RESPONSES TO CHANGES IN THE EXTERNAL ENVIRONMENT-A CASE STUDY OF POSTBANK

BY

ADOYO MARK

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DECLARATION

This Management Research Project is my original work and has not been submitted for a degree in any other University.

Signed..

MARK T.O. ADOYO

Date... 08 \11\05 ....

This Management Research Project has been submitted for examination with my approval as the University Supervisor.

Signed........................ Date... 10/11/2005 ......

PROF. EVANS AOSA

Supervisor, Faculty of Commerce

University of Nairobi

DEDICATION

To my beloved parents, brothers, sisters and relatives.

ACKNOWLEDGMENT

First, I wish to ardently thank my supervisor, Prof Evans Aosa, for his guidance throughout this study. I also bestow my appreciation to my principal Research Assistant, Maurice Danje, who diligently assisted me in data collection, and analysis.

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ABSTRACT

Over the last 10 years, several changes have taken place in Kenya's business environment prompting each organization to develop appropriate response mechanisms. Postbank has not been spared these changes.

This research was a case study of Postbank. Its objective was to establish Postbank's responses to challenges emanating from the external environment.

In order to achieve this objective, primary data and secondary data were collected. Primary data was obtained from personal interviews with respondents who were (are) the heads of departments at Postbank. These are the same people charged with developing and implementing the strategic responses at Postbank. Secondary data was obtained from published accounts and corporate development plans (CDPs). These were analyzed by way of graphs, charts and line graphs.

The study established that changes emanating from the environment have and continue to pose challenges to Postbank. The changes that have taken place as enumerated by the managers include governance and regulation, culture, organizational structures, service delivery systems, investment, technological development, product diversification, and strategic management.

The study found out that the Board of director's membership has been restructured to include well-known industry practitioners, researchers and academicians. These have not only injected professionalism, but also turned around the bank from a loss-making outfit to a profitable organisation. For instance, in 1999, the Bank made a loss of Kshs 204.6 Millions, and by 2004, it posted a profit of Kshs 209.5 Millions. The Bank is also re-branding to shake off its image as a tired institution. Moreover, it has reduced its bureaucratic structure from 15 to 11 staffing levels thereby reducing the chain of command. The bank has

also restructured its investments from a one-man show to a committee decision, which has improved its investment as the government no longer guarantees, its losses.

The study also found out that Postbank is emphasizing on product development and modification to respond to the ever-changing needs of customers and improve its revenue base and profitability. For instance it now offers, Western Union, Visa card and a host of commission based services, which are more lucrative than investment income. Moreover the bank has embraced strategic management and is continuously reviewing its CDP including its vision, mission and objectives to conform to the challenges emanating from the environment.

During the study, the research found out that Postbank has had 4 CEOs over the last five years. It will be interesting to carry out a study to show the different management styles of the CEOs and their impact on the bank's strategic direction. This would give an indication on how personal traits influence the running of organisations especially state owned ones.

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LIST OF ACRONYMS

AMFI: Association of Microfinance Institutions

ASBEA: Association of Savings Banks of East Africa

CBK: Central Bank of Kenya

CBS: Central Bureau of Statistics

CDP: Corporate Development Plan

CEO: Chief Executive Officer

EABL: East African Breweries Limited

GDP: Gross Domestic Product

GOK: Government of Kenya

ILO: International Labour Organisation

KCB: Kenya Commercial Bank

KPOSB: Kenya Post Office Savings Bank

KP&TC: Kenya Post and Telecommunications Corporation

MD: Managing Director

MFI's: Microfinance Institutions

MoF: Ministry of Finance

MSE: Micro and Small Enterprises

NBFI: Non Bank Financial Institutions

NGO: Non-Governmental Organisation

NSSF: National Social Security Fund

PCK: Postal Corporation of Kenya

PCL: Postbank Credit Limited

POSTBANK: Another name for Kenya Post Office Savings Bank, may be referred as the Bank, or KPOSB

SACCOs: Savings and Credit Cooperative Societies

WSBI: World Savings Banks Institute

WU: Western Union

1. CHAPTER ONE: INTRODUCTION

1.1   *Background*

Business firms whose behaviours are unplanned and unguided do not survive for long except in monopolistic and subsidizing environments (Ansoff, 1988). It was typical for such firms to react in a way that minimised strategic changes like the famous Ford edict give them any colour so long as its black. Reactive firms typically avoided discontinuous strategic measures such as drastic revision of their products or marketing until a firm is confronted with an imminent crisis.

According to (Ansoff 1988) when a crisis looms in an industry, an atmosphere of panic sets in. Historical management is discredited and a search for a saviour ensues. If the solution offered by the saviour works the firm recovers, but if it fails the firm goes into bankruptcy. A firm may pursue one or more pro-active or ad hoc strategic behaviour. This means there is no centrally guided, planned strategic development but the firm is active in pursuing incremental strategic changes. The logical incremental changes, which to Mintzberg (1998), is the implicit strategy of the firm, while to Quinn (1980), it is the ad hoc management logical incrementalism, was glorified by Peters and Waterman (1980) *as sticking to the knitting*. But if the speed of environmental change exceeds the firm's response then logical incrementalism should be abandoned in favour of systematic corporate planning. Here strategic decision-making is based on explicit forecasts of trends, threats and opportunities in the future environment. This is only adequate when the firm is able to use its historical strength. But if the strategic thrust is such that historical strengths are inadequate, then it is time to enlarge the perspective of strategic planning to strategic management. Thus when a firm is faced with unfamiliar changes, it should turn to strategic management and revise its strategies to match the turbulence levels (Ansoff and McDonnel, 1990).

Organisations are environment dependent (Ansoff and McDonnel, 1990) as they do not operate in a

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vacuum. They obtain their inputs from, and discharge outputs to the environment through a transformation process, which Porter (1998) calls the value chain. The organisation's environment, according to Pierce and Robinson (1997), consists of all conditions and forces that affect its strategic options and define its competitive situation.

Since early 1990s, Kenya has been operating in an environment characterised by drastic changes. The changes include privatisation and commercialisation of the public sector, rapid technological changes, increased competition, introduction of multiparty politics and clamour for constitutional reforms. These changes call for re-configuration of the value chain to reflect the external realities. Failure to do this, Aosa (1998) warns, may jeopardise future success of these organisations. No wonder in the *grave yard* of failed companies lie many former successful firms that relied on their historical strength and refused to innovate and redefine their growth logic.

1.2   *Financial Sector*

The financial sector plays an important role in the Kenyan economy. According to Economic Survey (2005), the sector contributed 10% of Gross Domestic Product (GDP) in 2004. The Central Bank of Kenya (CBK), in its May 2005 issue of Monthly Economic review, indicates that there were 43 commercial banks, 2 non bank financial institutions (NBFI), 2 mortgage finance companies, 4 building societies and 89 forex bureau. Other participants in the financial sector include 57 hire purchase and 39 insurance companies, 2 investment and advisory firms, 201 brokerage firms, National Social Security Fund (NSSF), Kenya Post Office Savings Bank (KPOSB), over 100 microfinance institutions (MFIs), and over 4,500 savings and credit cooperative societies (SACCOs).

The financial sector in Kenya has undergone significant reform since 1990. The 1980's saw the emergence of indigenous banks, non-bank financial institutions and other finance houses. However, these banks were

plagued with various problems including weak capitalization, poorly performing portfolios, weak management structures and poor supervision from the Central Bank.

It appears that the banking failures of early 1980s were back in early 1990s and again in early 2000s as general lack of financial discipline prevailed. Most indigenous banks collapsed, while others were placed under statutory management. It was also during this period that donors withheld their funds and the government borrowed heavily using treasury bills and bonds (TBs). The interest rate paid on the TBs went as high as 80% in 1993, as low as 1% in 2003 and is now around 8% as at Sep 2005.

1.3   Kenya Post Office Savings Bank (Postbank)

Postbank, was started in 1910, but gained its current status in 1977 through the enactment of Kenya Post Office Savings Bank CAP 483 B of the laws of Kenya. The Act was amended in 1978 and 1990. The Act empowers the Bank to encourage thrift, mobilise savings for national development and establish a company for purposes of undertaking banking services in Kenya.

Postbank has a wide distribution network of over 490 outlets spread throughout the country serving over 2 Million clients with depositor liability totaling close to Kshs 10 billion as at June 2005. It offers savings accounts, fixed deposit accounts, visa credit card, money transfer services, and agency services like salary processing, cheque encashment, and pensions' payments.

The Bank does not give loans. However, the government appointed task force on MFI's recommended that the Bank be capitalized and its Act amended to provide micro credit, giro banking, money transmission and trade finance like in other countries.

The Bank is operating in a changing environment. This requires changes in its strategies.

1.4 Problem Statement

Postbank, like any other market participants, is facing challenges from the environment. Technological changes like the introduction of ATMs' any branch is your branch, is threatening Postbank's at your service country wide passbook system. Competition is getting stiffer, as most banks are redirecting their energies to the working class, and lower segments of the society, courtesy of ATMs. Indeed all the major bank's are now enticing salaried people with unsecured loans. Furthermore, legislation is changing, banking sector is liberalised and customers are getting more informed as to the alternative choices available.

Postbank is today occupying a position whose market is the target of commercial banks. This position will further be complicated once the proposed MFI bill is enacted into law, as the Bank will compete for deposits with the MFI's that are giving credit.

A number of studies assessing organisations responses to environmental changes abound. For instance studies done by Mwarania (2003), Kiptugen (2003), Warucu (2001), Kandie (2001), Abdulahi (2000) established that organisations have responded to pressures exerted by challenges in the changing environment. Postbank is operating in a rapidly changing environment. We would expect that Postbank too has responded to the changes in the environment. Has this happened?

1.5 Objective Of The Study

To establish Postbank's responses to challenges emanating from the external environment.

1.6 Significance Of The Study

The study will be significant to various stakeholders. First, it will document the Bank's responses to changes in external environment. Second, the government may use the report to frame appropriate policies that relate to the regulation of Postbank. Third, the Legislators may use the report to make

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meaningful contributions during the debate on the proposed amendments to KPOSB Act and enactment of the MFI bill. Fourth, it will facilitate increase in the general knowledge of organisations' responses to environmental changes.

