

**RESPONSE OF KENYAN STATE OWNED ENTERPRISES  
TO DECLINING OPPORTUNITIES FOR EMPLOYEE  
PROMOTION**

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**A management research project submitted in partial  
fulfillment of the requirements for the degree of master of  
Business Administration (MBA) School of Business,  
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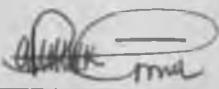
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## DECLARATION

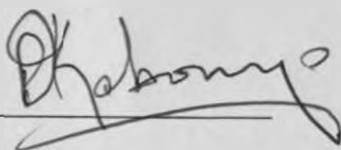
I Patrick Kwatamba Opisa declare that, this project work is my own original work and has not been presented for award of any degree in any university.

Signed: 

24-10-2007

Date

This research has been submitted for examination with my approval as the University Supervisor.

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## DEDICATION

This work is dedicated to my dear wife Esther and sons Alvin and Ryan for their support and patience throughout the project.

To my dear mum Jenipher Opisa and my late Father Joram Opisa for their prayers and words of encouragement, never to give up in my academic pursuits.

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## ABSTRACT

In order to redeem the public sector from poor performance and mismanagement, the Kenya government initiated reform programs, which targeted both the civil service and state owned enterprises. The reforms recommended the re-organization and restructuring of all state owned enterprises, to make them more competitive and generate revenue. Although the reforms have achieved their objectives, a number of problems related to these changes are yet to be addressed. Among them are the declining opportunities for employees' promotions, leading to the problems of employee motivation and retention.

The poor morale and high labor turnover can work against the general performance of these organizations, thus eroding the gains intended by these reform measures. It is imperative therefore, for the state owned enterprises to design strategic responses, to address the problems of motivation and retention as a result of declining opportunities for promotion. This study sought to determine how state owned enterprises were responding to problems emanating from declining opportunities for promotion and how successful the said responses have been.

The population of interest was all the 54 State owned enterprises in Nairobi that have restructured. A closed ended questionnaire was used to collect data. For the purpose of showing the relationships among various responses, quantitative analysis was done using descriptive statistics, consisting of; percentages, arithmetic mean, standard deviations. Further, chi-square test was used to determine the association between the responses to declining opportunities for employee promotions on one hand and motivation and retention on the other hand.

Findings from the study indicate that; ensuring good work conditions; enhancing good work relations; giving annual salary increments and guaranteeing job security are some of the major strategic responses used by state corporations to effectively deal with the declining opportunities for employee promotions

The major conclusions were that, state corporations should embrace more useful responses to declining employee promotion opportunities, such as; paying employees based on performance; improve employee remunerations; enrich and enlarge employee tasks and duties in order to mitigate motivation and employee retention challenges as a result of declining opportunities for employee promotions. Consequently, this will not only minimize the increasing labour turnover, but also improve employee job satisfaction and commitment.

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## ABBREVIATIONS

CEO	Chief Executive Officer
CIPD	Chartered Institute for Personnel and Development
CMI	Chartered Management Institute
G.O.K	Government of Kenya
HR	Human Resources
KCCT	Kenya College of Communication and Technology

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

In the past, promotions measured Career success. Organizations kept ambitious people challenged with a regular career ladder of jobs, all offering increased responsibility and compensation. Not every one could become CEO, but many could make regular progress. As organizations have become flatter and leaner, cutting out layers of management, that approach is no longer available (Baker; 1987).

Today's business environment is characterized by constant changes, meaning that organizations have to adapt quickly to stay in business. Economic, technological, social and political trends have redefined the way organizations operate. One of the areas affected by these changes is the organization capacity to offer promotion opportunities to its workforce. The accelerating technological changes have made processes more efficient resulting in reduction in staffing levels. Market liberalization has exposed monopolies to competition often reducing their market share. Political developments too have affected the way companies operate, in that, geopolitical boundaries now exist more on paper than on reality. Lease restrictions often imposed on organizations that want to expand across borders, have put indigenous and public corporations on their toes (Bett; 2006). These external changes have led to shortcomings of administrative hierarchy organized a long bureaucratic principles. The result is increased movement towards delayering of organizational hierarchies, with few or no intervening levels of management (Lea and William; 1982).

The 1990s brought anew era of managing for cost efficiency. Increased competition and pressure to create shareholders value have resulted in unprecedented pressure for cost reduction. The cost measures involved included among others, increasing managerial efficiency through downsizing to reduce administrative overheads. Downsizing (the process of reducing the size of the firm by laying off or retiring workers early) aims to cut down costs and spur decentralization to speed up decision making and cutting down bureaucracy. This process has especially hit the ranks of middle managers and

administrative staff. This has consequently led to the elimination of large numbers of managers and administrative staff and the emergence of flatter/ leaner organizations with fewer opportunities for promotions (Grant; 2000). The most significant trigger leading to long-term downsizing was the rapid change in technology. Organizations are reading of their least skilled workers and subsequently hiring employees who are better prepared to work with new technology (Bett; 2006). Accordingly, organizations today are making abundant changes internally to cope with a highly turbulent external environment. With frequent reorganizing, downsizing, de-layering, flattening and outsourcing among the many changes that are taking place in organizations, careers and promotion opportunities are being altered profoundly.

### **1.1.1 Promotion**

Organizations in both private and public sector have become preoccupied with how to increase value through their employees. That involves encouraging employees to increase their productivity beyond the minimum acceptable standard, using scarce resources. Managers in different organizations have adopted different methods of achieving the above objective. Among the popular approaches used by many enterprises to retain, motivate and increase productivity from employees are promotions (Kimathi, 2000).

Promotion is an act of identifying and moving an employee to a higher position with increased responsibilities that requires a higher level of knowledge, skills and abilities and for which the employee may receive additional compensation (Baker; 1987). The Public Service Commission Act (cap 185), defines promotion as the conferment upon an officer of an office to which is attached a higher salary or higher salary scale than that attached to the current position he/she is holding.

Promotions are an important aspect of a human resource system because they serve to encourage quality performance; represent an important aspect of internal selection system; mitigate the turnover process and are important outcomes for organization members, influencing effective reactions to the job and organization (Johnston; 1997). Mamoria (2005) observes that promotions have a salutary effect on the satisfaction of the promoted person's needs for esteem, belonging and security. They also provide an

opportunity for self-actualization through more varied and challenging assignments. Individuals differ in their skills and abilities, jobs differ in the demands they place on individuals, and promotions are a way to match individuals to these jobs for which they are best suited. This matching process occurs over time through promotions (Baker; 1987). Kimathi (2000) adds that promotions further serve to retain and motivate high quality employees and deliver a message to poor quality employees either to improve or to go.

There are three common types of promotions: The Career Ladder promotion - where an employee who has occupied a position with full potential for a period of time is upgraded to the higher-grade level after demonstrating the potential to perform the duties effectively. The non- competitive promotion is when an employee in a career ladder position is automatically promoted to the next rung in the ladder without having to submit an application or compete with others for promotion. Competitive promotion is when applicants compete with each other for a position (Bonnie; 1987).

According to Mamoria (2005) promotion becomes a delicate problem not in the matter of selection of the right incumbent for the right job. but in posing a constant challenge to the executives at all levels and impels them to chalk out a well thought out program by which the best and the most capable individuals may find an opportunity to go to the top. Damon and Jasper (2003) observe that promotion policies increase morale, productivity and employment satisfaction, and to decrease turnover by rewarding employees who possess the desire, commitment and qualifications to advance within the organization.

