project has been submitted for examination with my approval as the university supervisor

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DEDICATION

To my father, my husband and my family and to all my dear friends, for your patience and continued support and advice.

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I would like to thank the Almighty God through whose grace that I have come to the completion of this programme.

My very sincere gratitude to all who contributed immensely in one way or another to the completion of this research project and to my entire M.B.A course. My special gratitude goes to my project supervisor, Prof. K'Obonyo, for his guidance and advice throughout this project.

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ABSTRACT

The survey for the study was carried out between 17th September and 4th October 2002. The study sought to investigate the relationship between training and development programmes and job satisfaction in selected microfinance institutions in Nairobi.

The population of interest in the study consisted of three categories/cadre of staff in the microfinance institutions i.e. the senior level management, the middle level management and the credit/loans officers. The human resources manager in each institution was identified as the key person to shed light on the training policies of the institutions. The information was collected using questionnaires completed by two representatives from each of the three categories above plus the human resource manager in each institution. The drop and pick method was used to collect the questionnaires. Ten microfinance institutions were selected randomly from the list of twenty-two institutions in Nairobi hence a total of seventy questionnaires were completed.

It was found that there is indeed some relationship between job satisfaction and training and development programmes. This was evident in the fact that from the findings, the higher the per capita expenditure on training a category had, the higher was the level of job satisfaction among the respondents. The credit officers, who had the highest percentage of the training budgets and opportunities allocated to, also were the most satisfied.

One major issue that was established was that the institutions seem to spend a greater percentage of their training budget on credit officers who also seemed to be the most satisfied with their jobs. In particular it was found out that companies that had high per capita expenditures in training also had high job satisfaction levels. The number of trainings attended also increased the levels of satisfaction of individuals but respondents were not satisfied with the lack of opportunities to use and develop their skills and knowledge and their working environment.

From the foregoing, it is evident that training and development programmes and in particular their frequency, relevance and the amounts spend on them have a significant role to play in the levels of job satisfaction among staff in microfinance institutions in Nairobi.

CHAPTER ONE

INTRODUCTION

1.1 Background

Training and development activities are the heart of any organization's growth. They are valuable tools because they are seen as an investment to the organization, helps it to improve its profitability, reduce its costs, increase the commitment and motivation of its people and release their potential

Recognition of the importance of training in recent years has been heavily influenced by the intensification of overseas competition and relative success of economies such as Japan, Germany and Sweden where investment in employee development is considerably emphasized. Technological developments and organizational changes have gradually led some employers to the realization that success relies on the skills and abilities of their employees, and this means considerable and continuous investment in training and development (Russo C, 1996).

This development has been underscored by the rise in human resource management with its emphasis on the importance of people and the skills they possess in enhancing organizational efficiency. Such Human Resources Management concepts as "commitment" to the company and the growth in the "quality" movement have led senior management teams to realize the increased importance of training, employee development and long-term education. There has also been more recognition of the needs to complement the qualities of employees with the needs of the organization. Such concepts require not only careful planning but also a greater emphasis on employee development. Human resource development programmes are hence continuous and shaped to fit these culture changes in the organization in relation to the needs of the individual (Prokesch S, 1986).

All organizations need to have, in some form, a purpose, policy and plan for training with the following features:

- The purpose of the training must clearly express the overall reason why the organization is investing in training.
- The training policy must give the guideline to be followed in the organizations training activities. It sets the scene for the plan, which can then be drawn up. The policy must clarify the allocation of overall responsibilities for training.
- The training plan on the other hand must explain in detail what will be done in order to realize the training purpose and policy in a practical way.

These in turn establish the framework within which the training can be drawn up.

A study conducted by Pricewaterhouse (Cranfield report 1990) on investment in training for occupational groups in UK organizations from 1987 to 1990 established that the further down the organizational ladder one descends the less money is spent on training. Thus managers and professionals generally receive more financial support for training needs than do clerical and manual workers. Given the need to encourage individuals to recognize their training needs and, more importantly, to seek ways to improve their knowledge and skills which would advance their career prospects, advantage seems to lie with individuals further up the organizational hierarchy.

Non-Professional and non-managerial employees have less awareness of the need for training, and, more importantly, less ability to do something about it; this places considerable barriers in the way of improving their working life prospects. Professionals are imbued with the value of education and self-development which is often acquired in the routes to, and in higher education. This process helps them to cope with change.

According to Russo & Charles, 1996, employee training and development is an on-going process; people learn at the workplace everyday. Organisations can maximize this learning opportunity by building an environment of greater trust commitment in the workplace through respect and involvement of employees. By linking successful achievement to personal and organizational goals, the performance management system focuses employees on attaining common goals and desired performance results. Utilizing the workplace as a learning environment enhances a

manager's role as a more effective manager, thus making employee training and development a critical responsibility of each managerial job. Thus, effective employee training and development is not "just a nice thing to do" but a necessity for continued success.

Research headed by Professor David Storey of Warwick University (understanding the small business sector, Routledge, 1994) indicated that despite a belief by the confederation of British Industry (CBI) and the department of Trade and Industry (DTI) that training and development was an important factor in company performance, there was no evidence to support this view. Some researchers on this project from Newcastle University stated that:

' The lack of a clearly demonstrable link between training and firm performance is one of the reasons why many firms are reluctant to invest in Human Resources.'

Organizations need to provide for ongoing staff satisfaction by giving staff responsibility for results, paying good salaries and benefits (from a local perspective), offering good career prospects, dealing openly with staff needs, and, in general instilling a corporative feeling among staff as together these elements secure the kind of motivated workforce which when given proper focus, will be highly productive.

Job satisfaction is a measure of the degree of which employees express satisfaction with their jobs (Yoder R, 1990). Studies show that appropriate training and skill use were significantly related to job satisfaction among agricultural extension agents (Seepersad, 1983). Several other variables are often found to be related to job satisfaction; these include organizational climate (Barahimi, 1986), supportive leadership styles (Wu, 1984).

Yoder & Eby (1990) in their findings on job satisfaction suggest that in an effort to improve job satisfaction, one needs to focus on improving on-the-job training and skills utilization. Specifically, this means matching employees skills with their jobs so that employees jobs make good use of their abilities, new employees receiving appropriate training and orientation in order to do their work well and having freedom to try out new ideas. It will hence be necessary to establish if these avenues are open to employees in Microfinance institutions in Kenya.

1.1.2. Background of microfinance institutions

The majority of MFI's are created as non-governmental organizations (NGOs). However, as the field of microfinance develops, the focus is changing from the delivery of credit services to a true process of financial intermediation, including the provision of savings and other financial services demanded by the working poor. Furthermore, the shrinking resource base (donor funds) to support the ever increasing demand implies that the MFI's will eventually need to support themselves. Accompanying this change of perspective is a better understanding of the implications of institutional structure for achieving the ends of greater service, scale and sustainability (Ledgerwood J, 1998).

Significant training of both management and staff becomes imperative for achieving efficiency. Managers and staff need to learn how local markets operate, how to locate potential savers, how to design instruments and services for the market. They also need to understand basic finance and the importance of an equitable spread between lending and deposit services (Gibson S, 2000).

While successful micro lending relies on the microfinance officer personally understanding each client, the provision of savings services can be quite different, depending on how those savings are collected and withdrawn. The training needs of all management and staff should be assessed and delivered both initially and periodically as the microfinance institution grows. (Ledgerwood J, 1998).

1.1.3. The Status of Microfinance institutions in Kenya

In the past ten years, there has been a proliferation of NGO programs to promote microfinance development. The organizations range from small charitable units operating in a limited geographical area e.g. Machakos Catholic Diocese to large institutions, covering vast tracts of the country and carrying out a variety of development and welfare activities e.g. World Vision International.

Kenya's microfinance sector is well developed and consists of various organizations as listed in Table 1 below.

Table 1: Distribution of Microfinance Organizations

#	Type of Microfinance Organisation	Number
A.	Formal Microfinance Institutions	1
1.	Commercial Bank (K-Rep Bank)	56
2.	NGOs	1
3.	Societies (KSTES)	2
4.	Companies Limited by Shares (Faulu Kenya and WEDCO)	2
5.	Companies Limited by Guarantee	Various
6.	Non-Bank Financial Institutions	2
7.	SACCOs (by December, 1999)	3,168
8.	Wholesale Lending Institutions (Jitegemee Trust and MESP)	2
9.	Joint Loan Board Schemes	Various
10.	Parastatals	2
B.	Informal Microfinance Organisations	
1.	ROSCAs	Various
2.	Moneylenders	Various
3.	Unregistered Family/Neighbours/Friends Groups	Various

NGOs have developed microfinance assistance models that are cost-effective and lead to sustainability. Some of the most serious threats to, and weaknesses of NGO microfinance programmes are related to their method of funding. Nearly all are donor-based, supported, or sponsored. Donors often provide facilities and create a cost-base, which the NGOs cannot sustain on their own. The schemes therefore last only as long as a donor is willing and able to support them.