1.7 Limitations Of The Study

Time was a constraint, as many respondents were reminded several times to honour appointments as scheduled. The study therefore took a longer time to finalise. The researcher had to assure some of the top management staff at Postbank of confidentiality before they gave any information. The letter authorising the use of Postbank for the case study enabled me to get information required for the study (See Appendix4). Resources were also not enough.

1.8 Organisation Of The Report

The final report has the following sections: Declaration, dedication, acknowledgements, and abstract are in the first pages respectively. Chapter one contains introduction to the study. Chapter two has literature review. Research methodology is presented in chapter three. While data analysis and interpretation are in chapter four. Summary and recommendations and suggestions for further research are in chapter five. The last pages contain references, questionnaire, and approval to do the research.

2. CHAPTER TWO: LITERATURE REVIEW

2.1 *The Concept of strategy*

Johnson and Scholes (1999: 10) define strategy "as the direction and scope of an organisation over a long term which achieves advantages for the organisation through the configuration of it's resources within a changing environment to meet the needs of the market and to fulfill stakeholders expectations." Meeting stakeholders' expectations requires a firm to balance the expectations of the owners, customers, society, employees and the public at large. Strategy, according to Andrews (1987: 16), "is the pattern of objectives, purposes or goals and major policies and plans for achieving these goals stated in such a way as to define what business the company is in or is to be in, the kind of company it is or it is to be."

Porter (1980) sees strategy as basically about competition and the means by which an organization tries to gain a competitive advantage. To Pearce and Robinson (1997 p 136) "strategy can be seen either as the building of defenses against competitive forces or finding of a position in the industry where competitive forces are weakest." This view is supported by Ohmae (2001) that in business as in battle field, the objective of strategy is to bring about most favourable conditions to ones side. Without asking why, and hence challenging the status quo, and going back to zero when paradigms shift, companies will not be able to withstand the challenges posed by environmental turbulences which are ever present. Grant (2000) adds that strategy is the ability to identify and occupy attractive market segments. Strategy provides management with a future oriented framework for understanding of how external forces impact on organization's performance.

According to Aosa (1998), strategy is about creating a fit between the external characteristics and internal conditions to solve a strategic problem. The strategic problem is the mismatch between the internal characteristics of an organization and its external environment. Firms are in trouble if they do not work on

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their future. They need strategies in order to be successful and sustainable (David, 2000). Strategies enable a firm to get to a new state through competitive advantage, with least difficulty and in the least time (Grundy,1995).

Further, according to Johnson and Scholes (1999), there are three levels of strategy: Corporate level strategy is concerned with the future direction of the company. Business level strategies are concerned with sustainability of different portfolios. While operational level strategies are concerned with shop floor delivery systems and procedure.

From the forgoing, it is clear that the environment is ever changing and tends to be turbulent and discontinuous. Firms are therefore called upon to strategically look at the long term, be futuristic and anticipate inherent environmental uncertainties in order to remain relevant.

2.2   *Strategic Management*

The purpose of strategic planning is to encourage thinking about the organization's "big picture," its broad goals and priorities, and how well they are being achieved. Unfortunately, the emphasis on possessing a strategic plan has come into some disrepute in recent years as many plans are never implemented and that others prove to be useless in organizations faced with rapidly changing and difficult to predict environments. As a result, the modern approach emphasizes "strategic thinking" or "strategic management" (Hammer, 1996).

Strategic management takes the position that there is value in regularly scanning the organization's external environment for significant changes and trying to understand the implications of these for programs, organization structures, staffing, etc (Asoff and McDonnel,1990). Some go so far as to advocate that there be no official document called *the plan* (corporate plan). They argue that in a very complex and rapidly changing environment there should only be the process of *thinking strategically*.

Strategic management is the formulation, implementation, control and evaluation of business strategies to achieve future objectives. Strategic management involves planning, directing, organising and controlling of a company's strategy related decisions and actions. They are future oriented plans for interacting with the competitive environment. It is a company's "game plan" (Pearce and Robinson, 1997). Strategic management is also "the art and science of formulating, implementing and evaluating cross functional decisions that enable an organisation to achieve its objectives" (David, 2001p 5). The focus is on integrating marketing, finance, operations, human resources, and information technology to achieve organizational success.

Strategic management issues require top management decisions as they involve committing large amounts of a firm's resources and often affect its long-term viability. They have multi functional and multi-business consequences (Pearce and Robinson, 1997).

Importance of strategic management is well documented. It provides central purpose and direction, enables management to adapt to changing environment, creates competitive advantage, and allows allocation of resources to key success factors (Porter 1980). Strategic management is also about producing strategic results such as new markets, new products, and new technologies. It broadens the focus to include psychological, sociological and political variables (Ansoff 1988).

2.3   *Strategic Management Process*

According to Ohmae (2002), a business enterprise is like an organic living entity. When a disease attacks some parts of it, the malfunction is bound to reflect in reduction in profits or future potential. If the gravity of the problem is recognised, the top management either on their own or with the help of a consultant should probe for the causes, through strategic management process, just as a doctor questions a patient to find out what is wrong. Strategic management process, therefore involves strategic analysis, strategic choice

and strategic implementation and evaluation.

Strategic analysis is concerned with understanding the firm's strategic position in terms of its external environment vis-a- vis its internal resources and competencies and expectations of stakeholders. (Johnson and Scholes 1999). At this stage, the vision and mission are crafted, the objective are defined to effectively meet the challenges emanating from the external environment.

Strategic choice involves generating strategic options and selecting the best suited for achieving the firm's vision, mission and objectives (Pearce and Robinson 1997). The choice of strategy can make or break the company, and once it takes a particular trajectory it is costly to reverse. It is therefore imperative that the choice conforms to stakeholders' expectations.

Strategy once chosen must be implemented. Strategy implementation is the translation of the strategy into actions through organisational structures and design, resource planning and allocations and management of strategic change. According to Mintzberg (1993), in order to achieve transformational change, there is need for reconfiguration of power structures within the organisation. The momentum of change will need a powerful advocacy within the organisation, typically the CEO, powerful board member or an influential outsider. But those resisting change should be fired. Johnson and Scholes (1997,p 483), advocate that if the organisation is to lose people, then "choose the senior most level possible. They are the ones most resistant to change, and their exit provide a wonderful opportunities for those below." Further, Drucker (2001) predicted the demise of middle management and that organisations will be staffed by high-level specialist staff, while Peters and Waterman (1982) call middle management "value destroyers." At this time, to paraphrase, Drucker (2001), strategic management, the management by results is required more than strategic planning, which is management by plans. Restructuring, which is about altering strategies, replacing management, improving efficiency and effectiveness is what is needed (Porter, 1986).

2.4   *External Environment And the Organisation*

Change is inevitable, as organizations do not exist in a vacuum. If the environment of the organization changes drastically, this will create pressure for change within the organization. For survival, the organisation has to adapt its internal operations to reflect the external realities (Ansoff 1988).

Companies that do not keep up with the accelerating pace of industry changes will be irrelevant. For instance, General Motors could be sure that as incomes rose, young consumers, like their parents before them, would trade up from Chevys to Oldsmobiles and from Buicks to Cadillacs. Companies were run by managers, not leaders, by maintenance engineers, not architects (Hammer, 1996). Yet few companies that began the 1990s as industry leaders ended the century with their leadership intact and undiminished. Many saw their success eroded or destroyed by the tides of technological, demographic, and regulatory changes and quality gains made by non-traditional competitors. Any company that is more of a bystander than a driver on the road to the future will find its structure, values, and skills becoming progressively less attuned to an ever-changing industry reality.

According to Drucker (2002), the period we are living in is one of profound transitions and changes are more radical than those of 2nd Revolution and Great Depression. There are five social and political certainties that will shape businesses: the collapsing birth rate, shifts in the distribution of income, global competitiveness, growing incongruence between political and economic realities.

Such a discrepancy between the pace of change in the industry environment and the pace of change in the internal environment spawns the daunting task of organizational transformation. The organizational transformation agenda typically includes downsizing, overhead reduction, employee empowerment, process redesign, and portfolio rationalization. As important as these initiatives are, their accomplishment cannot restore a company to industry leadership, nor ensure that it intercepts the future (Hammer, 1996).

Strategic responses involve changes to the organisation's strategic behaviour (Ansoff and McDonnell, 1990). The change can be gradual, evolutionary or even more dramatic to be revolutionary (Thompson, 1997). The generic strategic responses include restructuring, marketing, information technology and cultural changes.

Restructuring involves looking at organisation as a whole. Organisation structure is the established pattern of relationships between component parts of an organisation outlining communication channels, control and authority (Wilson and Rosenfield, 1990). The levels of the structure should be as few as possible to reduce the scalar chain of command (Drucker, 2001). Firms can dramatically improve their efficiency and quality of their output by focussing on the processes that create value to them (Hammer, 1996). Radical business process re-engineering requires a complete rethink of how certain tasks are carried out and search for new ways through which performance can be improved (Thompson, 1997). It has been said that when competitiveness problem finally becomes inescapable, most executives resort to the brutal task of restructuring masquerading under names like refocusing, delayering, decluttering, and right-sizing. Downsizing belatedly attempts to correct the mistakes of the past; it is not about creating the markets of the future. A firm will profitably restructure itself out of business, when top management seems incapable of profitably creating the future (Hammer, 1996).

Marketing is a social and managerial process through which individuals and organisations obtain value through an exchange process (Kotler and Amstrong, 1999). Marketing helps to define the business mission, its environment and competitive situation (Kotler 2000). Environmental analysis will assist in manipulating marketing variables such as the product, price, place, promotion, people and probe to ensure relevance of the firm. The era of *we sell what we make* rather than *what the customer wants* is gone

(Johnson and Scholes, 1997), while according to Peters and Waterman (1982) only fools compete on the basis of prices. Companies must heed Porter's (1998) advice and adopt cost leadership, focus and differentiation in order to survive.

According to Ohmae (2001), change is inevitable if companies are to be effective, they must act in four separate dimensions, the invisible, the borderless, the cyber and the dimension of high multiple. The invisible embraces economics of the old as there are still entities that grow in a steady predictable linear progression. In the borderless dimension, the economy is not tied to the nation state but is driven by consumers, investors and capital. In the cyber dimension, information technologies have changed the consumers, producers and civic environments in such profound and irrevocable ways such that those who cannot create a presence in this area will find it difficult to succeed. The key to thriving in today's world is a deeply embedded capability for continual radical innovations (Hamel, 1989).