According to Handy (1981), promotion is done with laudable objectives of providing each employee with a satisfactory career and ensuring that the organization makes the optimum use of its managerial resources. However, Handy (1981) asserts that promotion processes are beset by several shortcomings including, the feeling of frustrations in employees who believe that they have not had the opportunities they wanted and merited; divisional managers who may hold on to good workers at the expense of the total organization and of the individual careers; and in spite of centralized systems, it is usually possible for individual managers to promote from within their own departments or their

own range of acquaintances, possibly neglecting better workers and thus devaluing the system.

In general, individuals strive for and desire promotions. And much popular interest has been centered on the process by which individuals move up the organization ladder (Lea and William; 1982). The possibility of advancement often serves as a major incentive for superior performance, and promotions are the most significant way to recognize this, thus great care must be taken to ensure that promotion systems are fair and employees know exactly what they need to do to get ready for the next opportunity (Stoner; 1993). One's chances of receiving a promotion is likely to have a far reaching effects on one's aspiration, job interests and leadership style (Rosenbaum; 1979).

### **1.1.2 Declining promotion opportunities**

Many organizations are committed to enhancing the professional growth and development of its employees. This is well achieved by the provision of career paths and potential growth opportunities for its employees. However, promotion opportunities are rapidly shrinking or disappearing as reorganization lead to flatter structures. According to Dessler (1994), failing to implement a comprehensive promotion policy is one of the factors for limited promotion opportunities. A promotion policy prescribes a framework for promotions and sets out criteria against which employees will be assessed for promotion. It provides ladders giving paths for advancement and indicating vacant positions to be filled either from within or without the establishment. Armstrong (1997) emphasizes that promotion procedures provide employees with the opportunities to advance their careers within the company, in accordance with the opportunities available and their own abilities. An organization that fails to put in place a promotion policy essentially denies employees opportunities for promotion.

Organizations are undertaking changes to adjust their structures, strategies and management systems to an environment of instability and shareholder activism. Some of the changes being undertaken include plant closures to improve capacity utilization and eliminate obsolete technology; divesting and diversifying operations; outsourcing of

components and services; increasing managerial efficiency through de-layering and the application of rigorous financial targets and control to provide incentives for aggressive cost reduction (Baker; 1987). Promotion based reward system is more prevalent in growing organizations because there are more jobs to feed the reward system. But firms that undertake such reforms switch to other forms of reward systems other than promotion based reward (Murphy; 1985).

Murphy (1985) argues that increases in employee compensation can be traced to promotions and not continued service in a particular position. He found out that corporate vice presidents in American organizations receive average pay increases of 18.8 percent upon promotion to another higher position, compared to average pay increase of only 3.3 percent in a year when they remain in the same position. The cost implications accompanying promotions dictate the availability of promotion opportunities. Most organizations fail to promote employees to higher positions due to scarce financial resources.

### **1.1.3 The public service sector in Kenya**

The Kenyan public service encompasses the central government, local authority, the teaching services and parastatals. Under the Central Government are the core Civil Service Commission, the Judiciary, the State law office, the Parliamentary Service Commissions, the disciplinary services and the Armed forces. The parastatals comprises of agencies and enterprises wholly owned by the state and state controlled enterprises where the government has majority shares. Employment in the Public Service currently stands at 657,400. Teachers are about 235,000 and make up the bulk of employment in the public service and account for 36 per cent of the total. The core civil service employs 115,026 officers while the state corporations have 86,878 employees (Standard newspaper; 20/3/2006).

Kenya has 142 State Corporations charged with the responsibility of rendering services to the public on behalf of the Government. Most of state owned corporations have for along time been registering loses hence becoming a big liability on the state, being financed by the treasury for operational costs. In order to turn around these institutions and return

them to profitability, the Government launched comprehensive and integrated public sector reform programs. Various reform initiatives were recommended and implemented with a view to enabling the public sector cope with the turbulent business environment. Among the measures implemented included downsizing, privatization, outsourcing and performance based management. These changes have consequently led to flatter, leaner, more focused organizations with potential capability and capacity to provide efficient management of public resources (G.O.K/Donor consultative meeting). On the contrary, these reforms have led to the reduction of promotion opportunities. The downsizing of the public service has seen the size of state corporations decrease from 159,000 in 1982 to 86,878 in 2006(Bett; 2006). Reduction of promotion opportunities is likely to cause unintended problems such as low motivation and morale and negative perceptions of future prospects in the organizations.

## **1.2 Statement of the problem**

In addition to delivering value to customers and increasing the wealth of shareholders or owners, state owned enterprises must provide satisfying working environment for employees. One of the issues that need to be addressed with regard to provision of such an environment is the organizational structure in terms of the number of positions and salary levels. Having many layers of management and salary levels may result in unnecessary delays in decision-making and action. On the other hand having too few layers and grades may stifle promotion opportunities. This can result in stagnation (Baker; 1987). Yet, one of the keys to retaining and motivating employees is to make promotion opportunities available.

The traditional way of rewarding employees has been through promotions. Budgets are getting tighter and organizations flatter, making it difficult to use this technique (Johnston; 1997), Today's employees are concerned about prospects of personal growth. Indeed, one of the reasons employees give for leaving an organization is lack of personal growth. Promotion opportunities provide powerful motivation to stay with the company (Kimathi; 2000). The way organizations motivate and retain people will increasingly determine whether they succeed or fail, particularly as education levels and expectations continue to rise among workers, making them less willing to accept work that allows

little opportunity for self-advancement and pride in the job.

Kimathi (2000) emphasizes that prospect of promotion act as an incentive given to employees to expend greater effort on the job. Yet, it appears that no study has been done to determine how organizations are handling this problem. Early Researchers and writers (e.g. Herzberg; 1959) suggested job enrichment and lateral movement, but these often seemed like a hollow offering from managers who had already made it. It is against this backdrop that this researcher intends to do an empirical study on how state owned enterprises are dealing with the problem of lack of opportunities for growth.

Related studies in the area of promotions include Kimathi (2000) who conducted a case study of KCCT on employees' attitude towards promotion on merit. The study found out that promotion on merit is an important intervention tool for motivating employees in order to achieve high productivity; Mathenge (2001) who studied the characteristics associated with upward mobility of women in the banking sector in Nairobi. The study established that internal promotions are among a range of incentives banks use to motivate female employees; Mbaabu (2004) who did a survey of parliamentary commission employees' attitude towards promotion on merit. The study established that employees promoted on merit exhibit a higher degree of productivity and motivation. However, these studies did not address how these organizations are dealing with the problem of lack of promotion opportunities, arising from re-structuring, among others. This study therefore intends to fill this gap in knowledge.

A rising from the above statement, the following research questions need to be answered. What responses have state owned enterprises adopted to deal with the declining opportunities for employees promotion? To what extent do the responses used by state owned enterprises influence motivation and retention of staff? The following objectives will try to address the questions above.



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

- i. To establish responses by state owned enterprises to the declining opportunities for employee promotions.
- ii. To determine the extent to which responses used by state owned enterprises influence motivation and retention of staff.