Existing microfinance organizations operate under eleven diverse forms of registrations in Kenya as shown in Table 2 below. These range from grassroot associations registered as self-help groups with the Ministry of Social Services to a Bank like K-Rep Bank registered under the Banking Act.

Most microfinance operations by NGOs are implemented as projects or components of projects, by welfare NGOs, national and/or international e.g. World Vision. An encouraging trend in the microfinance industry is the spinning-off of microfinance activities to separate entities by welfare NGOs. Three welfare NGOs have recently spinned off their microfinance programs and registered them as separate legal entities. Plan International spinned off its microfinance program and registered BIMAs as a Company limited by guarantee, CARE Kenya and the NCKK have similarly

created separate legal entities WEDCO and SMEP respectively. In March 1999 K-Rep became the first microfinance institution to convert to a commercial bank (Dondo, 1999).

The majority of Microfinance organization use variations of the group lending methodology popularized by the Grameen Bank of Bangladesh. This requires organizing clients into groups. There is very little variation in methodology.

It is clear that existing products and methodologies do not allow the sector to have as extensive a reach as the need for the services demands. In addition, the reality is that not only MSEs need financial services, and MSEs people need other financial services and not just credit. It is imperative therefore, to develop products and methodologies that will address the needs of the poor people not engaged in micro-enterprises, and those engaged in micro-enterprises but have other needs for financial services such as insurance, a mortgage facility etc.(Kiiru W, 1995).

The majority of the Microfinance programs are concentrated in Nairobi, the Mt. Kenya region and Western region of the country. Generally, most of the programs operate in urban areas with very few penetrating deep in rural areas (Dondo & Ongile, 1994). There are very few programs in the arid and semi arid areas of the country, which comprise of two-thirds of the Kenyan landmass.

1.1.4. Demand for Microfinance in Kenya

The demand for microfinance in Kenya is the least studied aspect of the microfinance sector (Dondo. 1999). To estimate the effective demand for microfinance services, one needs to survey all sources of financial services and establish all the services they were requested to provide and were able to provide and those they rejected. Most institutions in the three sub-systems do not maintain records of requests for micro financial services that they have rejected.

According to the Gemini survey report of 1999, there is however a large and fast growing market for microfinance in Kenya, which includes:

- People left out of the banking services on account of distance from bank outlets;

- People who on account of low and uncertain income find it impossible to open bank accounts even if one is only a few meters away;
- People already used to banking services in places which previously had bank branches that have been closed;
- People returning to rural areas who were used to banking services in towns i.e. retirees and retrenches.
- People who by the nature of their jobs find themselves in remote rural areas;
- People dropped out of banking services because of increase minimum balances required to maintain bank accounts;
- People who received payments in terms of cheques e.g.. Pensioners.
- People transferring money from one place or another e.g. payment of school fees.

The market for microfinance services systems that are capable of delivering services to the rural areas and the poor in urban areas is large and growing. They are swelling the number of people who need financial services but can no longer access them. The potential market for microfinance services is even larger for institutions that are able to develop and offer other service products such as money transfer, cheques clearing in addition to credit and credit related savings.

Table 2:Forms of Registration under which Microfinance Organizations Operate in Kenya

#	Registration Form	Act	Example of Microfinance Organization
1.	Bank	Banking Act	K-Rep Bank
2.	Society	Societies ACT	KSTES
3.	Company Limited by Guarantee	Companies Act	KWFT
4.	Limited Liability Company	Companies Act	Faulu Kenya
5.	NGO	NGO Coordination Act	BIMAs
6.	Non-Bank Financial Institutions	Building Societies Act	Family Finance Building Society
7.	SACCO	Cooperative Act	Harambee Sacco
8.	Trust	Trustee Act	Jitegemee ACT
9.	Postal Bank	Kenya Post Office Savings Bank Act.	Kenya Post Office Savings
10.	Kenya Industrial Estates	Kenya Industrial Estates Act	Kenya Industrial Estate
11.	ROSCAs		Jitegemee Women Group

Hence, Microfinance institutions need to recognize the role that training activities can play as management tools to improving productivity, efficiency and career development. By having well-trained staff, they would also be able to provide efficient and effective service to its customers in order to allow their mission of poverty alleviation and meet their goals.

1.2. Definition of Terms

Microfinance institutions

An institution is a collection of assets – human, financial and others – combined to perform activities such as granting loans, and taking deposits overtime.

Microfinance on the other hand refers to the provision of financial services to low-income clients, including the self-employed. (Ledgerwood.1998).

A microfinance institution is hence an organization providing microfinance services

Training

Training may be defined as a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future needs of the organization. (Beardwell. & Holden. 1995)

Development

This is a learning activity, which is concerned with career growth, and future needs of an individual. It is more focused on the organization's future manpower requirements (Milkovich. 1991).

Evaluation

The systematic collection of descriptive and judgmental information necessary to make effective decisions related to the selection adoption, value and modification of various instructional activities. (Goldstein, 1993, pg 147). It is hence any attempt to obtain information (feedback) on the affects of a training programme and to assess the value of the training in the light of that information.

Learning

This is a relatively permanent change in knowledge, skills, beliefs, attitudes or behaviors. It is acquiring the ability to behave in new kind of ways. (Bramly, 1996, Page 14)

1.3. Statement of the problem

The sprout of Microfinance institutions in Kenya has been in response to the growing demand for their services. As they grow in outreach (number of clients), they also grow in staff size and organization complexity. One of the main determinants of the success or failure of these institutions is their ability to have personnel who are well trained and conversant with their products and services at all times (Otero, 1995).

Because the focus of training is on job and institution specific, the basic challenge of staff training is to organize an efficient and effective means of transferring knowledge from existing staff (who hold the knowledge) to new recruits. It is not a matter of imparting a self-contained or independent body of knowledge (Rhyne & Rotbatt, 1994).

Microfinance institutions, in practice, use on-the-job training as the major training vehicle for new staff, supplemented by more formal training provided at the institutions. New entry training includes a small amount of classroom work (for one or two weeks depending on the institution) and a longer stint as a trainee. In all cases, the training process mobilizes a large part of the existing staff to participate in the transfer of knowledge, as credit officers teach new recruits their jobs, working side-by-side for several weeks or months.

From a pilot survey of microfinance institutions carried out by the researcher, it was clear that training and development in most Microfinance institutions has been documented into a training policies and procedures manual to facilitate Microfinance institutions commitment and investment in their staff. The policy manuals objectively set a system for equitable distribution of training opportunities to all staff in an organization and allow staff to identify courses that are appropriate and relevant to their immediate job requirements. However, there was a general outcry that these training and development programmes were not adequately implemented due to factors like lack of adequate funding and limited time allocations. They also did not seem to create clear tracks and performance incentives for the employees. It also came out clearly that funds earmarked for training in the various programmes, were to a large extent allocated to senior management staff at the expense of the core staff in the institutions. This sends a wave of dissatisfaction among the staff in the institutions.

Training is good when it is designed to achieve clear objectives and deliver what it promises; but without clear objectives it can become a very expensive waste of not only time, money and effort but, perhaps even more importantly, also the individual trainees commitment and motivation.

The literature shows a link between job satisfaction and training. Training equips employees with knowledge and skills which, in turn, enables them develop confidence in their ability to perform their work. Confidence, on the other hand is related to job satisfaction; in fact, one of the key influences on labour turnover is job satisfaction. From the available literature, it is clear that micro finance firms in Kenya suffer from high rates of labour turnover.

If training influences job satisfaction, which in turn is related to labour turnover, it stands to reason that one way of dealing with labour turnover is training. Yet, as outlined in the background, microfinance firms approach training rather haphazardly. However, no study has been done to authoritatively show if there is indeed a link between training and job satisfaction in the microfinance firms in Nairobi. It is this gap in knowledge that necessitated the proposed study.

1.4. Objective of the study

The objective of the study was:

To determine the relationship between training/development programs and job satisfaction of staff in microfinance institutions.

1.5. Importance of the study

1. *Training Managers* – by knowing how to design a human resources development plan that addresses Microfinance mission, goals and objectives. This will also include recruitment training and retraining quality staff in the relevant knowledge and skills
2. *Academicians* – can use the findings of this study as foundation or based for further research on training and development programmes not only within Microfinance institutions but also in other sectors of the economy.
3. *The Public* - The findings of this study will broaden their understanding especially those with an interest in microfinance.

4. *Microfinance management team* – will benefit from the findings of this study in the following ways: -

- a) Can forecast future training and development needs of their institutions.
- b) Ensure continuous training and development opportunities through appropriate organizational structures and managerial practices over and above staff training.
- c) Examine the Microfinance current and planned activities and identifying specific areas of skill knowledge and attitude for development.

This study will hence contribute largely to the improvement of training process in Microfinance institution by ensuring that the activities identified take into consideration the needs of the organization and individuals. The study will also shed light on the weakness, strength and opportunities of the training and development programme.

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CHAPTER TWO

LITERATURE REVIEW

2.1. Training and Development

Allied to the question of what training and development is lies the equally important one of where does training and development fit with the overall running of the organization?