Culture is the pattern of beliefs, values and learned ways of coping with experiences that have developed during the course of an organisations history (Brown, 1998). Appropriate and cohesive culture may be a source of competitive advantage. However, resistance to change and organisational inertia are symptoms of an organisation trapped in its own paradigms and routines. The potential for changing the culture of an organisation is influenced by the beliefs of the strategic leader and extent of the strategic need (Thompson, 1997). Indeed adaptive cultures are awesome competitive machines (Kotter, 1996). However, cases of strategic drifts have also been observed in highly homogeneous cultures and conservative paradigms with readiness to dismiss alternative views as having been tried and failed. When senior managers know they are going nowhere, they become the concrete ceiling blocking many new innovations and giving little focus on the environment.

The interest in strategic management has inspired a number of local studies on environmental

dependence. Bett (1995) found out that firms in the dairy industry have made substantial adjustments to their strategies targeting branding, pricing and value proposition. The same conclusion was arrived at by Kombo (1997) in his study of firms in the motor vehicle industry, which are constantly adapting their strategies to fit with the environmental shifts.

Njau (2000), in a study of East African Breweries Limited (EABL), established strategic responses to wade off competition. The strategic responses used by EABL include manipulation of the marketing mix elements, cost controls and setting up of foreign distribution channels. Kandie (2000) found that Telkom Kenya had made some strategic adaptation in its products, markets, technology and strategic alliances in response to drastic changes in the country's telecommunications industry.

Kiptugen (2003) concluded that Kenya Commercial Bank (KCB) has addressed its changing competitive situation through restructuring, marketing, information technology and cultural changes among other responses. Mwarania (2003), in his study, concurred that Kenya Re-insurance has placed great emphasis on local and international marketing, staff training, retrenchment, computerisation and prudent financial investments.

3. CHAPTER THREE: RESERCH METHODOLOGY

3.1   Research Design

This was a case study of Postbank's responses to changes in external environment. A case study is an in-depth investigation of an individual, group, institution or phenomenon. A case study was suitable for this research as it involves a complete observation of a social unit emphasizing in depth rather than in breadth analysis. A social unit maybe a person, a group or a social institution (such as Postbank), a district or a community (Young, 1960). Furthermore, a case study is important for analysing information in a systematic way to come to some useful conclusions and recommendations (Mugenda and Mugenda, 1999). It also allows details to be secured from multiple sources of information and evidence to be verified through in-depth probing (Cooper and Emory, 1996).

3.2   Data Collection

The study required both secondary and primary data. Secondary data was collected from existing records at Postbank including strategic corporate plans, organisational structures, researches and studies done on the Bank. Primary data was collected by interviewing the 14 departmental heads at Postbank. A questionnaire was used as a guide.

3.3   Data Analysis

Data was analysed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study. In other words, content analysis involves observations and detailed description of objects, items, or things that comprise the sample (Mugenda and Mugenda,1999). This economised on time and resources. Where applicable, figures are presented in tabular form, graphs and percentages or means obtained quantitatively.

4. CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The external environment of an organization is all those conditions and forces that affect its strategic options and determines its competitive situation. Organisations, therefore, have to continuously change to keep pace with the fast changing environment (Porter 1998). Over the last 10 years, several changes have taken place in Kenya's business environment. These changes have affected operations of business entities in a number of ways, prompting each organization to develop appropriate response mechanisms.

This chapter focuses on the key external environmental changes and the response, taking the case of Kenya Post Office Savings Bank (KPOSB) in point. The chapter is based on several discussions held with the various Heads of Departments, and highlights the Bank's response to environmental changes as regards governance and regulation, culture, organizational structures, service delivery systems, investment, technological development, product diversification, and strategic management.

All the respondents had worked for Postbank for over 10 years. Indeed they participated in crafting current Vision, Mission and Objectives of the Bank.

4.2 Governance And Regulatory Environment

Kenya Post Office Savings Bank was established in 1978 under an Act of Parliament (CAP 493B). Before its establishment, the Bank operated as a department of the then Kenya Posts & Telecommunications Corporation (KP&TC). The Bank reports to the Ministry of Finance (MOF), which sits in the Bank's Board of Directors. The Directors are appointed by the Government and serve on three- year contracts, which may be renewed upon maturity or terminated either before or upon maturity.

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The Bank's daily operations are vested with the Managing Director (MD), who, as in the case of the Board of Directors, has been a Government appointee, serving on a three-year contract, subject to renewal. Unlike before, the Bank's current Managing Director was appointed through competitive bidding, signifying a major shift from the past practice to conform to best practices in recruitment policy. See a newspaper advertisement below on one of the latest recruitment at Postbank:

FIGURE 1: NEWSPAPER ADVERTISEMENT

FIGURE 1: NEWSPAPER ADVERTISEMENT

Jobs

KENYA POST OFFICE SAVINGS BANK

VACANCIES

POSTBANK
"At your service countrywide"

Applications are invited for the following vacant positions in the Bank;

1. DIRECTOR/OPERATIONS & BUSINESS DEVELOPMENT [SCALE 1]

Main Function:
To co-ordinate marketing and business development activities including cross-selling of the Bank's products and services, provide leadership and steer the development and expansion of the Bank's operations and ensure effective and efficient operations policies and procedures in the Bank and within the Agents of the Bank.

Key Responsibilities:
* To appraise Bank performance to ensure all activities are profitable.
* To organize, control and direct the functions of four departments namely: Regional Operations, Financial Services, Ordinary Savings Scheme and Corporate Clients and Marketing & Business Development.
* To ensure that the banking operations policies are implemented and adhered to.
* To review the existing operational systems and establish new ones in order to facilitate effective costing, monitoring and evaluation of the Bank's products performance.
* To oversee the development and marketing of all the products of the Bank.
* To ensure improvement of the Customer Service on a continuous basis.
* To evaluate rates and ensure growth in the customer base through effective recruitment activities.
* To sign and approve payments and related documents without limits.
* To steer the development and documentation of work plans for the four departments and to ensure timely implementation, monitoring and evaluation of the plans.
* To participate in the bank's meetings including, Board of Directors meetings, Assets Shareholders Committee, Performance Appraisal or Policy Management, Staff and Tender committees.

Academic/ Professional Qualifications
* MBA degree in Finance/Strategic Management or Business related field
* BCom degree in Business Administration/Marketing/Accounting or Degree in Business related field or BA degree in Social Sciences.
* Diploma in Banking (AKIB, CIB) or Business Administration/Management or equivalent qualification
* Computer literacy

Work Experience
At least 8 years' working experience in senior management position in the Banking Industry.

2. SENIOR MANAGER/CHANGE MANAGEMENT [SCALE 2]

Position Function:
The position will be responsible for developing, implementing and ensuring sustainability of change programs and activities in the Bank; ensuring that the impact of effected changes improve productivity in the Bank.

Key responsibilities:
* Developing and preparing change plans, processes and activities in the Bank.
* Reviewing, assessing and analysing service delivery systems including existing policies and procedures in the Bank and recommending improvements as well as remedial measures.
* Coordinating, implementing, reviewing and evaluating change processes and activities with various departments of the Bank.
* Formulating and developing new policies and procedures to promote and enhance change management in the Bank.
* Steering and monitoring the identified change initiatives and projects/programmes in the Bank.
* Advising the management on the best approaches, practices and methods of managing change for maximum benefits.
* Liasing closely with Marketing, Customer Relations and Corporate Affairs departments to develop specific policies to enhance the corporate image of the Bank.
* Coordinating with external agencies to establish new trends, applications and changes in the service industry and recommending introduction of new ideas in the Bank.
* Updating and incorporating various existing change management activities into action plans for implementation across departments.
* Preparing management performance reports on the impact of changes introduced.

Eligible candidates should possess the following qualifications:-
* MBA degree in Strategic Planning or Business related field.
* BCom degree in Business Administration/Marketing/Accounting or Degree in Business related field or BA degree in Social Sciences.
* Diploma in Banking or Business Administration/Management or Diploma in Human Resources or equivalent qualifications.
* Computer literacy
* At least seven (7) years' experience in management position.

3. BUSINESS SYSTEMS ANALYST [SCALE 5]

Position Function:
The position is responsible for analysing and evaluating business systems in line with the changing ICT industry.

Key responsibilities: -
* Analysing the bank's business systems and procedures with a view to optimise and align technology with business processes.
* Assisting in the formulation of business systems implementation plans and strategies.
* Evaluating user requirements for new business systems and enhancement to the existing systems.
* Analysing and evaluating existing business systems in line with the changing technological demands.
* Providing guidance on information technology changes and its effects in the environment.

Eligible candidates should possess the following qualifications:-
* Minimum of five (5) years working experience.
* BSC degree in Computer Science.
* Training and experience in Banking in Accounting/Finance/Business Administration is desirable
* Having attended management courses and seminars.
* Having a diploma in programming is an advantage.

4. ANALYST/PROGRAMMER [SCALE 6]

Position Function:
The position is responsible for analysing and evaluating implementation and adherence to user requirements:-

Key responsibilities:-
* Maintaining existing computer systems.
* Analysing user requirements for new business systems.
* Effecting systems workflow changes.
* Coordinate training of users on new business systems.

* Liasing with external systems developers on outsourced business systems.

Eligible candidates should possess the following qualifications:-
* Having a diploma in Computer Programming will be added advantage.
* BSc. Degree in Computer Science or equivalent.
* Programming knowledge of an RDBMS language preferably Oracle.
* Minimum of three (3) years in a busy ICT Business systems development environment.

5. NETWORK ADMINISTRATOR [SCALE 6]

Position Function:
The position is responsible for analysing and evaluating user requirements to ensure quality services.

Key responsibilities:
* Assisting in evaluation of tender documents for communications network to ensure provision of quality materials and services.
* Undertaking billing of communication lines.
* Participate in installation of LAN'S and WAN'S.
* Liasing with Network equipment vendors and network installation contractors for technical support, warranties and guarantees.
* Carry out analysis of user requirements and problems.
* Co-ordinating the Network and equipment installation.
* Identify staff training needs in the division.
* Ensuring application of industry standard network security.
* Accounting for network infrastructure resources.

Eligible candidates should possess the following qualifications:-
* At least three (3) years experience in a similar line of duty.
* Degree in Electrical/Electronics, Computer Science or related field
* PGD in Data Communications, CCNA, MCSE, and NCE will be an added advantage.

6. DATABASE ADMINISTRATOR [SCALE 6]

Position Function:
The position is responsible for coordinating and monitoring user access to databases and system security.