### **1.4 Justification of the study**

This study will shade light on how organizations are responding to challenges posed by lack of employee promotion opportunities

This study will be of relevance to the following:

Human Resource Managers: They will be able to know strategies used to deal with problems of retention and motivation arising from lack of promotion opportunities.

The Management: To refine promotion policies already in existence by highlighting the adequacy or inadequacy of promotion policies.

Researchers: It will form the basis for and stimulate research in order to develop a better understanding of how to deal with the problems of motivation and retention due to lack promotion opportunities.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Promotion opportunities

Garry Dessler (1994) defines promotion opportunities as open positions within the organizations hierarchy that require to be filled whenever possible by qualified candidates, not from outside the organization, but from within the organizations work force. Flippo (1984) sees promotion opportunities as growth opportunities that enable employees to make upward movements up the organization ladder.

When promotion opportunities exist in an organization, then first priority should be given to internal employees, otherwise there will be little motivation for them to do a better job if better and higher - paying jobs are reserved for outsiders. Additional job satisfaction results when employees know that proper efforts may result in more interesting and challenging work, higher pay and better working conditions. Most employees are motivated if they feel that they can move ahead in the organization (Hilgert; 1988).

As organizations undertake reforms that impact negatively on promotion opportunities, it is advisable that they enhance their career planning and performance appraisals programs in order to reduce employee turnover (Koontz; 1993). Career planning is a process of synthesizing and harmonizing the needs of the organization with the innate aspirations of the employees, so that while the latter realizes self-fulfillment. the organizational effectiveness is improved. It includes establishing an organizational system of career movement and growth opportunities from the point of entry of an individual in employment to the point of his/her retirement. The advantage of this process includes improving and maintaining motivation and morale of employees as well as ensuring satisfactory performance of employees by meeting their needs and aspirations of growth (Mamoria; 2005).

Performance appraisal, according to Rao (1996) is a process of evaluating employee performance in order to guide and develop the employee's potential. It is a confidential judgment of work done and a character report used to facilitate promotions. Rue (1993)

says that performance appraisal systems have three principal purposes, namely; to improve employee performance in the present job; to prepare employees for future opportunities that arise in the organizations and to provide a record of employee performances that can be used as a basis for future management decisions.

The performance appraisal can help employees to know their strength and weaknesses and can motivate them to further develop their skills in readiness for any future vacancies within the organization. This system can create a healthy work climate and enhance employee motivation (Rao; 1996). Rao (1996) emphasizes that performance appraisal determines who shall receive merit increases. Counsels employees on their improvements; determines training needs; determines promotability and above all, it facilitates selection, reward and promotion of the best-qualified employees. Cumming (1972) also suggests that performance appraisal enables an organization to maintain an inventory of the number and quality of all managers and to identify and meet their training needs and aspirations; is used determine pay increments and rewards; provides a reliable index for promotions to positions of greater responsibility; and finally aids to plan career development and human resource planning.

## **2.2 Promotion opportunities, employee retention and motivation**

According to Lea and William (1982), waves of mergers and intensely competitive environments have led to the major reorganization of many companies. These restructuring has eliminated many levels in the organizations structure making them leaner and more flexible. Today's organizations have fewer positions in the middle and upper levels for individuals who want to move upward even if they are highly qualified to do so. Organizations have undertaken delayering programs. Accordingly, employees have to adjust their expectations about promotions within their organizations and recognize that they no longer have well defined career paths through promotions (Holbeche; 1998).

Research conducted by the Chartered Institute of Personnel and Development (CIPD), paints a gloomy picture of employee retention and motivation, which means the challenge of retaining and motivating them looks set to be a key HR issue. Lack of

opportunity for internal development or promotional prospects invariably result in an unhappy workforce, higher rates of absenteeism, lower morale and productivity, and ultimately lower customer satisfaction. Organizations, which neglect their employees' development and ignore their career aspirations, are in serious risk of losing their talent pool and jeopardizing their business success. Internal promotions are among a range of incentives used by firms to motivate employees. These incentives are used as a means of balancing the costs of labour with productivity of workers. This balance can be achieved either by matching rewards to productivity through labour market competition or by trying to influence a workers effort through various incentives such as promotions (Damon and Jasper; 2003)

Organizations ought to create an environment of career growth for the employees. Providing promotion opportunities assists in creating an environment, which leads to increased job satisfaction. The organization and employees will benefit immensely when already knowledgeable staffs are provided with opportunities to enhance their skills and abilities. Flippo (1984) agrees that lack of personal growth in areas such as promotion often drives employees to seek employment elsewhere. However, this is very specific to certain employee groups. Employees in their 40s will quit for lack of promotion more so than for other reasons. The same is not true for employees in their early 20 s.

The dual role of promotion is to assign people to jobs that best suits their abilities and to provide incentives. Promotion is a highly sought prize. Climbing the organization ladder has long been a part of employees' dream. Status, satisfaction and financial results accrue to those who are able to rise in an organization. But frustration, stress and even severe depression may occur where personal goals of upward mobility are unmet by an organization, particularly when an employee feels passed over for a deserved promotion (Fairburn and Malcomson; 2001). High turnover which refers to leaving the organization and seeking employment elsewhere is associated with dissatisfaction with advancement opportunities (Lillian and Jacqueline; 2000)

According to Baker (1987) promotions are used as the primary incentive device in most organizations. The empirical importance of promotion based incentives, combined with the virtual absence of pay for performance compensation policies, suggests that providing incentives through promotion opportunities is less costly or more effective than providing incentives through transitory financial bonuses. However, Rose (1975) argues that, incentives generated by promotion opportunities for example, depend on the probability of promotion, which in turn depends on identity and expected horizon of the incumbent superior. Promoting a young employee with long expected horizon in the job, commonly diminishes the incentives of the employees former co-workers, who now expect to wait a long time until their next promotion opportunity.

A positive relationship has been found between organizational motivation and internal promotions (Randell; 1972) indicating that promoted employees are likely to exhibit higher organizational performance. According to Lawler (1973) employees who withdraw from organizations have lower intrinsic motivation than employees who stay. Further evidence indicates that promotions are related to internal motivation and retention (Campbel; 1991)

### **2.3 Dealing with retention and motivation problems arising from limited promotion opportunities**

Lea and William (1982) see organizations as political structures, which provide opportunities to develop careers. Due to this concern of developing careers, promotions and demotions are important events in most peoples work lives. The 2005 'motivation matters' survey of more than 1800 individuals carried out by the chartered management institute (CMI) and Adecco found that lack of career development and promotion prospects is the biggest issue for Britain's managers, with half (48 per cent) of junior and middle managers saying they feel hampered by a lack of promotion opportunities. The survey highlighted the failure of employers to take into account the importance of providing opportunities for growth. While many insisted that salary and benefits are the largest cause of attrition, employees rated promotion opportunities more important than any other factor when it came to what made them decide to change jobs (Johnston; 1997).