According to (Cole, 1997)Training is a learning activity, which is directed towards acquisition of specific knowledge and skills for the purpose of an occupation. It will focus on the job or task. The training can be both formal and informal and is usually carried out to assist the employee understand and perform his/her job better. On the other hand, he defines development, as a learning activity, which is more directed towards future, needs rather than present needs of the organization and is concerned with career growth than immediate performance.

Armstrong, 1999 concurs with Cole that training is a systematic modification of behavior through learning, which occurs as a result of education, instruction,

Today's business environment can be characterized as changing. The accelerated pace of advances in technology, increasing foreign competition, widespread and growing unemployment creating serious adjustment problems, and diminishing resource supplies have affected the way business is conducted. This complex and unstable environment is a way of life, which will continue far into the future (Russo C.1994).

Quality performance requires that employees be capable, have clearly defined job roles, know what is expected of them, have the tools to do the job, have the knowledge and skills to perform, receive regular feedback on performance and understand and receive rewards for good performance. (Power B, 1986) These are the elements of an effective performance management system. In order to improve employee performance, management must clearly define and communicate the purpose of the organization - what is important to members of the organization in carrying out their work, organizational aims and goals, responsibility for achieving aims and goals and what constitutes successful accomplishment of the aims and goals - through an operational plan. The performance management system and operational plan, clearly linked and supported by

one another, are powerful means for focusing employees on attaining common goals and desired performance results. (Power B, 1986)

Peter Drucker (1980) has suggested that management people learn to ask, "What do we do in this organization that helps you do the job you're being paid to do, and what do we do that hampers you?" This question focuses on the ways managers enhance or inhibit the performance of their employees. Bradford and Cohen (1984) suggest that an entirely new definition of leadership is required, one in which shared responsibility and control takes the place of the individual hero carrying the burdens alone. If all of the organizational members are committed to joint responsibility for overall excellence, the collective power and potential for excellence is marshalled through the commitment and abilities of the whole group. At the same time that the manager works to develop management responsibility in employees, he or she must help develop the employees' abilities to share management of the unit's performance.

This increasing interest in participative management systems - quality circles; quality of work life, productivity and suggestion programs-requires an understanding of the need for a greater involvement of employees in problem solving, assuming greater responsibility for more activities and acting more independently. When managers view problems as developmental opportunities for employees' commitment and capabilities, they may turn problems back to employees for resolution, or ask questions to help them focus on key issues or work jointly with the employee. This approach not only resolves problems, but it helps the employee develop in a valuable training environment - the workplace.

The role of employee training and development is crucial to any effective and successful manager. Being able to get work done through the efforts of others is a key managerial skill, which is often seen as a separate function, which is performed by the individual, charged with personnel responsibilities or considered a luxury item for busy small business owners/managers. One can become a more effective training and development professional when the process is incorporated into the daily management style of the owner/manager (Probesch S, 1986).

A universal rule of Japanese management is that job training is a supervisory responsibility - "it is the number one duty of the manager to develop, counsel and coach his employees." A common

rule in Japan, rare in America, is that production comes from the way managers manage. In this setting, managers are required to spend considerable time on personnel matters giving attention to the performance management system and the operational plan. These efforts contribute to a continuous learning environment in which the workplace is seen as a learning laboratory where learning and the improvement of work are integrated. In such an environment, management and employees are working for the same goals, the success and prosperity of both the company and the individual worker, thus adhering to the key elements of individual and organizational quality performance (Druker P, 1980).

An important source of information about employee training and development needs is the employee's performance appraisal. The critical elements of an effective performance management system are planning and feedback appraisal. The planning process includes an assessment of the employee's capabilities, a discussion with the employee in order to clearly define job roles and expectations; identify the tools required to do the job; and to ascertain whether or not the employee has the knowledge and skills required to perform the job (Russo.1994).

Training and Development is about achieving business results. It is not about teaching; it is about learning. In some cases there is more instruction than learning. In others more learning than instructions. Obviously the second case is more successful. Training is however not complete until the trainee has been successful. It should leave the trainee feeling confident that the task could be performed without supervision and performance standards can be achieved.

"Training can only add value results if there is an opportunity for added value. Either the business is not performing effectively because people are not performing, or there is a market opportunity, which can be exploited but requires some new training or development." (Kearns P., Miller . 1997, page 10).

2.2. Training and Development Methods/activities

Training methods are means of communicating information, ideas, skills attitudes and feelings to learners. These methods are generally categorized into, on-the-job and off-the-job training. On-the-job methods comprise of coaching, job rotation, role models and transfers whereas off-the-job activities encompass simulation, lecture and conference/discussion group. Milkovich (1991), points out that many training programs combine both the on-the-job and off-the-job efforts and that successful programs must be designed to incorporate real work situations with more formal off-the-job analysis and development if they are to achieve their goals.

In development, the methods used are education i.e. acquiring qualifications bearing courses run by universities or colleges e.g. diplomas, degrees etc. though this is through employee own initiative.

2.3. Evaluation as a means of measuring effectiveness

Evaluation is assessing the value of what is being done or has been done. Achoch, 1995 defines evaluation of training as "the collection and analysis of information, which enables effective decisions to be taken about the future training actions, needed to achieve desired organizational outcomes". It is important to evaluate training in order to assess its effectiveness in producing the learning outcomes specified when training intervention was planned and to indicate where improvements or change are required to make the training even more effective (Armstrong, 1999). Evaluation is the final phase of a training cycle, but the process needs to start before the actual training begins and applied to every stage of the whole cycle. This process must be planned and not performed in an ad hoc manner.

Evaluation provides feedback, which helps in determining the types of adjustments that are necessary in the training process. It supplies confirmation that learning has taken place and indicated the extent to which training has been transferred to the work situation (Lloyd S. 1987).

Milkovich, 1991 states that in training today, we tend to shape the individual to fit in the job requirements but in future we must study ways to design jobs differently to build in future needed skills in the present job, so employees can begin to prepare for future jobs.

Harrison, 1990, emphasized the importance of evaluation "as a means of changing attitudes to

training by showing in measurable ways the value to the organization of investing in training." If training is to be considered a main function in an organization in the future then evaluation of it must become a need in all organization today. Among the factors to be evaluated include: the context within which learning has taken place, the inputs to the learning event such as personnel, media methods, content etc. the reactions to the learning event by the various parties involved and lastly, the outcomes of the learning event (Harrison, 1990).

According to Kearn P & Miller T.(1997, Page 9), sound reasons for starting to put more effort into evaluation include:

- It is about building credibility and a solid foundation for training and development investment decisions.
- It provides a basis for maximizing return on investment.
- It helps categorize training by the type of return you will get from your investment.
- It leads to building up the training for those who get it right.
- It automatically links training and development with strategic and operational business objectives.
- It produces results that can act as a great reinforce of learning and further motivate individuals to develop themselves

To achieve these one needs to first make training and development activities business focused. The effectiveness of training is measured by the learning that results from it (Van Der Wagen, Lynn, 1994, Pg.108.).

2.4 Role of training and development

"Restricted human resources can be a crucial constraint on a country's overall capacity to function independently" (Lloyd Stanley; 1987, Page 17).

This statement underpins the importance of training and development in the national economic development process. It becomes a significant point of reference, especially since most developing countries are responding to the many challenges of the industrial development by implementing structural adjustment programmes. These programmes call for new expertise and new orientations to work.

Training is enjoying its most popular acclaim in the history of organized learning governments, international organizations, managers, experts-everyone is proclaiming the importance and need

for training.

There are proliferation of training departments, training institutions, training packages-all aimed at clientele in developing countries. Yet despite the popularity of training there is growing pessimism about its effectiveness.

The continued dialogue is that developing countries are lacking in qualified personnel.

There have always been plenty of well-respected writers who have emphasized why measurement is so important but this pressure has been resisted by the Training & development function for so long. Some have tried to argue that is unmeasurable, some have said it is unnecessary and others are just simply afraid of it.

The recognition of the need for and importance of measurement has never gone away. The main interest in evaluation seems to come from businesses where margins are extremely tight (hotels, leisure) or product differentiation is difficult (financial services) and therefore every last drop of improvement is constantly sought (Kearns & Miller. 1997, page 8).

Also although Training & development has been very much under the spot light for the past five years or so, progress has been slow because of the absence of a practical approach to evaluation which looks at business measures.

2.5. Role of training and development in microfinance institutions

Microenterprise financial institutions depend critically on the quality performance and job satisfaction of their staff (Rhyne E, Rotblatt L. 1994). Due to the nature of micro lending, the main responsibility for effective outreach and loan repayment rests with the credit officer. One cannot have sustainable programs unless they have staff that are really committed to the program. It is therefore necessary to ensure that credit officers are both motivated and held appropriately accountable for managing and cultivating their portfolios.

Microfinance institutions have not found difficulty in finding strong field staff; they have been aided by the prevailing labor market condition as well as the fact that these institutions embody some traits that are attractive in any job setting. However, training staff and getting them familiar with all

issues takes a long time.