Key responsibilities:
* Carrying out effective and efficient administration of databases.
* Maintaining users and system security.
* Controlling and monitoring user access to database.
* Participating in the installation and upgrading of the database server and tools
* Monitoring and optimising the performance of database.
* Planning and ensuring backup and restoring of database.
* Participating in the administration of applications.
* Participating in the administration of database networking products.
* Participating in the training of users.

Eligible candidates should possess the following qualifications:-
* At least three (3) years experience in a relevant field.
* BSc. degree in Computer Science or related field/National Diploma Computer Studies.
* Certification on Oracle administration.
* Three (3) years experience in Business Systems development using oracle.
* Knowledge of Oracle PL/SQL will be an advantage.

7. SENIOR INSPECTORATE OFFICER [SCALE 5]

Position Function
Reporting to the Assistant Manager Inspectorate, the position is charged with the responsibility of investigating frauds, forgeries and facilitating detection and prosecution of the culprits.

Key Responsibilities
* Detecting and investigating frauds and other cases committed within the bank.
* Analysing fraud and theft cases in the banking industry and taking the initiative to prevent all forms of fraud in the bank.
* Liasing with external investigation and security agencies in carrying out investigation of cases and security assignment.
* Preparing accurate and timely reports to assist in and support investigations

Eligible candidates should possess the following qualifications and attributes: -
* BA degree in Social Sciences
* Training in fraud investigation and criminology
* Good knowledge of civil interrogation, interviewing skills and report writing
* Computer literate
* Team player
* Qualifications in Banking and experience in Bank operations will be added advantage.
* 5 years' work experience in fraud prevention/detection and investigations

8. INSPECTORATE OFFICERS [SCALE 6]

Position Function
The position is responsible for prevention, detection, and investigation of frauds, forgeries and prosecution of the culprits.

Key responsibilities: -
* Preventing, detecting, investigating and prosecution of frauds and other cases committed within the bank
* Analysing cases in the banking industry and taking proactive initiative to prevent all forms of fraud.
* Liasing with PCK (investigations branch) in pursuit of cases affecting postal employees and agents.
* Maintaining regular co-ordination with law enforcement agencies in order to ensure maximum cooperation in discharging investigations duties.
* Collecting and compiling information on trends of fraud and other forms of crime committed in and out of the bank.

Eligible candidates should possess the following qualifications: -
* Bachelor's degree in Social Sciences
* Training in fraud investigation or criminology.
* Qualifications in Banking will be an added advantage.
* 4 years' working experience with a bias in fraud prevention/detection and investigations

Application letters, indicating positions applied for, with detailed CVs and copies of professional and academic certificates to be forwarded so as to reach the undersigned on or before 26th August 2005. Only short listed candidates will be contacted.

THE DIRECTOR,
HUMAN RESOURCES
POSTBANK
P.O BOX 30311-00100
NAIROBI, KENYA.

The Bank is regulated and supervised by the MoF. In cases where the Bank establishes subsidiaries or companies, the subsidiaries remain subject to the relevant statutes under which they are established. In circumstances where the Bank's customers demand certain financial services that fall under the regulation of other bodies other than the government, it has to seek authority from regulators of those services. Cases in point include, Western Union (WU) money transfer service and Postbank Credit Limited (PCL) registered and operated under the banking Act. PCL provided loans to Postbank customers and the general public, but went into financial distress due to accumulation of bad loan portfolio and gross mismanagement. This commercial arm of Postbank has since been liquidated.

Changes in the business environment and expectations from the Government have necessitated a review of the way public sector institutions operate to ensure efficient public service. To improve performance, state corporations are being put under performance contracts, KPOSB included. The Bank has embraced the new performance management system quite positively and quickly by cascading the performance contracts down to every staff member.

The Bank has moved from where the Board members were political appointees with very little consideration to professionalism. Today Postbank Board boosts of well-known industry practitioners, researchers and academicians. This injection of professionalism is hopefully meant to prepare the Bank for challenges a head.

Unlike in the past, the board today is very much involved in the activities of the Bank where its effectiveness is being felt in key committees like Assets and Liabilities, Tender Board and Human Resources. The board has been in the forefront in lobbying for changes in KPOSB ACT. The Act, according to the draft MFI bill, proposes that the Bank be capitalized and its ACT amended to provide micro credit, giro banking, money transmission and trade finance like in other countries. The tables and

figurers below, illustrate the turn-around that has taken place at Postbank from a loss of Kshs 204.6

Millions in 1999 to a profit of Kshs 209.4 Millions in 2004:

TABLE 1: PROFIT AND LOSS ACCOUNT 1997-2000 IN KSHS M

Items	Dec-97	Dec-98	Dec-99	Dec-00
Income	876.13	1,044.70	928.61	1,114.55
Direct Expenses	194.38	222.60	146.43	169.69
Gross Profits	681.75	822.10	782.18	944.86
Other Expenses	668.76	821.70	986.78	1,037.80
Net Profit	12.99	0.40	(204.60)	(92.94)

Source: Audited Accounts

TABLE 2: PROFIT AND LOSS ACCOUNT 2001-2004 IN KSHS M

Items	Dec-01	Dec-02	Dec-03	Dec-04
Income	1,501.54	1,905.05	2,113.37	2,034.91
Direct Expenses	295.26	314.97	234.75	255.48
Gross Profits	1,206.27	1,590.09	1,878.62	1,779.42
Other Expenses	1,158.61	1,423.20	1,694.64	1,569.93
Net Profit	47.66	166.88	183.98	209.49

Source: Audited Accounts

FIGURE 2: KPOB PROFITS (LOSSES) 1997-2004 IN KSHS M

NET PROFITS(LOSSES)
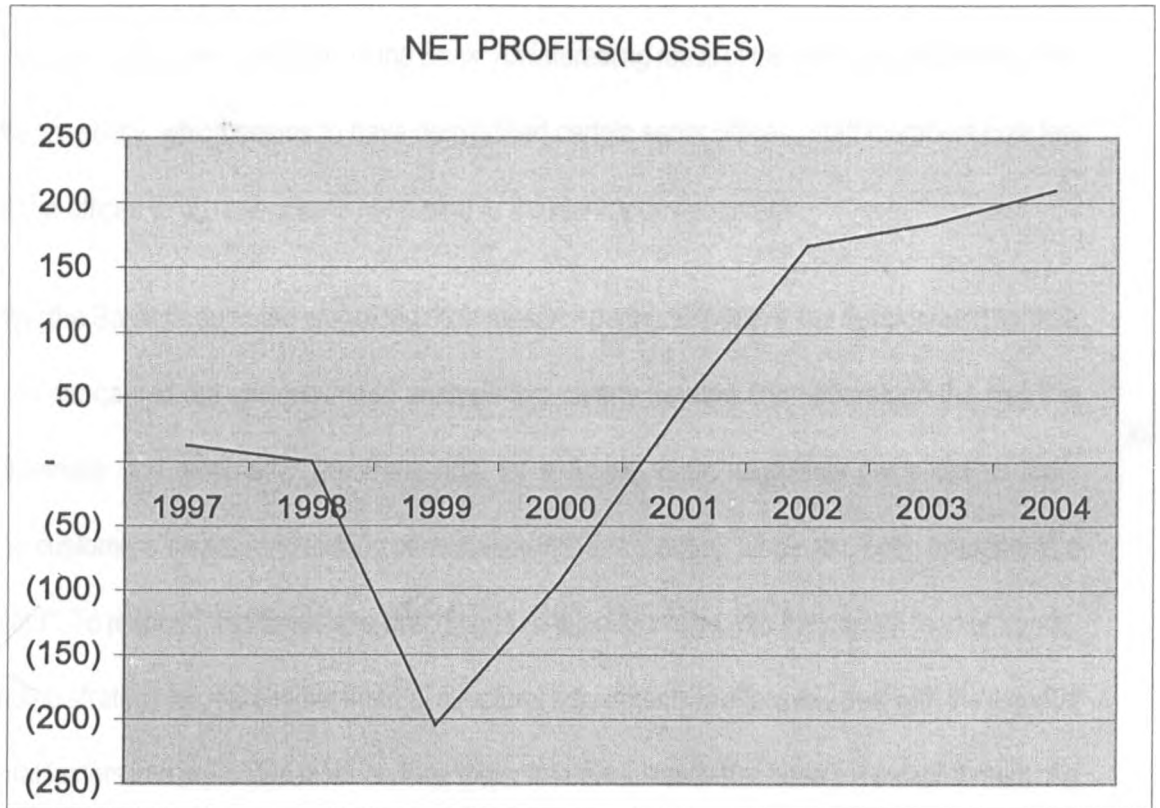
Source: Table 2 and 3

4.3 CULTURAL CHANGES

Organisations have focused more on change of their culture and attitude, realizing that the old culture and attitude both at individual employee and corporate levels have seriously and negatively impacted on their performance and sustainability. Most organisations in the service industry, the banking sector in particular, have for a long time maintained the culture of concentrating only on a few core clientele in the affluent urban markets, believing that this is the market segment that supports their long-term corporate objectives.

KPOSB has responded to the growing competition in the industry by, apart from other strategies,

implementing culture and attitude change strategies on customer service. The main component of the strategy has been staff training programmes on Management Development, Leadership, and Culture Change, Total Quality Management, Change Management, and Time Management. Besides the training programmes, a number of staff of the Bank has been sponsored for outward-bound team-building programmes to enhance communication in the Bank. An interesting result of the team-building programme is the open-door policy, which seems to have demystified certain senor offices. Staff members now feel freer to visit the offices to discuss issues pertaining to the Bank's development.

More recently, the Bank, through the on-going action research partnership with a key development partner, MicroSave Africa, carried out an own-image analysis that clearly isolated and understood the way it is perceived internally and externally. The Bank has, for example, been negatively perceived as tired, insensitive to customers' needs, and lacking consistency in internal policy. It has also been branded as a "sleeping giant". To respond, the Bank is re-branding to re-align its image with the current market trends. The re-branding strategy targets several internal structural adjustments to effectively deal with the external environmental factors in a pro-active manner. One major internal initiative has been the establishment of a Customer Service Department to deal more squarely with customer service failures that have caused immense dissatisfaction among the customers of Postbank.

4.4   Transformation Of Organisational Structures

Organisations constantly review their organizational structures to reposition themselves for better service delivery. Such reviews aim at reducing the cost per unit of production and improving overall performance.