To address this problem, Rosenbaum (1979) suggest that, a strategy is needed that ensures each employee's promotional aspirations are considered. The best way to do this cost effectively and smoothly is to utilize technology to enable the creation of a 'live' profile of each employee, which provides details of their individual skills, experience, training, appraisal performance and career aspirations. This profile should commence from the moment an employee joins a company and should include information on the employees' current expertise, past training and long - term career development plans. The profile can then be kept up to date, with details of training courses completed and new skills and competencies acquired. According to Milkovich (1988) employee profiles should be made accessible to all departments within a business, so that when internal vacancies emerge, managers can perform fast searches and instantly gain access to employee profile to asses suitability against a new position. This solution would ensure that employees are not overlooked for internal promotions, their careers are developed and their goals are met within their own company, preventing them from looking elsewhere to achieve job satisfaction and promotions. It will also prevent organizations having to look for external candidates. helping to identify, nurture and retain internal talent.

Flatter and Leaner organizations structure have resulted in significant changes in career prospects. The scope for promotion may be much more limited and development may have to proceed laterally by moving to new roles at broadly the same level, rather than relying on promotions through the extended hierarchy. Lateral movement can however involve growth by offering opportunities to take on extra responsibilities such as working on inter - departmental projects and teams, extending experience and therefore employability (Armstrong; 1997).

Job design is concerned with the relationship between workers and the nature and content of jobs and their tasks functions. It attempts to meet people's personal and social needs at work through restructuring of work. Mullins (1990) argues that the application of motivational theories has led to increasing interest in job design and the resultant effects on job satisfaction and work performance. There are two major reasons for attention to

job design. First, to enhance the personal satisfaction that people derive from their work. Second, to make the best use of people, as a valuable resource of the organization and to help overcome obstacles to their effective performance, such that promoted employees should experience higher levels of intrinsic motivation as compared to non - promoted employees. When the focus is on individual job redesign, there are four main methods used: job rotation; job enlargement; job enrichment and group working. Job rotation is the basic form of individual job design. It involves moving a person from one job or task to another. It attempts to add some variety and help remove boredom.

Job enlargement involves increasing the scope of the job and the range of tasks that the person carries out. Job enlargement is horizontal. It is an extension of the more basic job rotation and job enlargement. Garry Dessler (1994) says that job enrichment and worker empowerment should always go hand-in-hand. Enriching jobs means building challenge and achievement into workers' jobs by changing their job contents. Empowerment means authorizing and enabling workers to do their jobs. Enriching jobs should thus give employees more challenging jobs to do, while empowering them gives them the skills authority and discretion they need to actually perform their duties. Enriching and empowering at work thus means; enrich employee's jobs by changing the content of these jobs i.e. letting employees plan their own supplies for instance; giving employees the training, tools and support they need to enable them to do their new jobs. Carrel (1989) says that promotions serve many purposes and provide benefits to both organizations and employees. Promotion enables an organization to use their employee's abilities to the greatest extent possible. Promotions can encourage excellent performance. Employees generally perform at high levels if they believe that high performance leads to promotion. There is a significant correlation between opportunities for advancement and high levels of job satisfaction. Mintzberg (1979) suggests a different approach, which is flattening your organization not to reduce costs but to expand opportunities. When you flatten structures, you wind up with much broader jobs and bigger opportunities. Flatter structure lets companies become more flexible, because individuals can respond more quickly to changing situation if they don't have tight structural constraints arising out of their job descriptions. It also reduces costs and strengthens a company's experience base

by improving employee retention. It is the breadth of learning, not your runk on career ladder, which provides true security.

The need for flexibility at work, the flatter organization structures and the pace of change have resulted in a move away from the large number of individual's grades. Careers increasingly are vertical and employees work in many different teams, often within matrix structures. Broad banding is one suggested response to these pressures. Broad banding means collapsing numerous grades or salary ranges into few wide bands (Tyson; 1996) The aims of broad banded pay structure are commonly; to achieve more flexibility in pay management; to fit the pay structures to delayered organization and to provide a framework within which people can be rewarded for lateral development (Armstrong; 1997).

Most organizations have policies of promoting their employees into better and promising positions (Hilgert; 1988). Dessler (1997), states that promotion from within is done whenever a unit's requirement and an associate's qualification provide a suitable match. According to Katharine and James (1985), promotions are based primarily on factors such as performance, dependability, initiative and availability. Organizations should hire at entry point level, then train and develop personnel to promote them to higher levels of responsibility. Employment processes should favor applicants who have the potential for promotion. You can't really commit to promotion from within when the people you hire haven't the potential to develop. Hiring people who have promotion potential and values that are synchronous with those of the firm is thus a requisite step in any promotion from within program (Dessler; 1997).

Firms need to provide the education and training resources needed to help people, identifying their promotion potentials. According to Dessler (1994) employees should be taken to seminars, the aim of which should be to help them think about and plan their careers. These educational assistance and development programs help in ensuring that all employees have the opportunity to formulate realistic pictures of their career capabilities, interests and occupational options. And also ensure that all employees have equal



opportunity to make them promotable at their firms. Damon and Jasper (2003) emphasize that firms will find it difficult replacing their existing staff if they invest a lot in their training and development skills.

Hilgert (1988) acknowledges that there are more employees available who are interested in promotion than there are openings. Since promotions should serve as an incentive for employees to perform better, employees should be promoted who have the best records of quality, productivity and skill. Many organizations place significant weight on an employee's seniority or tenure. In many situations however, it is difficult to measure these aspects of employee performance objectively, despite a continuous effort in form of merit rating or performance appraisal. Seniority refers to an employee's length of service and has long been important in many organizations. Senior employees are expected and often receives greater share of organizational rewards than junior employees.

However as a matter of fact, employees with more seniority level may lack the necessary educational or skill levels needed for advancement. Therefore, promotion should be based on seniority combined with merit and ability. Merit refers to the employees past job performance, whereas ability usually implies an employee capability or potential to perform a higher-level job. Promotion decisions are quite critical. The ideal solution of course is to combine both seniority and merit criteria equitably (Katharine and James; 1985).

The sharp reduction in growth in the 1980 s implies that promotion based incentives will be replaced by other forms of rewards. Bonus schemes can in principal, provide incentives for all individuals in the organization, regardless of their inability, position, and promotion opportunities. Bonus based incentives will be more important at higher levels in the organization since the probability of future promotion is lower. The CEO is not promotable and therefore his or her financial incentives must come from bonuses. Promotion based schemes will be used more in large organizations with many hierarchical levels than in smaller organizations with fewer levels (Rosenbaum; 1979). In addition, promotion based reward will be more prevalent in growing industries, while

bonus based systems will be more prevalent in declining industries. Bonuses are rewards to employees for work already done to the employer. Giving bonuses to those who perform best is important to maintain the long-term reputation of the organization for rewarding good performance (Fairburn and Malcomson; 2001).

Profit sharing, in which an individual's compensation is based to the overall performance of the firm, has become increasingly popular. Kraus (1980) reports that 20 percent of the US labor force participate in over 400,000 workplace profit sharing plans and that the number of profit sharing has increased by 19,000 per year since 1970. Milkovich (1988) concludes that gain sharing can play an important role in retaining and motivating people.

## CHAPTER THREE

### RESEARCH METHOD

#### 3.1 Research Design

This was a descriptive survey. It applied statistical procedures to describe and analyze data in order to summarize and organize it in an effective and meaningful way. Cross-sectional data was used to examine relations between various properties and dispositions under investigation. This was analyzed to demonstrate the relations between various variables.

#### 3.2 The Target Population

The target population consisted of all State Corporations in Nairobi that have restructured in the last Ten years. According to Inspectorate of State Corporations, 54 state corporations in Nairobi have restructured at one time or another (Appendix II). Nairobi was chosen for reasons of convenience and economy.