Training is hence an essential topic for Microfinance institutions because without staff to deliver the product, it is very difficult to bring in the customers. One must have well motivated staff who are really interested and passionate about work (Gibson S. 2000).

These institutions are in the business of giving loans, they lend to people because they have the capacity to repay. This expectation has to be made upfront to the officers through training.

Good loans officers are made rather than found, but a certain level of education and key personal and social traits are essential prerequisites. Without exceptions, these institutions recruit local young people with little previous job experience. This is mainly because the institutions are unique in the country or nearly so, and there is little relevant value added by hiring people who have worked in other industries/sectors.

According to Rhyne & Rotbatt (1997, Page 71), staff training for both new recruits and existing employees generally focuses on two broadly defined objectives, both of which are highly specific to the organization:

- Corporate culture – ensuring that all staff understand and internalize the mission and corporate values of the institution.
- Operating procedures – teaching staff the standard operating procedures they need to follow in performing their jobs – and exposing them to the procedures performed by other parts of the organization.

A third potential area, developing job related but generalizable skills (e.g. project appraisal and client relations) receives relatively little attention except as it supports one of the two main objectives.

Microfinance Institutions recognize the role that training plays as management tools for improving productivity, efficiency and career development. By having well trained staff MFI's are able to provide efficient and effective services to its customers in order to achieve its mission. ACCION International, a microfinance body with over 19 affiliate worldwide, emphasizes the importance of regular staff training to its affiliates. It helps them develop in-house training capacity, making sure

that they all have human resource departments and that these departments are upgraded as the institutions grow and its personnel problems become complex (Otero, 1995).

A number of generalizations can be made about the way strong organizations have handled human resource development. These generalizations add to the essential characteristics of micro enterprise finance (Rhyne & Rotblatt. 1994).

All microfinance organizations have a preference for young recruits with good but not outstanding educational achievements and receptivity to the organization's mission. Organizations train recruits through strikingly similar training programs designed to mobilize the existing staff to convey knowledge through an oral tradition, with an emphasis on corporate values and job-specific procedures. Each organization has a well-defined corporate culture, which it stresses throughout staff development. Particularly during training activities including in-service training. In cases where culture involves strong social goals, there is an extra motivational factor (Rhyne & Rotblatt. 1994).

2.6. Issues that training and development deal with in developing countries

According to Lloyd S. 1987, page 20, some of the issues, which confront organizations in developing countries and which training and development must tackle include:

- 1. Increasing pressure to improve their performance by way of increased productivity.**
This calls for possible restructuring of the organization, redesigning of jobs and improved methods of work.
- 2. Playing an active role in reducing unemployment.**
Many developing countries are faced with very high rates of unemployment. In pursue of social as well as economic goals, public enterprises are also expected to participate –one way or the other-in easing the unemployment situation. In some instances they are expected to recruit personnel from among the unemployed resulting in needs for training.
- 3. Shortage of skilled manpower in developing countries.**
Public enterprises because of their poor financial position are unable to bid against private sectors organizations and must therefore be satisfied with the less qualified and less

experienced. Vigorously pursuing training and development and providing opportunities for growth is hence their only possible solution.

4. Technology.

Abundant cheap labor is no longer considered an advantage. Technological development has created a situation in which the knowledge and skill of the people is the real human resource. Training and development is hence vital if the enterprises are to emerge as successful users of technology and more so if the developing countries are to compete in the world as well as domestic markets.

2.7 Job Satisfaction

The desire to have satisfied employees is pervasive among human resource managers. The belief that satisfied employees are also productive employees is naturally appealing. Managers and workers alike pursue job satisfaction in the often naive belief that it leads directly and surely to that other workplace ideal – high performance. The fact is however that sometimes, satisfied employees perform better, and sometimes that do not. (Bruce w & Blackburn J, 1992).

Because of the growing concern about the ability of organizations to succeed in an increasingly competitive world economy and for public and non profit organizations to become more productive and efficient, the quest for means of enhancing workers productivity will continue to intensify (Bruce w & Blackburn J, 1992).

Most of today's employees expect to derive much more satisfaction from their work than in the past. New technology such as the computer, enhance performance but also introduce new challenges to managers who wish to maintain job satisfaction and a safe and healthy work environment. Thus, though the challenge of enhancing performance becomes more urgent, the difficulties of increasing productivity while maintaining job satisfaction becomes more complex.

Despite its tenuous, often contradictory relationship with performance, job satisfaction is a complex and important concept for human resource managers to understand. "Most employees do not believe their work is being properly rewarded. Nor do they believe that their companies are doing enough to attract high quality performers, train them and manage them effectively" (Willa B, 1990 Pg19).

Companies that do satisfy employees desires for good managerial relations, respect, fair and adequate compensation, and opportunities for growth and development through training, ear

reaping the benefits. Research conducted by the Hay Group, Inc, found "distinct relationship between (good) human resources practices and improved performance" (Soelle D, 1989).

In large organizations where pay levels are high, successful companies put an emphasis on pay for performance, training and career development. In smaller successful companies, employee performance has been improved through providing challenging assignments, respectful treatment, and the willingness of managers to listen. In both cases, employees who report satisfaction also produce more. (Bruce w & Blackburn J, 1992).

The notion that satisfied employees make a difference was spurred by what has been called the "third industrial revolution"(Hofstede G, 19977). This movement presupposes the desirability of having satisfied employees.

Since Herzberg's 1959 work on "satisfiers" and "dissatisfiers" in the workplace, job satisfaction has frequently been held up as a means of improving employees' motivation (Herzberg F, Mausner B & Snyderman B. 1959). With the improvement come increasing individual productivity, job longevity and organizational efficiency.

Human resource managers may be concerned about employee satisfaction for different reasons than their workers. Altruistic managers want satisfied employees because they care about their employees. Result-oriented managers want satisfied employees because satisfied workers may perform better and have less absenteeism and greater longevity.

Satisfied workers also tend to produce high-quality work than their dissatisfied cohorts. In fact over 2000 studies on humanizing the workplace indicates that satisfied workers are more productive and that organizations with satisfied workers are more efficient (Clegg & Drunkerly, 1980). Satisfied employees are more likely to experience high internal work motivation, to give high quality work performance, and to have low absenteeism and turnover. Organizations that have instituted programs to improve satisfaction have found them to be successful in terms of both human and economic standards (Bruce w & Blackburn J, 1992).

At the upper levels of an organization, satisfaction may occur differently than at the lower levels. While one cannot assume that professionals take total responsibility of their performance and satisfaction, it is a generally acceptable fact that the career problems for professionals usually center around his ability to increase his skills and to make that increase visible to his colleagues. They will negotiate acceptable salary and benefits. Unskilled laborers on the other hand, often feel powerless because they are not as marketable as professional workers. They frequently resort to

collective bargaining as a means of attaining acceptable terms and conditions of employment (Thompson J, 1967).

2.8 Training and Job Satisfaction

Training and development is critical to the satisfaction and performance of employees at all levels of an organization. Training is a motivator and is essential to acquiring and maintaining skills necessary for optimal job performance (Bruce w & Blackburn J, 1992).

Whatever the size of the organization, the person responsible for the training and development functions plays a key role; they want the employee to have the knowledge, skills and abilities to perform their jobs successfully.

People thrive on the challenge of new training opportunities. They are motivated when they learn new ways to perform their jobs and when they can improve their current skills. Employees are less motivated by the promise of training and education as mechanisms of career advancement. Training opportunities are what Fredrick Herzberg calls "motivational factors" and "satisfiers". They are occasions on the job that inspire people to feel good about who they are and where they are (Herzberg F, Mausner B & Snyderman B. 1959). The training and development functions permeate all parts of the organization. Training may be remedial and useful for assisting employees to whom an organization is committed to meet performance expectations. It may provide basic literacy skills or it may enhance job execution. Training may provide means for employees to move from one department to another and from one job to another, so that workers experience the satisfaction of performing enriched jobs. Training may upgrade employee's skills, preparing them for new technologies, new legislation and new policies. It may enrich employee's lives and enhance their interpersonal skills. It can assist them to produce at higher levels, to supervise and to manage better.

Training may however not be effective to employees unless it gives them the satisfaction they require. It must hence address the issues they have, improve their performance etc. (Thompson J, 1967).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter sets out the research methodology that will be used to meet the objectives of this study. It is organized into five main parts namely: location of the study, population and sampling technique of the study, data collection instrument, data collection procedure and data analysis procedure.

3.1 Location of the Study

Due to the time and resources available, the study was conducted in Nairobi and covered selected microfinance institutions operating in Nairobi.

3.2 Population and sampling techniques

The population of the study consisted of all the microfinance institutions in Nairobi. Out of the 22 microfinance institutions in Nairobi, Kenya (Annex 1), 10 were selected for the study. This selection was done using the random sampling technique where each institution was assigned a number and then ten picked out randomly.