KPOSB has for a long time maintained a rather complex structure comprising of thirteen Departments with bureaucratic reporting systems. Some Departments reported directly to the office of the Managing Director owing to their more strategic nature in relative terms while others were organised into Directorates. The

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grading structure was also quite complex, running from Scale 12 (the lowest cadre) to Scale 0 (the CEO). Some top and middle level scales were further sub-divided into two making 15 scales in total.

The complex organizational structure obviously led to an inefficient bureaucratic system, with no clear division of labour among some departments. Certain overlaps in departmental functions would easily lead to buck-passing, and blame in extreme cases.

The tall grading structure also had its problems. Staff would take an unduly long period of time to progress from one Scale to the next, as smooth career progression has been stifled by lack of opportunities towards the top of the organizational chart, both within and across the various Departments. See the old structure below:

FIGURE 3: OLD ORGARNISATIONAL STRUCTURE

POSTBANK ORGANIZATION STRUCTURE 2004
HEADS OF DEPARTMENT

KEY.
COMM - CUMMUNICATION
MGT - MANAGMENT
SNR - SENIOR
TECH - TECHNOLOGY

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                                    BOARD
                                     OF
                                  DIRECTORS
                                      |
                                  MANAGING
                                  DIRECTOR
```

- BOARD OF DIRECTORS
- MANAGING DIRECTOR
- DIRECTOR FINANCE & ADMINISTRATION
- DIRECTOR OPERATIONS
- CHIEF MANAGER HUMAN RESOURCES
- SNR. MANAGER INTERNAL AUDIT
- COMPANY SECRETARY
- SNR. MANAGER FINANCE & ACCOUNTS
- SNR. MANAGER ADMINISTRATION & PROPERTY MGT.
- SNR. MANAGER INFORMATION & COMM. TECH
- SNR. MANAGER MONEY TRANSFER SERVICES
- MANAGER SECURITY SERVICES
- MANAGER BUSINESS DEVELOPMENT
- MANAGER MARKETING & PUBLIC AFFAIRS

To deal with this problem, the Bank commissioned a Job Evaluation exercise in 2003 to examine the Bank's organizational structure and propose ways of streamlining the grading structure for motivation and succession planning. The report recommended the abolition of the complex grading structure and adoption of a simpler common-cadre based one, thereby reducing the tiers from 15 to 11 for the entire Bank. The structure change is meant to reduce the scalar chain of command (bureaucracy) and improve efficiency. For the management staff, the staffing levels reduced from 11 to 8 scales as can be seen in table 3 below:

TABLE 3: GRADING STRUCTURE FOR MANAGEMENT STAFF.

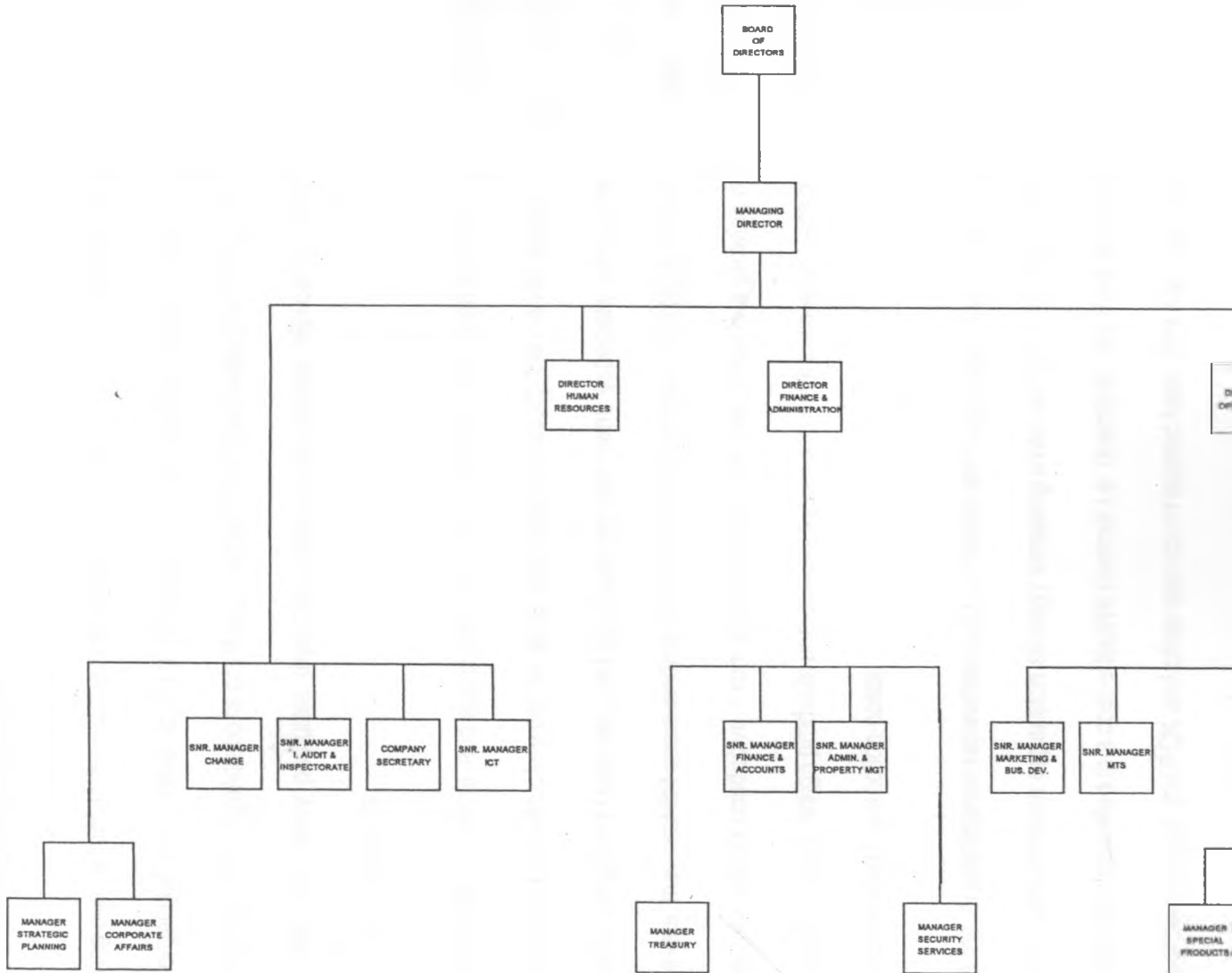| Old Title	Old Grade/Scale	New Tile	New Grade/Scale
Managing Director	0	Managing Director	0
Director	1	Director	1
Chief Manager	2	Director	1
Senior Manager	3.0	Senior Manager	2
Manager	3.1	Manager	3
Asst. Manager	4	Asst. Manager	4
Senior Officer/Exec. Sec. I	5	Senior Officer	5
Officer I/Exec. Sec. II	6	Officer	6
Officer II, Nurse, PS I	7	Officer	6
Personal Sec. II	8.1	Asst. Officer/PS I	7
Asst. Officer/PS III	8.2	Asst. Officer	7

Note: The Structure for Unionisable Staff not reflected.

The new structure has increased the top management from 16 to 20 for effective management. Human Resources is now a Directorate, Customer Relations, Corporate Affairs and Treasury Departments have been added due to the importance these departments are deemed to play. See the figure below:

POSTBANK ORGANIZATION STRUCTURE 2005
HEADS OF DIVISION / DEPARTMENT

UMMUNICATION
NAGMENT
IOR
CHNOLOGY