#### 3.3 Sample

The sample of this study consisted of 35 State Corporations (65% of 54) picked by use of a simple random sampling procedure (Appendix III). This sample was deemed quite representative of the population from which it was drawn. Five respondents from the sampled State Corporations were picked. They included Human Resource Managers from all the organizations. Two line managers and two non-managerial staff selected randomly. In total, 175 questionnaires were distributed, out of which 130 were completed and returned.

#### 3.4 Data Collection

The researcher used primary data collected using questionnaires, which had closed ended questions. The questionnaire consisted of three sections, A, B and C. Section A helped to gather the Bio data of the respondents; Section B established Organization's responses to the declining opportunities for employee promotions and section C assisted in determining to what extent the sampled Organizations' responses to declining promotion opportunities, motivate and retain employees. Questionnaires were administered through

“drop and pick later” method.

### **3.5 Data Analysis**

The questionnaires were edited for completeness and consistency and coded to classify responses into meaningful categories to enable the data to be analyzed. Descriptive statistics such as frequency distribution was used in order to examine the pattern of responses to each of the variables under description. Percentages and Graphs were used in order to facilitate comparison. Measures of central tendency such as Arithmetic mean and Standard deviations were used to determine the extent to which variables under investigation affect retention and motivation of employees as a result of declining opportunities for promotion. Chi-Square tests were undertaken to determine the association between employee promotion and motivation and retention with responses to declining opportunities for

## CHAPTER FOUR

### DATA ANALYSIS AND PRESENTATION

#### 4.1 Introduction

This chapter contains summaries of data findings together with their possible interpretations. The chapter is divided into four sections. Section one consists of demographic attributes of the respondents. The second section analyses various responses used by State owned enterprises to deal with declining opportunities for employee promotions. The third and fourth section seeks to determine whether these responses motivate and retain employees. Chi-Square tests were carried out to determine the association between motivation and retentions and responses to declining opportunities for employee promotions.

One hundred and seventy five (175) questionnaires were distributed out of which one hundred and thirty (130) responded by completing and returning the questionnaires. This gave a response rate of 76% and non-response rate of 24%.

#### 4.2 Demographic attributes of the Respondents

According to the findings 63.1% (14.6+48.5), of the respondents were aged between 21-40 years, giving us an indication that most of the respondents are under the category of young employees. While 36.9% are above 41 years of age as seen in table 1 below.

**Table1: Age Distribution of the respondents**

Age distribution	Frequency	percent	Cumulative
21-30 years	19	14.6	14.6
31-40 years	63	48.5	63.1
41-50 years	42	32.3	95.4
Above 50 years	6	4.6	100.0
Total	130	100.0	

Table 2 shows that 66.7% of the respondents were Male while 33.3% were Female. This indicates that the respondents were dominated by male employees. This study was not able to establish the reasons for this gender disparity. But perhaps this could be attributed to the fact that male employees dominate this industry.

**Table 2: Gender Distribution of the Respondents**

Level of Distribution	Frequency	Percent	Cumulative percent
Male	84	66.7	66.6
Female	42	33.3	100.0
Total	126	100.0	
Missing system	4		
Total	130		

As shown in table 3, majority of the respondents 77.7% had attained University education, 19.2% had acquired college education, while 3.1% had completed ordinary secondary level education. The increase in education levels imply increased expectations in terms of career progression among employees.

**Table 3: Level of education**

Level of Education	Frequency	Percent	Cumulative percent
Secondary	4	3.1	3.1
College	25	19.2	22.3
University	101	77.7	100.0
Total	130	100.0	

Table 4 shows that 38.5% of the respondents have been in service for a period between 9-12 years while 24.6% have worked for 16 years and above. This indicates that majority of the respondents have served their organization long enough to understand responses used to deal with declining opportunities for employee promotion and the influence of these responses in their motivation and retention

**Table 4: Length of service in years**

Length of service	Frequency	Percent	Cumulative percent
Below 3 years	16	12.3	12.3
4-8 years	18	13.8	26.2
9-12 years	50	38.5	64.66
13-15 years	14	10.8	75.4
Above 16 years	32	24.6	100.0
Total	130	100.0	

As shown in Table 5, 43.1% of the respondents had been on their current job grades for a period of 8-10 years; 29.2% 10 years and above and 13.1% below one year. This shows that it takes long duration to move from one grade to another, an indication of declining opportunities for promotions.

**Table 5: Number of years on the current grade**

Years on current grade	Frequency	Percent	Cumulative percent
1 below 1 year	17	13.1	13.1
1-4 years	9	6.9	20
5-7 years	10	7.7	27.7
8-10 years	56	43.1	70.8
Above 10 years	38	29.2	100.0
total	130	100.0	

Table 6 shows that majority of employees, 39.2% had received one promotion so far; 23.8% had not received any promotion at all; while 17.7% had been promoted twice; 11.5% three times and only 7.8% had been promoted four and more times. This is an indication that opportunities for employee promotions have become stifled leading to stagnations.

**Table 6: Number of times staff are promoted**

Number of times promoted	Frequency	Percent	Cumulative percent
None	31	23.8	23.8
Once	51	39.2	63
Twice	23	17.7	80.7
Thrice	15	11.5	92.2
Four or more	10	7.8	100.0
Total	130	100.0	

#### **4.3 The extent to which state owned enterprises use the responses presented in Table 7 to deal with the problem of declining opportunities for employee promotions**

This section presents the research findings on how Kenyan state owned enterprises respond to the declining opportunities of employee promotions. This was measured in a four point Likert scale, presented in the questionnaires as follows:

Scale Point	Value (Score)
To a very great extent	4
To a great extent	3
To a less extent	2
To no extent	1

Each respondent was assigned a score based on the value attached to the rating on the scale he/ she chose. For purpose of data analysis, the points on the measurement scale for “Not at all” and “To a less extent” were collapsed into a single point labeled “To a small extent”. The scale point “To a great extent” and “To a very great extent” was combined into one scale “To a very great extent”.

Mean scores 1—2.49 imply “to a small extent” while 2.50—3.99 imply “to a very great extent”.



**Table7: Response strategies used by State owned enterprises to deal with declining opportunities for employee promotion**

<b>RESPONSES</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>1. Making work interesting</b>	1.65	.62
<b>2. Assign challenging responsibilities</b>	2.2	.76
<b>3. Offering better salaries.</b>	1.98	.94
<b>4. Providing good working conditions.</b>	3.53	1.2
<b>5. Paying based on performance</b>	1.36	.87
<b>6. Providing robust allowances.</b>	1.62	.87
<b>7. Ensuring frequent job rotations.</b>	1.78	.78
<b>8. Offering training opportunities</b>	2.23	.69
<b>9.Allow employees negotiate their salaries.</b>	1.13	.56
<b>10. Enhancing good working relationships.</b>	2.59	.65
<b>11.Assign specialized tasks to employees</b>	1.97	.73
<b>12. Recognizing individual contributions.</b>	1.79	.75
<b>13. Grant employees more authority.</b>	2.07	.87
<b>14. Introduce difficult tasks</b>	1.75	.73
<b>15. Giving bonuses to employees.</b>	1.61	1.04
<b>16. Giving annual salary increments.</b>	3.12	1.07
<b>17. Design socially appealing job titles</b>	1.89	.96
<b>18. Paying employees for any overtime worked.</b>	2.32	1.17
<b>19.Carrying out frequent job transfers</b>	2.05	.75
<b>20. Guaranteeing job security</b>	2.54	1.01