In an effort to achieve representation from the various sub groups in the population, a stratified random sampling technique was used in the study. The population was subdivided into three strata i.e. senior management, middle management and credit/loans officers. The sample size consisted of seventy (70) key informers, two from each stratum, along with the Human resource manager. The human resource managers were selected because they knew and understood the institution's training and development policies, as they are the key persons in their formulation and implementation.

Simple random sampling technique was used to select the respondents in each subgroup, except human resource managers who were automatically included. These respondents were chosen randomly out of the list of staff in the subgroup. These three sub groups were the focus of the

study and hence constituted the sample of the study. The human resource manager provided information with regard to the number of staff in each subgroup. In cases where these staff could be identified, the researcher then, with the help of the human resources manager, identified a suitable respondent.

3.3. Data Collection Procedures

The main instrument used in the collection of data for the study was the questionnaire. Most of the questions were open-ended; a few were close-ended. The open-ended questions allowed respondents to give answers in their own way. The drop and pick method was used to administer the questionnaires. This gave employees a chance to fill the questionnaire during their free times. Envelopes were provided for confidentiality purposes. These sealed envelopes were then picked one week after delivery. The questionnaire was divided into two parts, one focused on training and development and the other on job satisfaction. The items measuring job satisfaction had been adopted from Bruce and Blackburn, 1995.

Secondary data was also used to obtain both qualitative and quantitative data to supplement the primary data. This secondary data was obtained from the organisation publications such as annual reports, newsletters, and training reports to establish the kind of courses attended, the kind of staff who attend these courses, their duration and the amount of money spent.

Training level in staff was operationalized by being divided into three i.e. high level; those with university degree and above, Middle level; those with Diploma's and low level; those with only "A" or "O" Level qualifications and below. While organizations were classified into three categories depending on the levels of expenditure in training i.e. high, medium and low.

3.4. Data Analysis Techniques

Data collected was analyzed using descriptive statistics such as frequency distributions and percentages. This was intended to identify for example, the percentage of training budget spent on a given stratum, the level of expenditure and the frequency of training.

Organizations were grouped into three categories based on their levels of per capita expenditure on training and development. Also, respondents were classified into three groups based on their

levels of job satisfaction. Chi-square statistic was used to test for the significance of the difference between the following:

- a) The three different categories of organizations referred to earlier and the different levels of job satisfaction of employees from the three categories of organizations.
- b) The levels of job satisfaction between employees with high and low levels of training.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.0 DATA ANALYSIS

4.1 Profile of the Organization

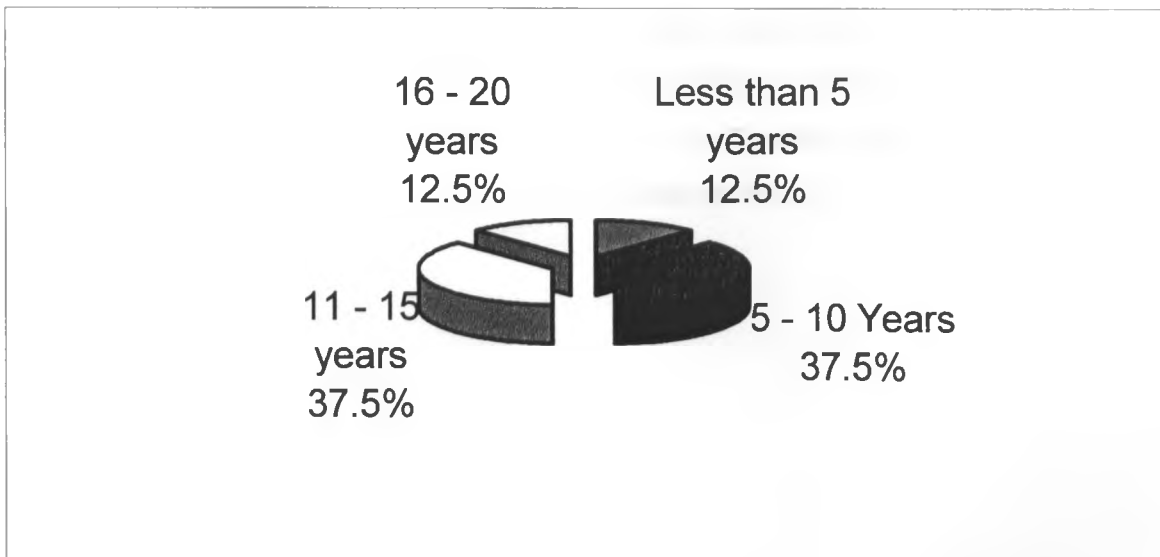
4.1.1 Number of Employees

The respondents were Human Resources Managers. 44.4% of the organizations had less than 50 employees; 11.1% of the organizations indicated that they had 50 – 100 employees; 11.1% had 101 – 150 employees; 11.1% had 151 – 200 employees; 11.1% had 201 – 251 employees; and another 11.1% of the respondents had more than 251 employees.

4.1.2 Years of Operation

37.5% of the respondent organizations have been in operation for between 5 – 10 years and another 37.5% have been in operation for between 11 – 15 years; and 12.5% have been in operation for less than five years.

Figure 1: Years of Operation



4.1.3 Staff Training and Development Policy

All the respondents indicated that they have a staff training and development policy in place. All the Human resources managers from these organizations are familiar with their organizations' staff training and development policy. All the respondents indicated that their organizations have a staff training and development budget. 38.9% of these respondents indicated that the Human Resources manager is responsible for implementing the policy and 55.6% indicated that the departmental heads were responsible for the implementation of the policy while 5.5% indicated that the CEO is responsible for the exercise.

4.1.4 Composition of Staff

Composition of staff who responded to the questionnaire is presented in table 3 and figure 2. There were three categories of staff from the data collected. 35% were senior management, 31.7% were middle level management, and 33.3% were credit officers.

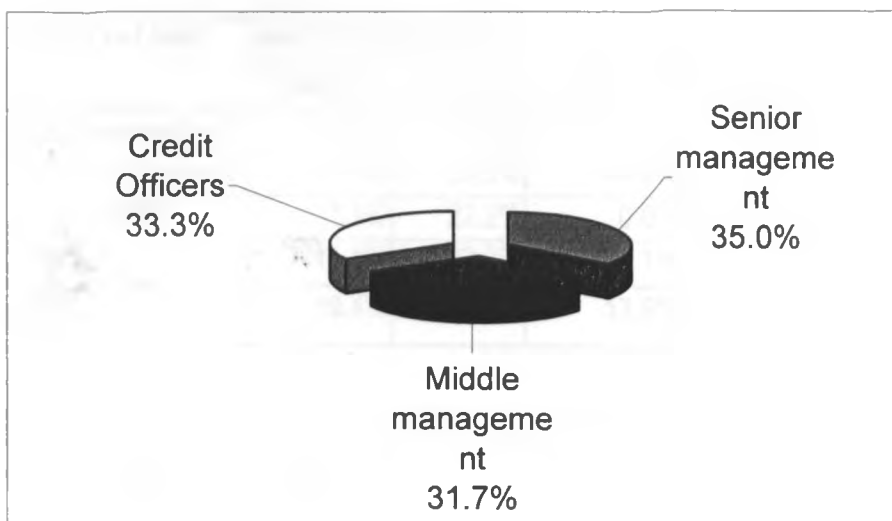
50% of these staff were female according to the responses and 50% were male. 51.7% of these respondents were between 31 and 40 years of age. 46.7% were between 20 – 30 years old and 1.7% were over 40 years old. 50% of them were college graduates, 41.7% were university graduates, 1.7% were "A" level graduates and 6.7% were of other educational levels.

43.3% of these staff have served the organization for 5 – 10 years while 35% have served for 2 – 5 years, 13.3% have served for below 2 years, and 8.3% have served for 10 – 15 years.

Table 3: Demographics of the Respondents

Rank of Staff	Composition %
Senior Management	35.0%
Middle Level Management	31.7%
Credit Officers	33.3%
Gender	Composition %
Male	50.0%
Female	50.0%
Age	Composition %
20 -30 years	46.7%
31 - 40 years	51.7%
Over 40 years	1.7%
Education Level	Composition %
University	41.6%
College	50.0%
'A' Level	1.7%
Other Education Levels	6.7%
Length of Service in the Organization	Composition %
Below 2 years	13.3%
2 - 5 years	35.0%
5 - 10 years	43.3%
10 - 15 years	8.3%

Figure 2: Categories of Staff



At the senior level management, 55.4% of the firms have 5 – 10 members of staff while 44.4% have less than 5 staff.

At the middle level management, 44.4% of the firms have between 11 – 20 staff at that level. 33.3% have between 5 – 10 staff at that level, 11.1% have between 21 – 30 staff while 11.1% have less than 5 staff in that level of management.

At the credit officer level, 11.1% of the firms have less than 5 staff; 22.2% of the firms have 5 – 10 staff; 22.2% have 21 – 30 staff and another 22.2% of the firms have 31 – 50 staff; 11.1% of the firms have 71 – 90 staff; while another 11.1% have 51 – 70 staff.