```
                              BOARD
                               OF
                            DIRECTORS
                               |
                               |
                            MANAGING
                            DIRECTOR
                               |
   ----------------------------+----------------------------------------------
   |                           |                                    |
DIRECTOR                   DIRECTOR                               DI
HUMAN                      FINANCE &                              OF
RESOURCES                  ADMINISTRATION
```

| SNR. MANAGER CHANGE | SNR. MANAGER I. AUDIT & INSPECTORATE | COMPANY SECRETARY | SNR. MANAGER ICT |

| SNR. MANAGER FINANCE & ACCOUNTS | SNR. MANAGER ADMIN. & PROPERTY MGT |

| SNR. MANAGER MARKETING & BUS. DEV. | SNR. MANAGER MTS |

| MANAGER STRATEGIC PLANNING | MANAGER CORPORATE AFFAIRS |

| MANAGER TREASURY |

| MANAGER SECURITY SERVICES |

| MANAGER SPECIAL PRODUCTS |

4.5   Service Delivery Systems

The growing competition in the business environment calls for the development of new business strategies by every organisation. In deed, as the organizations make new innovations, they must continuously keep abreast of what other organizations are doing. Judged by the increasing similarity of product and service features, one can easily postulate that organizations are quietly replicating products and services developed by competitors.

From an economic, political, and social context, it may be difficulty to open branches in some areas; the cost of developing infrastructure can be quite high (due to inflation), the market-specific policies may not be conducive for long-term business, and the social environment, especially when characterized by high illiteracy levels, may prohibit some lending or savings methodologies. The legal and regulatory framework may not be sufficiently conducive. From the market perspective, there is a growing need to understand client preferences and design products and delivery systems to meet the needs. Such needs include faster service and reduced transaction costs.

KPOSB is the largest branch-networked bank in Kenya, with over 490 outlets. Over a long time, the Bank has implemented a branch expansion strategy targeting even the remotest parts of the country. These outlets have been operated in a cost-effective manner i.e. directly by the Bank where it is profitable to do so, or in partnership with the PCK and other agents on agreed fees. This has ensured close proximity to clients and reduced transaction costs.

The service delivery network has enabled the Bank to increase its deposit base from Kshs 6.72 Billion in 2000 to Kshs 10.52 Billion as at June 2005 as shown in the chart below:

FIGURE 5: GROWTH IN DEPOSITORS LIABILITY 2000-2005
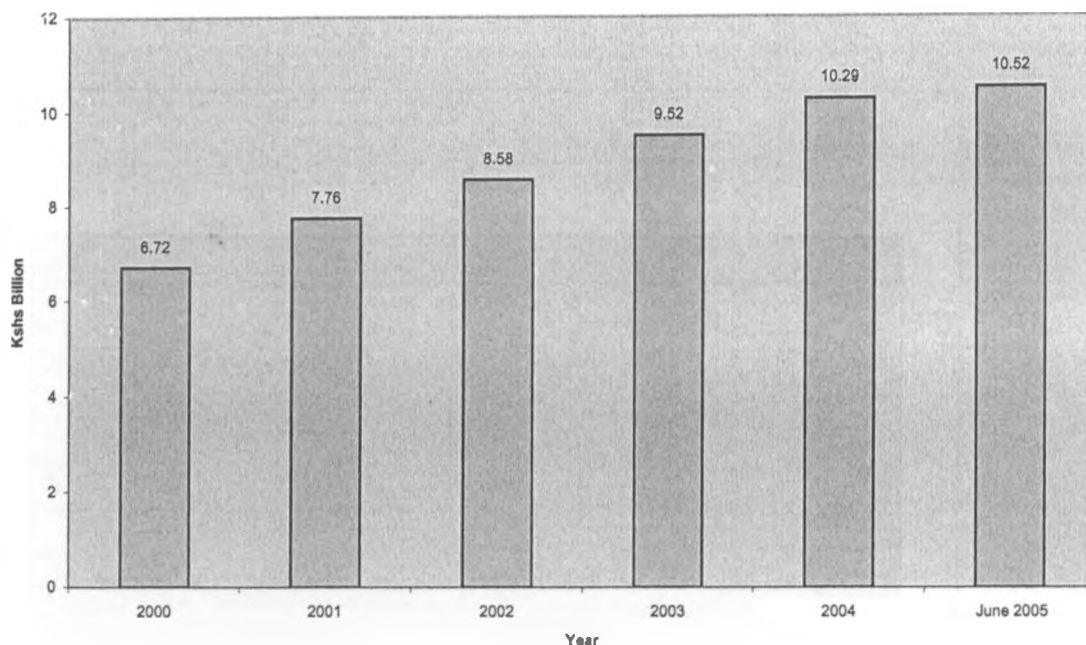
Source: Audit and Management Reports 2000-2005

4.6   Investment

The Bank has radically transformed its investment function in the recent past to comply with requirements

of its Act, and the expectations of the Kenyan public. The first critical step towards streamlining its

investment function was for the Bank to develop and document its investment policy in year 2003. The

main tenets of the policy cover the Bank's Act as relates to investments, structure of the investment

portfolio, risk management, vesting of authority, and exclusions/limitations.

The investment function is now vested with the Assets and Liabilities Committee (ALCO), unlike in the past

when the function tended to be an affair among a small group of individuals, thereby at times seriously

compromising the safety of the Bank's investments. This can be seen in huge accumulated bad debts in

the figures below:

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FIGURE 6: NON-PERFORMING INVESTMENTS
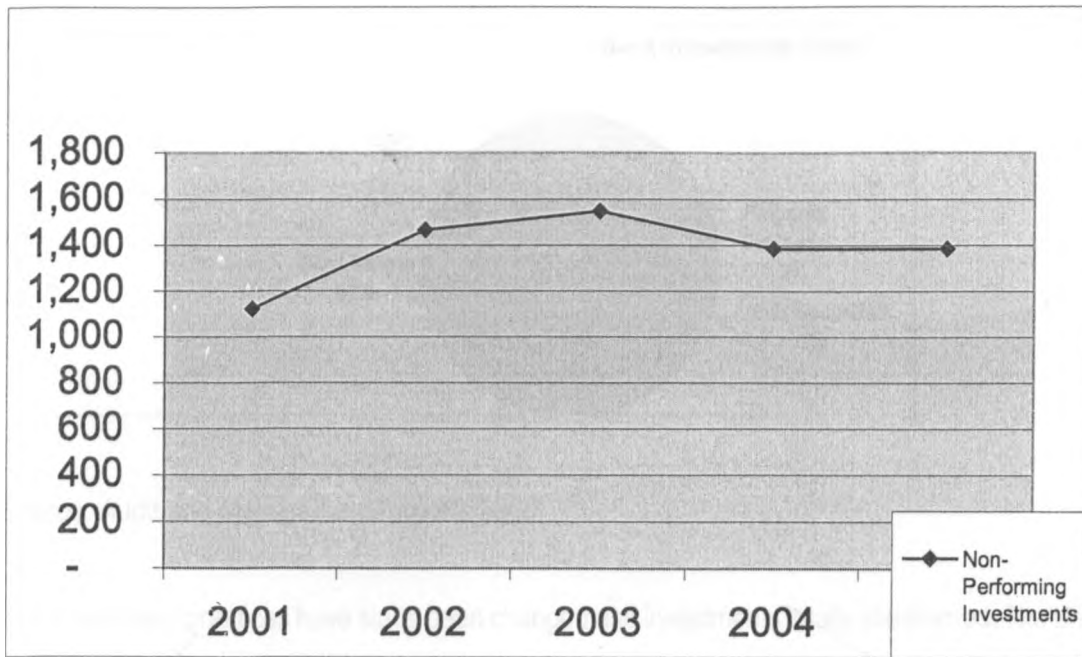
Source: Audit and Management Reports 2000-2005

These have moved from being a one-man show to a committee decision. Before, this was not properly structured and given that the Banks losses were government guaranteed, those charged with investing funds ended up putting funds in shaky and unstable financial institutions. For instance in 2000, 13% of the Bank's investments were in financial institutions some of which were weak:
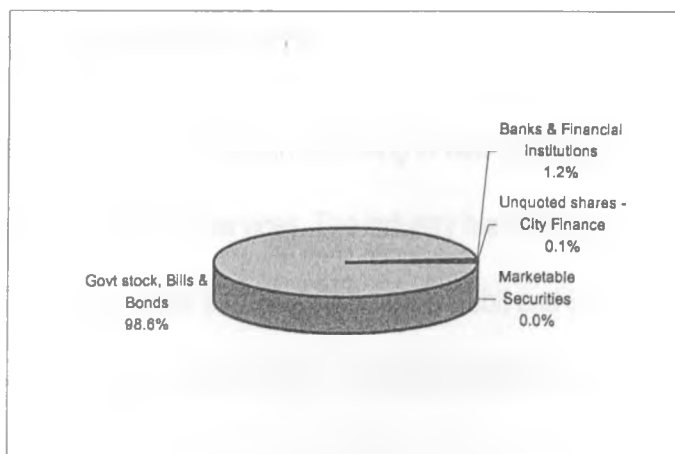
FIGURE 7: POSTBANK'S INVESTMENT PORTFOLIO 2000

Bank Investments (2000)

Govt Stocks 87%

Financial Instituion 13%

Other Securities 0%
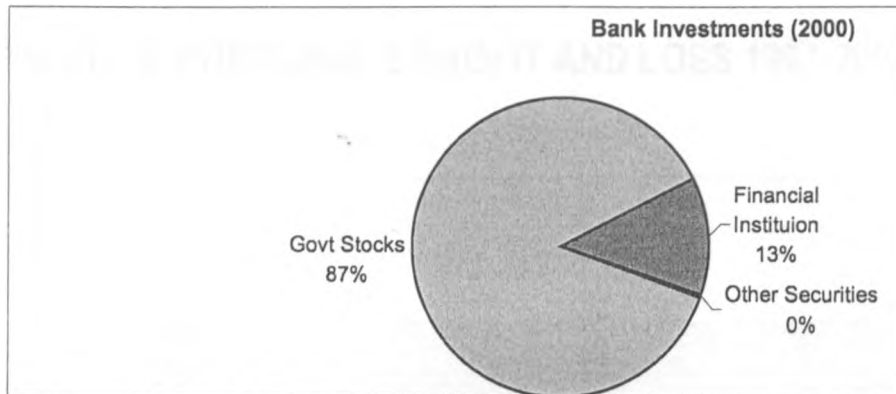
Source: Audit and Management Reports 2000

The investment practices have since been changed and investments totally streamlined. The Bank is today investing prudently mainly in government securities as stipulated in its Act. For instance as at Dec 2004, the 99.7% of the investment portfolio was in healthy government stocks. See below:

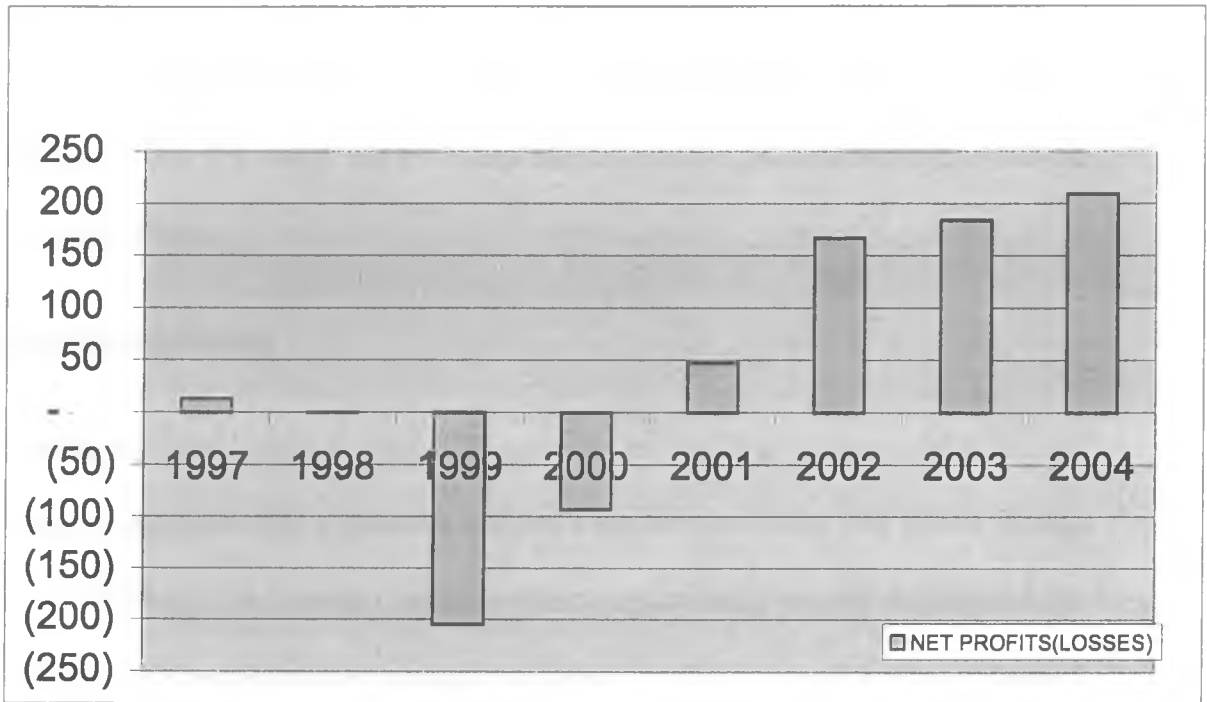# FIGURE 8: POSTBANK'S INVESTMENT PORTFOLIO – DEC 2004

Banks & Financial Institutions 1.2%

Unquoted shares - City Finance 0.1%

Govt stock, Bills & Bonds 98.6%

Marketable Securities 0.0%

The changes in investment have seen Postbank turn around from loss making to profit posting institution.

See the graph below:

FIGURE 9: POSTBANK'S PROFIT AND LOSS 1997-2004 IN KSHS M

4.7   Technological Development

The service industry is continuously investing in new service delivery technologies to respond to clients'

need for faster and efficient services. The industry has seen the emergence of point of sale facilities such

as the ATM and card based products such as the Debit and SMART Cards. The target markets have taken

up to the new technologies due to the convenience that the technologies offer.

The Bank having been one of the banks that had computerized operations by late 80s found itself with a

computer system that was being supported by a company that wound up shop. The collapse of Wang System Inc. brought a lot of problems to the Bank. This led to a grand plan to computerize the Bank. However, the Bank decided to go for a system, which hardly met its requirement. The computerization system required a lot of customization and gapping to include the areas that cover Postbank's operations. This in the end cost the Bank dearly.

After some inevitable delay, the Bank is now at an advanced stage of implementing a new banking software that will provide a wide-area network for eventual linking of all outlets of the Bank. A number of outlets are already on-line. The system has the capacity to take up new card-based products which are already under development.

4.8   Product Diversification

The Bank has laid a lot of emphasis on product development and modification to respond to the ever changing needs of customers and improve its revenue base and profitability. The Bank's Product Development Committee is now constantly tracking market opportunities for new and existing products. Currently, the Bank has a portfolio of seven products and several commission based services on behalf of a number of corporate organization. For instance the Bank offers pension payments on behalf of the Government of Kenya, loan and bursary disbursements on behalf of the Higher Education Loans Board (HELB) and salary payments for several companies. It also provides Citibank and Stanbic Bank with a convenient network to reach out to their clients.

Over time since 1910, the Bank has developed and introduced new products into the market. A half of the products have been developed and introduced in the last 10 years as seen in the table below:
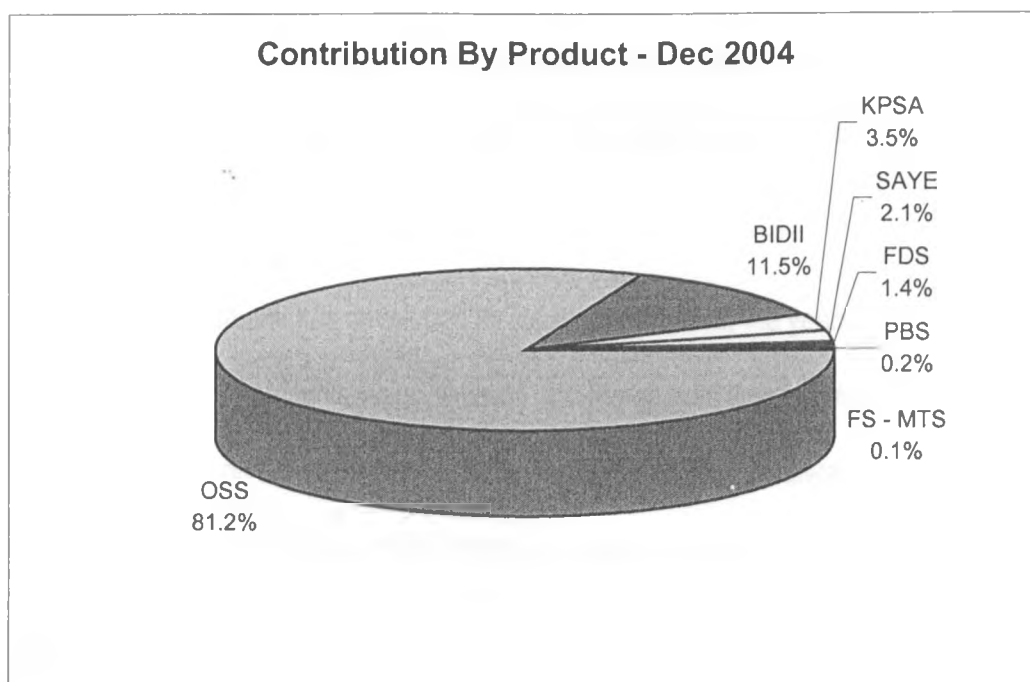
TABLE 4: POSTBANK PRODUCTS

No	PRODUCTS	YEAR
1	Ordinary Savings Account (OSS)	1910
2	Premium Bonds (PB)	1978
3	Save-As-You-Earn (SAYE)	1981
4	Fixed Deposit Account (FDA)	1981
5	Premium Savings Account (PSA)	1991
6	Visa Credit Card (VC)	1995
7	Money Transfer Service (MTS)	1995
8	Bidii Savings Account (BSA)	2000

Source: Postbank Action Plan 2005