Making work interesting is used to a less extent ( $\bar{x} = 1.65$ ) by state owned enterprises in dealing with the problem of declining opportunities for employee promotion. The low standard deviation (.62) indicates that the responses were in close agreement. Employees are given challenging responsibilities to a small extent ( $\bar{x}= 2.2$ ). The low standard

deviation of (.76) indicates that the responses were in close agreement. Introducing new and more difficult tasks not previously handled is used to a small extent ( $\bar{x}=1.75$ ) as a response to declining opportunities for employee promotions. The low standard deviations (.73) indicate that the responses were in close agreement. Offering employees more training opportunities is used to a small extent ( $\bar{x}=2.23$ ) to respond to declining opportunities for employee promotions. The standard deviation was relatively low (.69) indicating that responses were in close agreement.

Performance based pay is used to a small extent ( $\bar{x}=1.36$ ). The low standard deviation of (.87) indicates that the responses were in close agreement. State owned enterprises guarantee job security to employees to very a great extent ( $\bar{x} =2.54$ ). The low standard deviation (1.01) indicates that the responses were in close agreement. However, to a small extent ( $\bar{x}=2.07$ ) State owned enterprises grant additional authorities to employees in their relevant activities. The standard deviation (.87) was low implying that the responses were in close agreement. Enhancing good working relations to a great extent ( $\bar{x}=2.59$ ) is used by State owned enterprises to respond to declining promotion opportunities. The low standard deviation (.65) indicates that responses were in close agreement.

Annual salary increments as a response to declining opportunities to employee promotions is used to a very great extent ( $\bar{x}=3.12$ ). The standard deviation was relatively low (1.07) indicating that the responses were in close agreement. While frequent job rotation is used to a small extent ( $\bar{x}=1.78$ ). The standard deviation was relatively low (.78) implying that the opinions of the respondents were in close agreement. Giving employees bonuses is used to a small extent ( $\bar{x}=1.61$ ). The low standard deviation (1.04) implies that the responses were in close agreement. Recognizing employees contributions to the organization is used to a small extent ( $\bar{x}=1.79$ ) by state owned enterprises. The low standard deviation of (.75) indicates that the responses were in close agreement.

The study also found out that Providing good working conditions to employees is used to

a very great extent ( $\bar{x}=3.53$ ) by state owned enterprises, to respond to declining opportunities for employee promotion. The low standard deviation (1.2) indicates that responses were close agreement. Other responses such as; Offering better salaries ( $\bar{x}=1.98$ ); paying employees for any overtime worked ( $\bar{x}=2.32$ ) and carrying out frequent job transfers ( $\bar{x}=2.05$ ), are used to a small extent to deal with the problem of declining opportunities for employee promotions. Their low standard deviations of (.94) (1.17) and (.75) respectively, indicate that these responses were in close agreement.

#### **4.4 The extent to which State owned enterprises responses to declining promotion opportunities motivate and retain employees**

This section presents findings on the extent to which responses to declining promotion opportunities motivate and retain employees in the state owned enterprises. Each respondent was assigned a score based on the value attached to the rating on the scale he/she chose. For the purpose of data analysis, the points on the measurement scale for “Not at all” and “To a less extent” were collapsed into a single point labeled “To a small extent”. The scale point “To a great extent” and “To a very great extent” was combined into one scale “To a very great extent”.

Mean scores 1—2.49 imply “to a small extent” while 2.50—3.99 imply “to a very great extent”.

**Table 8: The extent to which responses to declining opportunities for employee promotion motivate and retain employees**

<b>RESPONSES</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>21. Frequent job rotations.</b>	2.39	1.03
<b>22. Paying based on Performance.</b>	2.45	1.26
<b>23 Ensuring good working relationships</b>	2.9	.9
<b>24. Making work interesting.</b>	2.7	1.08
<b>25. Providing robust allowances.</b>	2.38	1.07
<b>26. Offering better salaries.</b>	2.66	1.09
<b>27 Providing training opportunities</b>	3.03	.96
<b>28. Giving challenging responsibilities.</b>	2.72	.94
<b>29. Assigning employees' specialized tasks enabling them become experts.</b>	2.7	1.05
<b>30. Recognising employee contributions</b>	2.79	1.10
<b>31. Granting additional authorities to an employee in his/her activity.</b>	2.58	.98
<b>32. Giving employees new and more difficult tasks not previously handled.</b>	2.53	.82
<b>33. Giving bonuses to employees.</b>	2.4	1.15
<b>34. Designating socially appealing job titles to employees.</b>	2.18	.89
<b>35. Paying for overtime worked</b>	2.54	1.05
<b>36. Frequent job transfers</b>	2.08	.85
<b>37. Guaranteeing job security.</b>	2.82	.96
<b>38. Allowing employees to negotiate their salaries individually.</b>	2.05	1.05

Most of the respondents felt that Frequent job rotation can motivate and retain them to a small extent ( $\bar{x}=2.39$ ). The standard deviation was relatively low (1.03) indicating that the responses were in close agreement. Performance based pay motivate and retain employees to a small extent ( $\bar{x}=2.45$ ), but only if used to mitigate the effects of declining opportunities for employee promotion. The standard deviation was relatively low (1.26) indicating that the responses were in close agreement. Enhancing good working relationships between employees to a very great extent ( $\bar{x}=2.9$ ) motivates and retains employees. The low standard deviation of (.9) indicates that the responses were in close agreement. To a very great extent ( $\bar{x}=2.7$ ) making work interesting is quite motivating and can retain employees. The standard deviation was relatively low (1.08) indicating that the responses were in close agreement.

Paying better salaries motivates and retains employees to a very great extent ( $\bar{x}=2.66$ ), irrespective of declining opportunities for promotions. The low standard deviation (1.09) implies that responses were in close agreement. Providing more training opportunities as a response to declining opportunities for employee promotion motivates and leads to employee retention to very great extent ( $\bar{x}=3.03$ ). The low standard deviation (.96) implies the respondents were in close agreement.

Giving employees challenging responsibilities to a very great extent ( $\bar{x}=2.72$ ) is useful in motivating and retaining employees. The low standard deviation (.94) indicates that the responses were in close agreement. To a very great extent ( $\bar{x}=2.7$ ), assigning employees specialized tasks enabling them become experts to a very great extent motivates and retains them. The low standard deviation (1.05) indicates that responses were in close agreement. Recognizing individuals contribution motivates and retains employees to a very large extent ( $\bar{x}=2.79$ ). The standard deviation was relatively low (1.10) indicating that the responses were in close agreement.

Granting additional authorities to an employee in his/her activity to a very great extent ( $\bar{x}=2.58$ ) motivates and retains employees irrespective of declining opportunities for employee promotions. The low standard deviation (.98) indicates that the responses were

in close agreement. Giving employees new and more difficult tasks not previously handled motivates and retains employees to a very great extent ( $\bar{x}=2.53$ ). The low standard deviation (.82) indicates that the responses were in close agreement. To a very great extent ( $\bar{x}=2.82$ ) guaranteeing job security to employees motivates and retains them. The standard deviation was relatively low (.96) indicating that the responses were in close agreement. When asked whether paying employees for any overtime worked could motivate and retain them, majority felt that indeed this would to a very great extent ( $\bar{x}=2.54$ ) motivate and retain them, regardless of the declining opportunities for employee promotion. In fact the low standard deviation of (1.05) is a clear indication that responses were in close agreement.