33.3% of the firms have 21 – 30 staff distributed among the various other levels and another 33.3% firms have 5 – 10 staff. 11.1% of the firms have 71 – 90 staff distributed among the various other levels and 11.1% of the firms have 11 – 20 staff and the same percentage have less than 5 staff distributed among the various other levels of staff. The table 4 shows the spread of staff in the different categories.

Table 4: Distribution of Different Categories of Staff

Category of staff	levels of employment						
	< 5 staff	5-10 staff	11 - 20 staff	21 - 30 staff	31 - 50 staff	51 - 70 staff	71 - 90 staff
Senior management	44.4%	55.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Middle management	11.1%	33.3%	44.4%	11.1%	0.0%	0.0%	0.0%
Credit Officers	11.1%	22.2%	0.0%	22.2%	22.2%	11.1%	11.1%
Others	11.1%	33.3%	11.1%	33.3%	0.0%	0.0%	11.1%
Mean	19.4%	36.1%	13.9%	16.7%	5.6%	2.8%	5.6%

The means in table 4 show that, on average, 86.1% of the organizations have less than 30 staff in number spread at all categories.

4.1.5 Allocation of Training Budgets

As shown in table 5, in 66.7% of the firms, senior management are allocated 10 – 20% of the training budget. In 22.2% of the firms, they are allocated 31 – 40% of the training budget while in 11.1% they are allocated 21 – 30% of the training budget.

In 77.8% of the firms, middle level management are allocated 10 – 20% of the training budget. In 22.2% of the firm, they are allocated 21 – 30 % of the training budget.

In 55.6% of the firms, credit officers are allocated 41 – 50% of the training budget. In 22.2% of the firms, they are allocated 51 – 60% of the training budget while in another 11.1% of the firms the credit officers are allocated 21 – 30%o the budget and in 11.1% of the firms 10 – 20% of the budget was allocated to the credit officers.

The staff in other categories are allocated 10 – 20% of the training budget.

Table 5: Allocation of Training budgets by categories of staff

Category	Response: % of allocation of training Budgets.					Total
	10-20% of Total Budget	21 - 30% of Total Budget	31 - 40% of Total Budget	41 - 50% of Total Budget	51 - 60% of Total Budget	
Senior management	66.7%	11.1%	22.2%	0.0%	0.0%	100.0%
Middle management	77.8%	22.2%	0.0%	0.0%	0.0%	100.0%
Credit Officers	11.1%	11.1%	0.0%	55.6%	22.2%	100.0%
Others	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Mean	63.9%	11.1%	5.6%	13.9%	5.6%	100.0%

From table 5, on average, 63.9% of the staff in all the categories were allocated 10 - 20% of the total training budget. This means that majority of the staff had up to 10-20% of the training budget allocation.

4.1.6 Actual Expenditure on Training and Development in the 12 Months preceding the study

The actual expenditure on training and development in the organizations studied in the 12 months before the study ranged from Kenya shillings 0.5 million to approximately 6 million. Table 5 shows the actual expenditure of the respondents.

Table 6: Actual Expenditure on training and development

Spending in Millions (Kshs.)	Frequencies	Response %
2.750	1	11.1%
3.000	1	11.1%
3.400	1	11.1%
5.996	1	11.1%
5.000	1	11.1%
1.750	1	11.1%
0.750	1	11.1%
0.500	1	11.1%
1.125	1	11.1%
24.271	9	100%

From table 6, the actual spending by the 9 firms was Kenya Shillings 24.271 million

Table 7a shows the total and per capita of training expenditure for the respondent companies.

Table 7a: Total and Per Capita Allocation of Training expenses by the 9 companies

Company	Expenditure in Million of Shillings	No. of Employees	Average Expenditure per employee	Frequency
CO8	0.5	28	17,857.14	1
CO7	0.75	30	25,000.00	1
CO5	5	194	25,773.20	1
CO6	1.75	65	26,923.08	1
CO1	2.75	94	29,255.32	1
CO3	3.4	90	37,777.78	1
CO2	3	58	51,724.14	1
CO4	5.996	108	55,518.52	1
CO9	1.125	8	140,625.00	1
	24.271	675		9

Key: CO1 - CO9 stands for company 1 - 9

Table 7b presents the average job satisfaction for the nine companies. Reading table 7a and 7b together reveals that company nine, which is a high spender per capita, has a moderate job satisfaction mean score of 1.69. Companies 2,3,4 have high job satisfaction means but low per capita spending on training and company one has low spending per capita but high job satisfaction mean. The low spenders per capita are companies 6, 7, 8 which also rank low in job satisfaction as shown by the mean scores on job satisfaction (see table 7b).

Table 7b: Average Job satisfaction Scores for the nine companies.

Companies	Mean for all job satisfaction items.
CO2	2.42
CO3	2.27
CO4	2.23
CO1	2.19
CO5	1.92
CO9	1.69
CO8	1.62
CO7	1.15
CO6	1.15

Key: CO1 - CO9 stands for company 1 - 9

Table 7b shows the mean scores for job satisfaction for all the companies. It shows that in company two, with a mean score of 2.42, the employees were more satisfied with their jobs than in the other companies; while companies six and seven had employees who were least satisfied with their jobs with a mean score of 1.15 each. Table 7c shows the correlation between job satisfaction and per capita expenditure on training. The correlation coefficient $r=0.11$ implies that only 11% of the variation in either of the two variables is attributable to the other variable. 89% of the relationship is accounted for by other factors not considered in the study. Hence, as important as training is, management needs to look at the other factors that may explain the other factors that account for the 89%. In other words, there is need for a research to incorporate other variables in addition to training.

Table 7c: Correlation between job satisfaction and per capita expenditure on training

Company	Mean for all job satisfaction items.	Kshs. Per capita
CO1	2.19	29255.32
CO2	2.42	51724.14
CO3	2.27	37777.78
CO4	2.23	55518.52
CO5	1.92	25773.20
CO6	1.15	26923.08
CO7	1.15	25000.00
CO8	1.62	17857.14
CO9	1.69	140625.00
Correlation		0.11

Key: CO1 - CO9 stands for company 1 - 9

Table 8: Allocation of Training Budget by staff Categories (in millions of Kshs)

Category	Allocation of training budget by categories of staff (in Million Shillings)					Total
	10-20% of Total Budget	21 - 30% of Total Budget	31 - 40% of Total Budget	41 - 50% of Total Budget	51 - 60% of Total Budget	
Senior management	4.05	0.67	1.35	0.00	0.00	6.07
Middle level management	4.72	1.35	0.00	0.00	0.00	6.07
Credit Officers	0.67	0.67	0.00	3.37	1.35	6.07
Others	6.07	0.00	0.00	0.00	0.00	6.07
Mean	63.9%	11.1%	5.6%	13.9%	5.6%	100.0%

Table 8 above shows the spread of the allocation of training budgets by the staff categories. 63.9% of the total respondents were allocated 10-20% of the total budgets. However it is only Credit officers (19.5%) that were allocated more than 41% of the total training budgets. From the above table the allocation to every category translates to 25% of the total budget.

Table 9: Percentage allocation of training budgets by categories of staff

Category	Allocation %
Senior management	25%
Middle level management	25%
Credit Officers	25%
Others	25%
Total	100%

4.1.7 Management and Training Policy

86.45% of the respondents indicated that they are familiar with their organization's training policy; 13.6% indicated that they are not familiar with the policy. Of those who were familiar, 73.1% indicated that the training policy is adequate. Of those who were not familiar, 25% indicated the reason for inadequacy is lack of clear definition of the policy. 16.7% indicated that the policy was

simply inadequate; another 16.7% indicated that the policy needed to be published in a comprehensive manual and a further 16.7% felt that the policy has not captured most of the areas due to limited funds; 8.3% of the respondents indicated that the policy was inadequate because it was not published to all stakeholders; 8.3% felt that the policy did not specify the training required to move up hierarchy and a further 8.3% felt it was inadequate because it does not cover self sponsoring.

53.5% of the respondents have attended the credit management training program; 56.4% the default management program; 29.1% the supervisory program; 41.8% the customer care program and 32.7% other programs.

Table 10 shows the proportion of managers and credit officers that have attended the training programs and how frequently.

Table 10: Frequency of Participation in Training programs by category of staff

Category of staff	Frequency of Attendance of Training	
	1 - 2 Times	3 - 4 Times
Senior Management	87.50%	12.50%
Middle Management	89.16%	10.84%
Credit Officers	81.26%	18.74%
Mean	85.97%	14.03%

It is evident from table 10, that majority of employees (mean=85.97%) have attended these training programs 1-2 times while only 14.3% have attended 3-4 times. Further, 87.5% of the respondents in the senior management category have attended training programs 1 – 2 times and 12.50% of the same group have attended 3 – 4 times; 89.16% of the respondents in the Middle level management have attended the training programs 1 – 2 times and 10.84% of the group have attended 3 – 4 times. 81.26% of the respondents in the credit officers category have attended 1 – 2 times and 18.74% from the same cadre have attended the training programs 3 – 4 times.