The Bank targets to launch at least one new product by the end of 2005. The contribution of each of the products to the overall deposit liability as at December 2004 is as follows.

FIGURE 10: PRODUCT CONTRIBUTIONS 2004

Contribution By Product - Dec 2004

KPSA
3.5%

SAYE
2.1%

BIDII
11.5%

FDS
1.4%

PBS
0.2%

FS - MTS
0.1%

OSS
81.2%

Source: Audited Report 2004

4.9 Strategic Management

To guide its operations and strategically position itself in the market, the Bank formulates its annual Corporate Development Plan (CDP). As stated in its CDP 2005 – 2007, the Bank's vision is "To be the leading Savings and Micro finance bank in Kenya", while its mission is to "To sustainably provide savings and other financial services to our [its] customers through a wide branch network by use of modern technology in the delivery of efficient and effective customer service and to the satisfaction of all stakeholders". The CDP charts out the Bank's strategic direction, and outlines its overall and specific objectives and targets, and the strategies for achieving the objectives and targets on a year-by-year basis. The CDP is implemented through Departmental Annual Action Plans. The Plans form the basis for the

Bank's annual budgets and the Performance Contract between the Bank and the Government of Kenya.

The Bank formulates its Plans in recognition that no organisation can operate successfully in an unplanned environment. In deed, many corporate entities embrace strategic management as a tool for achieving their corporate objectives. The study found out that Postbank has continuously carried out an internal and external analysis, to define strategic plans that enables it to deal effectively with threats and maximise on its strengths and opportunities.

The study found out that Postbank has developed its strategic plans over the years. The Bank is continuously reviewing and changing its vision, mission and theme from time to time. For instance, in addition to the current vision and mission stated above, the Bank's theme is "towards building a new Postbank brand through prudent resource management and sustainable growth."

Trends in the business environment, more than ever before, now call for strategic alliances for cost-effectiveness in service delivery and economies of scale for mutual benefit of organisations involved. KPOSB has therefore forged several strategic alliances both locally and internationally. Locally, as already mentioned above, the Bank is working very closely with the PCK on service delivery network, public universities for disbursement of student loans, the Government of Kenya for disbursement of pensions, and a number of employers for payment of salaries. The Bank is also a member of the Association of Microfinance Institutions (AMFI).

Internationally, the Bank has entered into strategic alliances with the other savings banks in East Africa under the Association of Savings Banks of East Africa (ASBEA), and savings banks across the world through membership of the World Savings Banks Institute (WSBI). These alliances facilitate information and knowledge sharing, and technical cooperation in projects including payment systems, computerization, and training.

5 CHAPTER FIVE: SUMMARY OF FINDINGS, RECOMMENDATIONS, LIMITATIONS AND SUGGESTIONS FOR FURTHUR RESEARCH

5.1 Summary of Findings

The study found out that Postbank, like any other organisation has responded to changes in the external environment. The governance and regulatory environment has changed. The Postbank's board has been reconstituted and well known industry practitioners, researchers and academicians engaged to inject professionalism. The board and the management have been responsible for turning around the Bank from a loss making of Kshs 204.6 Millions in 1999 to a profit of Kshs 209.4 Millions in 2004.

The study also found out that cultural transformation has taken place, where barriers between the top management have been brought down through TQM, outward bound training sessions, and open door policy has indeed demystify certain senior offices.

The organisation structure has been reorganized and the scalar chain of command reduced to dramatically improve services. The 15 layers have been reduced to 11 and common cadre approach to staff development introduced. Postbank is now recruiting from the open market.

Service delivery systems have been reorganized to allow for cost effective operations. The study found out that Postbank operates cost effective branches where it is profitable to do so and others through PCK at agreed commissions. This has seen deposit base rise from Kshs 6.72 Billion in 2000 to Kshs 10.52 as at June 2005.

Postbank has also developed new products to respond to changes in the environment. In the last 10 years, Postbank Visa Card, Western Union Money Transfer Services, Bidii Savings Accounts and other commissions based products were introduced. These have significantly improved the profitability of the institution.

Changes in technology, the need to network outlets towards branchless banking is also gaining currency in Postbank. By August 2005, 10 branches were already networked. Postbank Customers can now access their accounts from these 10 branches on a real time on line basis.

The study also found out that the Bank has embraced strategic management. It has continuously reviewed its CDP and changed the themes, visions and mission to conform to the challenges emanating from the environment.

5.2   Recommendations

The study indicates clearly that organisations must respond to changes in external environment to remain relevant.   It is recommended that Postbank should continue to scan the external environment for opportunities to develop products that respond to changing customer need.

It is also recommended that in future, Postbank should look for technological solutions that meet its needs to avoid going for technological solutions that must be customized to fit local conditions. Local support of technological solutions adopted is important for quick success. This is premised on the fact that by the time you are through with customization, the version is obsolete and more funds are required to upgrade to new modern versions.

It is also recommended that the structure is not dynamic, and Postbank must continually re-align its organisation structure to respond to growing needs to providing quick services. As far as is possible, the scalar chain must be reduced to stem bureaucratic management of the organisation.

It is also recommended that strategic alliances must be encouraged and Postbank must repair relations with PCK to reach wider area. The Bank must continuously look out for new relations and offer more commission based services to improve on its profitability. This is urgent given that the government no

longer guarantees its losses.

5.3   Limitation of Study

This was a case study. Therefore the research findings cannot be used to make generalization for the industry as a whole.

5.4   Suggestion for Further Research

During the study, the research found out that Postbank has had 4 CEOs in the last five years. It will be interesting to carry out a study to show the different management styles of the CEOs and their impact on the Bank's management.

There is also need to do a cross sectional survey to cover the whole Microfinance industry including the contributions of Postbank. Findings of such a study can be used for generalization of impact of environmental changes on the savings industry.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Dear Respondent

This questionnaire is designed to gather information on Postbank's responses to changes in external environment such as regulation, competition, technological, cultural changes, etc.

The study is undertaken in partial fulfillment of the requirement for the Masters of Business Administration Degree of the University of Nairobi. All information generated by the research will be treated with strict confidence and in no instance will your name be mentioned in the report without your prior permission.