Other responses such as; providing robust allowances ( $\bar{x}=2.38$ ); giving bonuses to employees ( $\bar{x}=2.4$ ); designating socially appealing job titles to employees ( $\bar{x}=2.18$ ); frequent job transfers ( $\bar{x}=2.08$ ) and allowing employees to negotiate their salaries individually ( $\bar{x}=2.05$ ) retain and motivate employees to a small extent. The standard deviations were relatively low, ranging from 0.85 to 1.15 indicating that the responses were in close agreement.

#### **4.5 The chi-square tests of significance.**

The responses to declining opportunities for employee promotion and the influence they have on employee motivation and retention were tested using the chi-square statistics. The results presented in table 9 show significant results at  $P \leq 0.05$  for the association between employee motivation and retention and:

- Frequent job rotations
- Using pay based on performance
- Ensuring good work relations
- Offering better salaries
- Providing training opportunities
- Giving employees more challenging tasks

- Recognizing employee contributions to the organization
- Empowering employees in their various activities
- Giving employees more difficult jobs not handled previously
- Guaranteeing job security

The significant results  $P>0.05$  show no association between employee motivation and retention and:

- Making work interesting
- Giving bonuses to employees
- Paying employees for any overtime worked
- Frequent job rotations
- Allowing employees to negotiate their salaries individually
- Designating socially appealing job titles
- Assigning specialized tasks to employees
- Giving robust allowances

**Table9: Results of Chi-Square Tests showing the extent at which responses to declining opportunities for promotion motivate and retain employees**

<b>Response</b>	<b>X<sup>2</sup> Value</b>	<b>Df</b>	<b>Asymp. Sig.</b>
<b>1) Frequent job rotation</b>	33.346	3	.000
<b>2) Making work interesting</b>	7.430	3	.059
<b>3) Paying based on performance</b>	22.764	3	.000
<b>4) Ensuring good work relationships</b>	25.911	3	.000
<b>5) Providing robust allowances</b>	3.066	3	.382
<b>6) Offering better salaries</b>	13.410	3	.004
<b>7) Providing training opportunities</b>	35.153	3	.000
<b>8) Giving challenging tasks</b>	19.047	3	.000
<b>9) Assigning specialized tasks</b>	5.945	3	.114
<b>10) Recognizing contributions</b>	16.792	3	.000
<b>11) Granting authorities to employees</b>	11.992	3	.007
<b>12) Giving employees more difficult tasks not handled before</b>	49.976	3	.000
<b>13) Giving bonuses to employee</b>	2.606	3	.456
<b>14) Designating socially appealing job titles</b>	2.181	3	.304
<b>15) Paying employees for overtime worked</b>	3.992	3	.262
<b>16) Frequent job rotation</b>	3.102	3	.276
<b>17) Guaranteeing job security to employees</b>	17.688	3	.001
<b>18) Allowing employees to negotiate their salaries individually</b>	2.168	3	.306



## CHAPTER FIVE

### DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The research findings in table 6 and 5 evidently confirm the fact that opportunities for employee promotions in state owned enterprise are declining quite significantly. This is awake up call to these organizations to come up with strategic plans to be able to mitigate the effects motivation and retention problems due to declining opportunities for employee promotions.

#### 5.2 Discussions

This research had two major objectives; first to determine how State owned enterprises are dealing with problems of motivation and retention, as a result of the declining opportunities for employee promotion; second, to determine the extent to which these responses motivate and retain employees. To achieve these objectives, the researcher used arithmetic mean and standard deviations to establish the extent to which organizations use responses under investigation and to determine the extent to which these responses motivate and retain employees. Chi-square tests were conducted to show the association between employee motivation and retention and the responses to declining opportunities for employee promotions.

The study was able to establish that state owned enterprises respond to declining opportunities for promotion by providing good working conditions. Mullins (1990) says that, providing good working conditions satisfies employees and encourages them to be committed to the organization and discharge their duties more efficiently and effectively. In fact, employees confirmed that this of great motivation and retention. The chi-square results showed significant association between motivation and retention of employees and good working conditions. Besides giving annual salary increments, the study found out that state owned enterprises guarantee job security to its employees. Most of the employees concurred that job security motivates and retains them to a very great extent. State owned enterprises promote good work relations between employees and managers

and between employees themselves. Work relations enhance motivation and retention among employees. The chi-square results indicated clearly the existence of an association between motivation and retention of employees and good working relations

In determining the extent to which responses used motivate and retain employees, the study found out that all other responses were motivating and retaining to a very great extent, except; frequent job rotations; paying based on performance; giving bonuses to employees; frequent job transfers and allowing employees to negotiate their own salaries individually, which motivate and retain to a small extent and are therefore not so much useful in dealing with the problem of declining opportunities for promotions.

Chi-square-tests are useful in determining the relationship between various variables under investigation. It was necessary to identify the association between motivation and retention of employees to declining opportunities for promotion. The results showed that most of the responses were significantly associated with employee motivation and retention. However, there was no significant association between motivation and retention with making work interesting; providing robust allowances to employees; giving employees' bonuses; frequent job rotation; paying employees for overtime worked and designating socially appealing job titles. They are therefore not useful responses in dealing with problems of motivation and retention related to the declining promotion opportunities.

### **5.3 Conclusions**

Challenges of motivating and retention of employees facing state owned enterprises as a result of declining promotion opportunities are quite enormous. In order to overcome these problems, state owned enterprises should enlarge and enrich jobs by assigning employees specialized tasks enabling them become experts; give employees new and more difficult tasks not previously handled and grant them additional authorities in their various activities. And more significantly, state owned enterprises should create an environment that stimulates employee growth; give employees meaningful and challenging work and make them know that they are appreciated for what they do and

what they are.

#### **5.4 Recommendations**

This research focused on determining responses used by state owned enterprises to respond to declining opportunities for promotion and the extent to which the responses motivate and retain employees. The researcher deliberately narrowed down on state owned enterprises, overlooking the civil service. Civil servants are facing myriad problems of motivation and retention as a result of declining opportunities. I recommend future researchers to undertake a study on how the civil service is dealing with problem of motivation and retention related to declining opportunities for promotions.

State owned enterprises should instill a philosophy amongst its employees not to focus very much on moving up the chain of their career ladder, but to appreciate that any position offered is an opportunity to prepare them for future success. Lateral moves within their career ranks should be encouraged rather than vertical moves. Salaries should be harmonized and priority of filling existing vacancies for senior positions should be given to people from within rather than outsiders. This will help in resolving problems of motivation and retention as a result of declining promotion opportunities to a very great extent.

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## Appendix I

THIS QUESTIONNAIRE SEEKS TO COLLECT INFORMATION ON RESPONSE BY STATE CORPORATIONS TO DECLINING OPPORTUNITIES FOR PROMOTION. PLEASE PROVIDE THE FOLLOWING INFORMATION FRANKLY AND HONESTLY. ALL INFORMATION RECEIVED WILL BE TREATED CONFIDENTIALLY AND USED FOR ACADEMIC PURPOSES ONLY.