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4.2 Job Satisfaction

4.2.1 Job Satisfaction Scores

The respondents were asked to indicate their level of agreement with the statements that were intended to measure job satisfaction. The responses were analyzed and mean scores presented in descending order in table 11.

Table 11: Job satisfaction Scores

Job Satisfaction Statement	Mean Score
I receive adequate and fair compensation	2.29
My supervisor encourages me to seek new educational opportunities	2.27
The training I have received for my job is adequate	2.23
I don't believe there is too much pressure in my job	2.10
I believe my salary is about the same as I would earn elsewhere	2.07
I have opportunities to use and develop my skills and knowledge	2.05
I believe that too much work is expected of me	1.88
My supervisor encourages me to suggest new ways of doing things	1.87
I have adequate authority to carry out my job	1.78
I have input into decisions made in my department	1.64
The institution has a good reputation as an employer	1.47
In my job I am treated as a responsible important person	1.45
I would like to be more informed about the operations of the institution	1.41
I believe my supervisor is aware of the difficulties I experience in my job	1.40
Considering everything, I am satisfied with my job at the present time	1.38
Communication between my supervisor and me is good	1.38
I frequently see the results of my job	1.37
I believe that management can do more to improve relations between them and the workforce	1.32
I have a lot of variety in my job	1.21
My co-workers cooperate to get the job done	1.17
I would like to be more involved in decision making in my institution	1.17
I perform work that is meaningful to me	1.17
My job is important	1.11
I have a pleasant work surroundings	1.09
I have good relations with my co-workers	1.07
If I do my job well, I expect to be promoted to a job with more prestige and salary	1.03

High mean scores in table 11 show that the respondents were more agreeable to the statements to which they apply.

The statements that had high mean scores include: -

1. I receive adequate and fair compensation (mean=2.29)
2. My supervisor encourages me to seek new educational opportunities (mean=2.27)
3. The training I have received for my job is adequate (mean=2.23)
4. I don't believe there is too much pressure in my job (mean=2.10)
5. I believe my salary is about the same, as I would earn elsewhere (mean=2.07)
6. I have opportunities to use and develop my skills and knowledge (mean=2.05)
7. I believe that too much work is expected of me (mean=1.88)
8. My supervisor encourages me to suggest new ways of doing things (mean=1.87)
9. I have adequate authority to carry out my job (mean=1.78)
10. I have input into decisions made in my department (mean=1.64)

The above mean scores imply that most of the respondents believed that they received adequate and fair compensation, that the supervisors are encouraging, the training is adequate, the job pressure is not much, the salary is competitive and opportunities for developing skills and knowledge are satisfactory. A large percentage of the respondents also believed that they are expected to perform and suggest new ways of doing things. They are satisfied that they have adequate authority to carry out their jobs and have input into the decisions in their departments.

4.2.2 Relationship between Training and Job satisfaction for different categories of staff

The chi-square test of association was performed for different aspects of job satisfaction and categories of management. The results are presented in table 12.

Table 12: Results of the Chi-square test of association between Job satisfaction factors and different categories of staff

Statement	Chi - Square Value	Ch- Square alpha.
I have opportunities to use and develop my skills and knowledge	16.582	* 0.002
I receive adequate and fair compensation	16.057	* 0.003
In my job I am treated as a responsible important person	14.336	* 0.006
The training I have received for my job is adequate	10.892	* 0.028
I have a pleasant work surroundings	9.794	* 0.044
My supervisor encourages me to suggest new ways of doing things	9.322	0.054
I have input into decisions made in my department	8.030	0.090
I would like to be more involved in decision making in my institution	7.638	0.106
I have good relations with my co-workers	4.465	0.107
If I do my job well, I expect to be promoted to a job with more prestige and salary	4.465	0.107
My job is important	6.914	0.141
My co-workers cooperate to get the job done	3.414	0.181
I have adequate authority to carry out my job	5.656	0.226
I believe my supervisor is aware of the difficulties I experience in my job	5.246	0.263
My supervisor encourages me to seek new educational opportunities	4.656	0.324
I believe my salary is about the same as I would earn elsewhere	4.587	0.332
Considering everything, I am satisfied with my job at the present time	4.388	0.356
I perform work that is meaningful to me	4.109	0.391
Communication between my supervisor and me is good	3.812	0.432
I believe that management can do more to improve relations between them and the workforce	3.766	0.439
I have a lot of variety in my job	1.327	0.515
I don't believe there is too much pressure in my job	3.106	0.540
I frequently see the results of my job	1.231	0.540
The institution has a good reputation as an employer	2.997	0.558
I would like to be more informed about the operations of the institution	1.122	0.891
I believe that too much work is expected of me	1.074	0.898

* $P < 0.05$

As shown in table 12, only five job satisfaction factors have significant relationship with management categories at $P < 0.05$. These factors are I have an opportunity to use and develop my skills and knowledge, I receive adequate and fair compensation, in my job I am treated as a responsible and important person, the training I have received from my job is adequate and I have a pleasant work surrounding. This means that feelings of job satisfaction as measured by the five factors differs from one management category to another. Different cadres of management do not

differ with respect to their feelings as measured by the other twenty-one attributes of job satisfaction.

Table 13: Training attendance and job satisfaction

Job Satisfaction	Frequency of training				Overall Chi - square	
	1 - 2 times		3 - 4 times		Chi - square value	Chi - square alpha
	AGREE	DISAGREE	AGREE	DISAGREE		
I have a lot of variety in my job	95.5%	4.5%	100.0%	0.0%	0.376	0.540
I would like to be more informed about the operations of the institution	75.0%	25.0%	100.0%	0.0%	2.462	0.117
If I do my job well I expect to be promoted to a job with more prestige and salary	100.0%	0.0%	100.0%	0.0%		
I have pleasant work surrounding	75.0%	25.0%	12.5%	87.5%	18.651	0.000*
I have good relations with my co workers	100.0%	0.0%	100.0%	0.0%		
In my job I am treated as a responsible important person	60.0%	40.0%	75.0%	25.0%	0.952	0.621
I don't believe there is too much pressure in my job.	36.0%	64.0%	50.0%	50.0%	0.982	0.612
I believe that too much work I expected of me	50.0%	50.0%	50.0%	50.0%	5.333	0.069
My job is important	83.8%	16.7%	100.0%	0.0%	1.524	0.217
I frequently see the result of my job	80.0%	20.0%	87.5%	12.5%	0.229	0.632
The training I have received for my job is adequate	16.0%	84.0%	50.0%	50.0%	4.290	0.117
I would like to be more involved in decision making in my institution	60.0%	40.0%	100.0%	0.0%	4.591	0.101
My co workers cooperate to get the job done	100.0%	0.0%	85.7%	14.3%	3.687	0.055*
I believe my supervisor is aware of the difficulties I experience in my job	52.0%	48.0%	100.0%	0.0%	6.034	0.049*
Communication between me and my supervisor is good	60.0%	40.0%	100.0%	0.0%	4.591	0.101
I have input into decision made in my department	66.7%	33.3%	62.5%	37.5%	1.016	0.602
I have adequate authority to carry out my job	41.7%	58.3%	62.5%	37.5%	1.915	0.384
I perform work that is meaningful to me	76.0%	24.0%	100.0%	0.0%	2.347	0.309
The institution has a good reputation as an employer	54.2%	45.8%	87.5%	12.5%	2.885	0.236
I believe that management can do more to improve relationship between themselves and the workforce	88.0%	12.0%	75.0%	25.0%	3.701	0.157
I believe my salary is about the same as I would earn elsewhere	30.4%	69.6%	50.0%	50.0%	1.668	0.434
My supervisor encourages me to suggest new ways of doing things.	56.0%	44.0%	87.5%	12.5%	2.690	0.261
My supervisor encourages me to seek new educational opportunities	44.0%	56.0%	37.5%	62.5%	1.448	0.485
I receive adequate and fair compensation	25.0%	75.0%	0.0%	100.0%	3.699	0.157
I have opportunities to use and develop my skills and knowledge	32.0%	68.0%	37.5%	62.5%	0.377	0.828
Considering everything I am satisfied with my present job at the time	72.0%	28.0%	87.5%	12.5%	1.201	0.548
MEAN FOR JOB SATISFACTION FOR CATEGORIES	62.7%	37.4%	73.0%	27.0%		

*P<0.05

Table 13 shows the relationship between the level of job satisfaction and the frequency of training. The three factors that have a significant relationship are presented below:

- I have a pleasant work surrounding

This can be interpreted to imply that the number of times a person attends training is significantly related to the person's perception of their work surrounding. Specifically, workers develop positive feelings about their work surrounding when they attend training more frequently.

- My coworkers cooperate to get the job done

The number of times one attends training has an implication on the more positively they evaluate the cooperation of their co-workers in getting the job done

- I believe my supervisor is aware of the difficulties I experience in my job

The findings show that the more times a person attends training the more likely they are to evaluate positively their supervisor's appreciation of the difficulties they experience in their job.