Kindly provide the required information.

Mark Adoyo   Prof: Aosa Evans

MBA Student   Supervisor

APPENDIX 2: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1   Please indicate your:

a)   Name (Optional)...

b)   Position...

c)   Department...

2   How long have you worked with Postbank?...

3   Do you know:

    a)   Postbank's vision? Yes/ No

    b)   Postbank's mission? Yes/ No

    c)   Postbank's objectives? Yes/ No

4   Did you participate in the development of Postbank's Corporate Plan? Yes/ No

SECTION B: CHANGES IN EXTERNAL ENVIRONMENT AFFECTING POSTBANK

5   What are the major changes in business environment that have affected Postbank in the last 10 years?

6   What challenges have these changes posed to Postbank?

SECTION C: POSTBANK'S RESPONSES TO THE EXTERNAL ENVIRONMENT

7   Has Postbank responded to the environmental changes identified above? Yes/ No

8   How has Postbank responded to the environmental changes?

9   Are the responses adequate? Please explain.

10   Have the responses produced the desired results?

11   Are there challenges Postbank has not responded to?

12   How does Postbank intending to respond to these challenges?

13   What else should Postbank do to remain relevant in the market place?

14   Does Postbank have the necessary capabilities to match internal resources with the external environment? Yes/No

15   If no, how can these capabilities be acquired?

16   Any other comments

Thank you

APPENDIX 3: LETTER REQUESTING TO DO RESEARCH

KPOSB/CR/20/2004

Date: 5th July 2004

The Managing Director

POSTBANK

RE **PERMISSION TO CARRY OUT A RESEARCH ON: RESPONSES TO CHANGES IN EXTERNAL ENVIRONMENT-A CASE STUDY OF POSTBANK**

I wish to request your permission to carry out a study to assess Postbank responses to changes in external environment such as regulation, competition, technological, cultural changes, etc.

Your permission will not only enable me to finalise the MBA project, but will also document the strategic path the bank has taken and the way forward. I intend to carry out the research during this time that I am on leave.

Forwarded for your approval.

Thank you,

Mark Adoyo PF 0584

CC: DO,

        CM/HR,

        SMO/R

APPENDIX 4: AUTHORITY TO USE POSTBANK FOR THE CASE STUDY

KPSB/HR/MPD/20/2004

9 SEPTEMBER 2004

Director Operations
Postbank

RE: REQUEST TO DO RESEARCH WITH POSTBANK AS A CASE STUDY

Reference is made to your letter dated 31st August 2004 on the above subject.

We are pleased to inform you that your request to carry out research in the following fields in the Bank has been accepted:

- Response to changes in external environment; and
- Change Management and impact of implementation of technology in Postbank

Since yourself together with Mark Adoyo are full time employees of the bank, we do not require approval from the government as other such studies undertaken by staff in the past have been handled internally and have provided a useful in-put to the organization. The research information and findings however should be used strictly for academic purposes.

Note that you will be required to avail copies of your reports to the Bank, through Human Resources Department so that the recommendations made as per the research findings may be highlighted as feedback to management on the internal system operations in the ever evolving change process.

We wish you a gainful and successful study.

T.K. BETT
For:CHIEF MANAGER/HUMAN RESOURCES

cc.   Managing Director

KENYA POST OFFICE SAVINGS BANK

INTERNAL MEMO

FILE NO: KPSB/DO/18/2004

TO: CHIEF MANAGER/HR

FROM: DIRECTOR/OPERATIONS

DATE: 14 September 2004

SUBJECT: REQUEST TO DO RESEARCH ON POSTBANK AS A CASE STUDY

Thank you for allowing Mark Adoyo and the undersigned to do research as detailed in the request letter of 31.8.04.

I will avail copies of the research findings to HR department once completed.

I have forwarded a copy of the your letter KPSB/HR/MPD/20/2004 to Mark Adoyo.

Thank you and Gods blessings.

A. **NYAMBURA KOIGI**

A. Nyambura Koigi (Mrs)

Cc: MD
           Mark Adoyo
           Manager/Coast Region
           Encl:

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

BY

AGALA-MULWA, JACQUELINE JEAN

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

FACULTY OF COMMERCE

UNIVERSITY OF NAIROBI

OCTOBER 2002

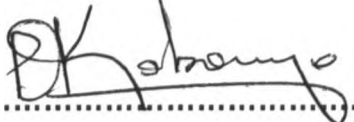# DECLARATION

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

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

AGALA-MULWA, JACQUELINE JEAN

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

Signed:.. Date: 13 - 12 - 2002

PROF. P.O. K'OBONYO

Faculty of Commerce

University of Nairobi

DEDICATION

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

ACKNOWLEDGEMENT

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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 polices 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).

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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 seeks 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

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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.

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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 NCCK 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.

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 naïve 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 mangers 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 polices, 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
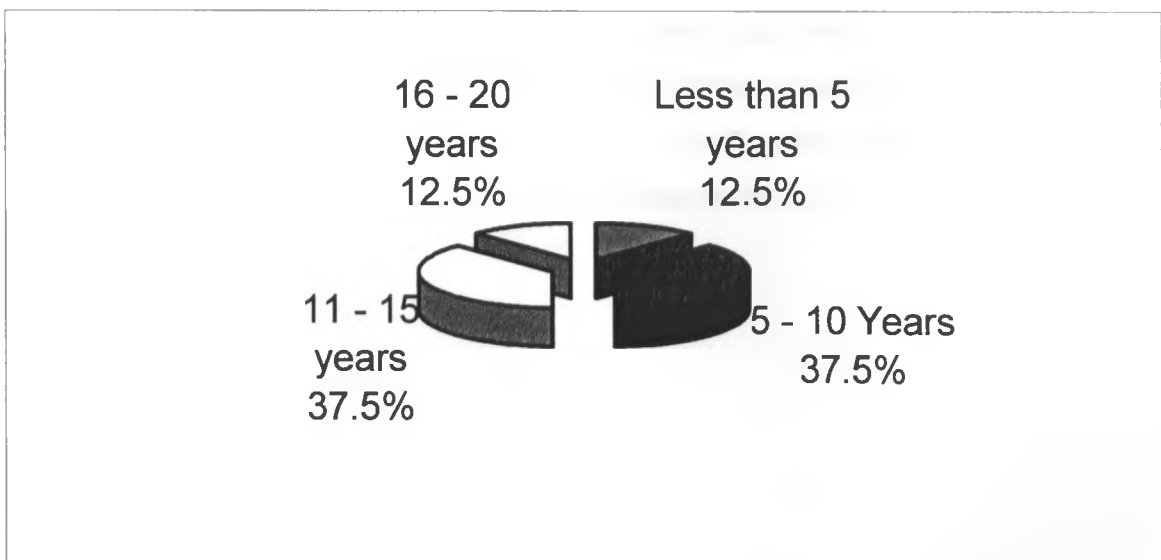
4.1.3 Staff Training and Development Policy

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

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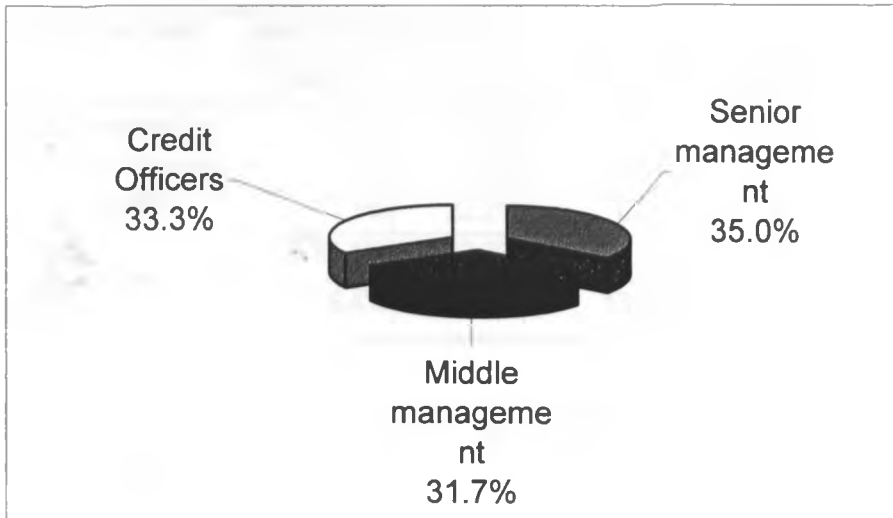
At the senior level management, 55.4% of the firms have 5 – 10 members of staff while 44.4% have less than 5 staff.

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 then 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.					
	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	Total
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)					
	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	Total
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 then 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.

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 jpb 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			
	AGREE	DISAGREE	AGREE	DISAGREE	Chi - square value	Chi-square alpha
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 relate to the ones 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 corporation 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 supervisors 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 need 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

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- 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

<div align="right">

P.O. Box 39312

Nairobi

</div>

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.

5. Are you familiar with your organization's training policy?

    (a)   Yes   (b)   No

6. If the answer to item 5 is yes, is the training policy adequate?

    (a)   Yes   (b)   No

7. If the answer to the question 6 is No, Why?

    _____

    _____

8. What training and development programmes have you attended?   Please tick the appropriate ones.

    a) Credit Management   _____   How many times   =   ——

    b) Default Management   _____   How many times   =   ——

    c) Supervisory Management   ——   How many times   =   ——

    d) Customer Care   ——   How many times   =   ——

    e) Others _____   How many times   =   ——

    (Please specify)

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.			

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.
   K-Rep Arifu Center, Directory of Microfinance institutions.