### Section A: Bio data

What is your name (optional).....

What is your designation? -----

Please indicate your Gender [ ] Male [ ] Female

Please Tick the age bracket in which you fall.

Below 20 years [ ]

21---30 years [ ]

31---40 years [ ]

41-50 years [ ]

Above 50 years [ ]

Please indicate your level of education.

Primary [ ]

Secondary [ ]

College [ ]

University [ ]

Others (Specify) -----

For how many years have you worked for your current organization?

Below 3 years [ ]

4---8 years [ ]

9---12 years [ ]

13---15 years [ ]

Above 16 years [ ]

For how many years have you been on your current grade?



- Below 1 year [     ]
- 2-----4 years [     ]
- 5-----7 years [     ]
- 8-----10 years [     ]
- Above 10 years [     ]

Specify number of previous organizations you worked for before joining your current Organization.

- [     ] None [     ] One [     ] Two [     ] Thrice [     ] Four or more

How many times have you been promoted since you joined your current employment.

- [     ] None [     ] Once [     ] Twice [     ] Thrice [     ] Four or more

**SECTION B: TO WHAT EXTENT DOES YOUR ORGANIZATION USE THE FOLLOWING TO RESPOND TO THE DECLINING OPPORTUNITIES FOR EMPLOYEE PROMOTIONS? PLEASE TICK THE MOST APPROPRIATE OPTION USING THE PROVIDED SCALE.**

- 1. Not at all
- 2. To a less extent
- 3. To a great extent
- 4. To a very great extent

Statement	4	3	2	1
1. Making work interesting				
2. Giving employees challenging responsibilities.				
3. Offering better salaries.				
4. Providing good working conditions.				
5. Paying employees based on their job performance.				
6. Providing robust allowances.				
7. Ensuring frequent job rotations.				
8. Offering employees more training opportunities.				
9. Allowing employees to negotiate their salaries individually.				

10. Enhancing good working relationships.				
11. Assigning employees' specialized tasks enabling them become experts.				
12. Recognizing individual contributions.				
13. Granting additional authorities to an employee in his/her activity.				
14. Introducing new and more difficult tasks not previously handled.				
15. Giving bonuses to employees.				
16. Giving annual salary increments.				
17. Designating socially appealing job titles to employees.				
18. Paying employees for any overtime worked.				
19. Carrying out frequent job transfers				
20. Guaranteeing job security				

**SECTION C: TO WHAT EXTENT DO THE FOLLOWING ORGANIZATION RESPONSES TO DECLINING PROMOTION OPPORTUNITIES MOTIVATE AND RETAIN EMPLOYEES. PLEASE TICK THE MOST APPROPRIATE OPTION USING THE PROVIDED SCALE**

1. Not at all
2. To a less extent
3. To a great extent
4. To a very great extent

Statement	4	3	2	1
21. Frequent job rotations.				
22. Paying based on Performance.				
23. Ensuring good working relationships.				
24. Making work interesting.				
25. Providing robust allowances.				
26. Offering better salaries.				
27. Providing more training opportunities.				
28. Giving challenging responsibilities.				
29. Assigning employees' specialized tasks enabling them become experts.				
30. Recognizing individual contributions.				

31. Granting additional authorities to an employee in his/her activity.				
32. Giving employees new and more difficult tasks not previously handled.				
33. Giving bonuses to employees.				
34. Designating socially appealing job titles to employees.				
35. Paying employees for overtime worked.				
36. Frequent job transfers				
37. Guaranteeing job security to employees.				
38. Allowing employees to negotiate their salaries individually.				
Any other please specify 39.				

**Thank you for taking time to complete this questionnaire.**

## **Appendix II: LIST OF RESTRUCTURED STATE CORPORATIONS IN NAIROBI**

1. Kenya Bureau of Standards
2. Kenya Wine Agencies Limited
3. East African Portland Cement Company
4. Kenya Tourist Board
5. Kenya Tourist Development Corporation
6. Kenya Broadcasting Corporation
7. Kenya Wildlife Services
8. Kenya Forestry Research Institute
9. National Environmental Authority
10. National Water Conservation and Pipeline Corporation
11. Kenya Sugar Board
12. Agricultural Finance Corporation
13. National Cereals and Produce Food
14. Kenya Agricultural Research Institute
15. Kenya Dairy Board
16. Kenya Plant Health Inspectorate Services
17. Pest Control Products Board
18. Agricultural Development Corporation
19. Kenya Tea Development Authority
20. Coffee Board of Kenya
21. Jomo Kenyatta Foundation
22. Kenya Literature Bureau
23. Higher Education Loans Board
24. University of Nairobi
25. Kenyatta University
26. Kenya National Library Services
27. Sports Stadia Management Board
28. National Hospital Insurance Fund
29. Kenya Medical Training College
30. Kenyatta National Hospital
31. Kenya Medical Research Institute
32. Kenya Medical Supplies Agency
33. Teachers Service Commission
34. Kenya Railway Corporation
35. Kenya Airports Authority
36. Telkom (K) Limited
37. Communication Commission of Kenya
38. Postal Corporation of Kenya
39. Safaricom Kenya Ltd
40. Kenya College of Communication
41. Kenya Post Office Saving Bank
42. Capital Markets Authority
43. Consolidated Bank of Kenya

44. National Bank of Kenya Ltd
45. Kenya Re-insurance Corporation
46. Kenya Revenue Authority
47. Retirement Benefits Authority
48. The National Housing Corporation
49. Kenya Roads Board
50. Kenya Electricity Generating Company
51. Kenya Pipeline Company Ltd
52. Kenya Power and Lighting
53. National Oil Corporation
54. Kenya Institute of Policy Research

**Source: Republic of Kenya (2005). Civil Service and State Corporations Reform Program Report. Government Printers, Nairobi.**

### Appendix III: SAMPLED STATE CORPORATIONS

1. Kenya Bureau of Standards
2. Kenya Wines Agencies Limited
3. Kenya Tourist Board
4. Kenya Broadcasting Corporation
5. Kenya Wildlife Services
6. National Water Conservation & Pipeline Corporation
7. Agricultural Finance Corporation
8. National Cereals and Produce Board
9. Kenya Agricultural Research Institute
10. Kenya Plant Health Inspectorate Services
11. Jomo Kenyatta Foundation
12. National Hospital Insurance Fund
13. Kenyatta National Hospital
14. Kenya Medical Research Institute
15. Kenya Railways Corporation
16. Telkom (K) Ltd
17. Postal Corporation of Kenya
18. Kenya Post Office Saving Bank
19. Kenya Re-Insurance Corporations
20. Kenya Revenue Authority
21. Retirement Benefit Authority
22. The National Housing Corporation
23. Kenya Electricity Generating Company
24. Kenya Pipeline Company Ltd
25. Kenya Power and Lighting
26. National Oil Corporation
27. Kenya Tea Development Authority
28. Kenya Airport Authority.
29. Kenya Dairy Board
30. Kenya Sugar Board
31. University of Nairobi
32. National Environmental Board.
33. Kenya Forestry Research Institute.
34. Kenya Tourist Development Corporation.
35. Capital Market Authorities.