The rest of the twenty-three factors of job satisfaction are not related to the number of times a person attends training. The implication of all this is that to create positive feelings about the twenty-three other aspects of the job satisfaction management needs to look beyond training.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

5.0 Summary

This project was a survey of the relationship between training and development and job satisfaction among employees in micro finance institutions in Nairobi, Kenya.

The response rate for this survey was 98.6%. The objective of the study was to determine the relationship between training/development programs and job satisfaction of staff in micro finance institutions. In summary, it was found that all the institutions that participated in the survey have a staff training and development policy in place, the implementation of which is shared by Human Resource managers, department heads and chief executive officers.

All categories of staff are allocated training opportunities and activities in varied proportions. From the findings, more than half of the respondents indicated that half of the training opportunities are allocated to the credit officers. Actually, up to 77.8% of the respondents indicated that credit officers receive up to 60% of all the training opportunities and activities. These institutions spend in total approximately Kenya shillings 24, 271, 000 in training and development during the last 12 months. The minimum spend in training and development by an institution is Ksh. 500,000. Most of the employees (58.6%) have attended training only once.

It was also found that the credit officers as compared to the other cadres of staff did not have favorable ratings of most of the factors that constitute job satisfaction. Despite this, credit officers seem to have received more training opportunities than the senior or middle level managers. However, according to the findings the credit officers do not appear to have opportunities to use and develop skills and knowledge as compared to the senior and the middle level management.

Also, from the findings, it was evident that feeling about the following job satisfaction factors are dependent on the category one was placed in: -

- Opportunities to use and develop skills and knowledge
- Adequate and fair compensation
- Treated as a responsible important person

- The training received for the job was adequate
- A pleasant work surroundings
- Supervisor encouragement to suggest new ways of doing things

According to the respondents, the training programme was not adequate because of the following reasons: -

- The policy is not clearly defined
- The policy was simply inadequate
- That the policy needed a comprehensive manual
- That the policy has not captured most of the areas due to limited funds
- That the operators of the institutions need more exposure on the policy
- That there was no specification of training required to move up the hierarchy
- That the policy does not cover self-sponsoring on training programmes

It would appear that if these factors were incorporated in the training policies they would contribute to increase in Job satisfaction for employees in the firms that were studied.

5.1 Conclusions

In conclusion, this project found that there is some relationship between job satisfaction and training and development programmes. This was evident in the fact that from the findings, the higher the per capita expenditure on training a category had, the higher was the level of job satisfaction among the respondents. The credit officers, to whom the highest percentage of the training budgets and opportunities were allocated, were the most satisfied.

Most of the factors that are in the recipe for job satisfaction score highly in the credit officer category and fairly well in the middle management category but score low on the senior management cadre. This points toward the fact that job satisfaction decreases as the level of management increases; the training budget was allocated in equal proportions to these categories of staff. The respondents indicated that the training they receive does not necessarily translate into the upward mobility in the organization.

5.2 Suggestions for Further Research

The microfinance industry was selected for this study because there has been a continuous growing demand for their services leading to their sprout in the country. To meet these demands these institutions are hence required to continuously hire and train personnel. It would hence have been good to include another fast growing sector e.g. the banking sector in the study to establish if the results would be any different.

The findings of this research indicate that further research needs to be carried out. Suggested areas that could be looked into are:

- The effect of Job satisfaction on staff performance in microfinance institutions.
- The factors that contribute to the low levels of job satisfaction among credit officers.
- To establish if the existing training and development polices meet their desired objectives.

Apart from these areas it is evident from the study that there is still a great need for research to be carried out in the broad area of training and development in microfinance institutions as there seems to be limited data on the areas.

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APPENDICES

Appendix A: Letter of Introduction

LETTER OF INTRODUCTION

P.O. Box 39312

Nairobi

Dear sir/Madam,

RE: RESEARCH ON A SURVEY OF THE RELATIONSHIP BETWEEN TRAINING AND DEVELOPMENT PROGRAMMES AND JOB SATISFACTION AMONG EMPLOYEES OF SELECTED MICROFINANCE INSTITUTIONS IN NAIROBI, KENYA

I am a student at the university of Nairobi doing my master degree in business administration (MBA). I am undertaking the above research project as part of the academic requirements. I would be grateful if you could spare some time and fill the attached questionnaire – answering the questions as honestly as possible.

The information you shall give shall be treated with the utmost confidentiality, and will be used solely for this research. However the findings of this research can be availed to you upon completion of the research.

Upon completion of the questionnaire, kindly enclose it in the envelope provided, and I will pick it up from your offices. In case of any queries, do not hesitate to call me on 0722-619502.

Thank you for your cooperation.

Yours sincerely

Jacqueline J Agala - Mulwa
MBA Student

QUESTIONNAIRE TO BE COMPLETED BY THE HUMAN RESOURCE MANAGERS

Part 1: ABOUT THE ORGANIZATION

Name of organization: _____

Number of employees: _____

Years of operation: _____

Telephone No.: _____

Part 2:

(Please circle the appropriate response)

1. Does your organization have a staff training and development policy in place?
(a) Yes (b) No

2. If the answer to item 1 is yes, are you familiar with the organization's training and development policy?
(a) Yes (b) No

3. Does your organization have a training and development Budget?
(a) Yes (b) No

If YES who is responsible for implementing it?



4. How many staff do you have in the following categories”?

- (a) Senior Management _____
- (b) Middle level management _____
- (c) Credit/loans Officers _____
- (d) Others _____

5. What Percentage of your training opportunities/activities is allocated to”?

- (a) Senior Management _____
- (b) Middle level management _____
- (c) Credit/loans Officers _____
- (d) Others _____

6. How much was actually spent on Training and development in your organization in the last twelve (12) months?

QUESTIONNAIRE TO BE COMPLETED BY THE EMPLOYEES**Part 1: ABOUT THE ORGANIZATION**

Name of organization: _____

Your current position: _____

Part 2:**(Please circle the appropriate response)**

1. What is your sex?
(a) Female (b) Male

2. What is your age?
a) Below 20 years.
b) From twenty to thirty years
c) From thirty one to forty years
d) Above forty

3. What is the highest level of education that you have attained?
a) University Graduate (Degree)
b) College Graduate (Diploma)
c) "A" Level
d) "O Level
e) Others (Please Specify) _____

4. How long have you served in the organisation
a) Below two years
b) Between two and five years
c) Between Five and ten years
d) Between ten and fifteen years.

Part 3

(Please respond to the following statements about your job by putting a tick in the relevant box).

No.	Statement	Agree	Don't Know	Disagree
1.	I have a lot of variety in my job			
2.	I would like to be more informed about the operations of the institution.			
3.	If I do my job well, I expect to be promoted to a job with more prestige and salary.			
4.	I have pleasant work surroundings.			
5.	I have good relations with my co workers.			
6.	In my job I am treated as a responsible important person.			
7.	I don't believe there is too much pressure in my job.			
8.	I believe that too much work is expected of me.			
9.	My job is important.			
10.	I frequently see the results of my job.			
11.	The training I have received for my job is adequate.			
12.	I would like to be more involved in decision making in my institution			
13.	My co workers cooperate to get the job done			
14.	I believe my supervisor is aware of the difficulties I experience in my job.			
15.	Communication between my supervisor and me is good			
16.	I have input into decisions made in my dept			
17.	I have adequate authority to carry out my Job			
18.	I perform work that is meaningful to me.			
19.	The institution has a good reputation as an employer			
20.	I believe that management can do more to improve relations between themselves and the work force.			
21.	I believe my salary is about the same, as I would earn elsewhere.			
22.	My supervisor encourages me to suggest new ways of doing things.			
23.	My supervisor actively encourages me to seek new educational opportunities.			
24.	I receive adequate and fair compensation.			
25.	I have opportunities to use and develop my skills and knowledge			
26.	Considering everything, I am satisfied with my job at the present time.			

Appendix D: The Microfinance Institutions in Nairobi

LIST OF THE MICROFINANCE INSTITUTIONS IN NAIROBI.

1. Faulu Kenya
2. Jitegemee Trust limited
3. Kenya Ecumenical Church Loan Fund (ECLOF)
4. Kenya small trader & Entrepreneurs Society (KSTES)
5. Kenya Women Finance Trust (KWFT)
6. K-Rep bank Limited.
7. Small and Micro Enterprise Programme (SMEP)
8. Vintage Management Limited
9. Action Aid
10. Hope Africa
11. African Community Development Center)
12. Approtec
13. Daraja Trust
14. Kenya Management Assistant Programme (K-Map)
15. Kolping Organization of Kenya.
16. Technoserve Inc.
17. Promotion of Rural Initiative Development Enterprise (PRIDE)
18. Adventist Development and Relief Agency (ADRA)
19. Co-operative Bank
20. Post Bank
21. K-Rep Group Ltd.
22. Small Enterprise Credit Association Agency

Source: Central bank of Kenya, Bank Supervision Annual Report 2000.

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