THE PERCEIVED EFFECTS OF COACHING ON EMPLOYEE PERFORMANCE AT THE CO-OPERATIVE BANK OF KENYA

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DECLARATION

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

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This project has been submitted with my approval as the university supervisor.

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DEDICATION

To Henry my husband, thanks a lot for the support and encouragement you provided during my study. To my children, Jeremy and Ivy, your lovely smiles and love gave me the encouragement I needed.
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ABSTRACT

The classroom can deliver the knowledge and theory, but the learning takes place through supported problem solving, action planning, application and review that are inherent in coaching. The coach provides the guided conversation, support and challenge needed to enable the coachee to find solutions, change and improve in an individualistic way that works for them. Coaching can have a positive impact on the performance and development of employees and can impart significant competitive advantage to an organization as a whole. This study sought to establish the perceived effect of the coaching on the employee performance at Cooperative Bank of Kenya. The study indeed found out that the employee performance at the bank as measured through the quarterly performance reviews has improved since coaching was commenced. Indeed this is reflected in the overall bank performance as measured by the key performance indicators, has improved over the last four years. The research was conducted during a period of intense organizational change at the Cooperative bank and provides a unique perspective on the value of encouraging coaching behavior by managers to stimulate sustainable organizational performance and improvement. The research provides an insight as to whether managers at the Co-operative bank of Kenya value the effectiveness of a coaching style and what they consider to be the benefits to such a management approach. The study used both primary and secondary data. Primary data was collected from line managers and employees who report to the line managers by way of a questionnaire. This was the most appropriate method of collecting data as it involved the key people involved in coaching and managing employee performance. The study provided an understanding to managers and coaches and supports the view that managers and coaches are receptive to the benefits of a coaching style of management which has the potential to transform workplace dynamics and productivity. Coaching requires a behavioral approach which is relevant to all managers who should recognize this as an integral activity to managing their employees. The effectiveness of coaching is evaluated by the positive changes in behavior in its participants. The implementation of coaching has not been smooth. It has faced challenges thus making it difficult for all the staff to embrace coaching practice. Some of the challenges include inadequate coaching skills, increased workload among the employees and employees not fully embracing coaching. However, the bank has made efforts to mitigate these challenges. The researcher recommends further studies to be done to find out how coaching can be used to enhance employee motivation and career growth. Further studies also need to be done to establish the best coaching practices, how to measure coaching outcomes. The study exposed a gap in evaluating the coaching program.
CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Traditional forms of learning for instance formal educational courses and instructor-led training are still the most popular and widely used methods of training and development. This is despite the evidence that employees prefer active on-the-job methods of learning and highlights something of a mismatch between organizational practice and employee preference (CIPD 2005) The Chartered Institute of Personnel and Development (CIPD) 2005 annual survey report indicates that expected changes in training and development methods points to a growth in e-learning and coaching by line managers and more on-the-job methods are also predicted to increase in use. Management development can, however, encompass a very wide range of activities, and techniques such as coaching and mentoring are increasingly being recognized as more effective in management development (Robinson, 2006).

Coaching is about developing and enhancing the performance of the individual which has a direct impact on their performance. The value of coaching is that it is a way of learning that is highly flexible and individualized. Coaching is becoming an increasingly popular in learning and development. The main reasons organizations use coaching are to improve individual performance, deal with under-performance and improve productivity (CIPD, 2005). Coaching may be delivered by a wide range of individuals including external providers and line managers, and it is important that coaches are selected in line with organizational requirements and the needs of individuals. It is therefore important that coaches have appropriate skills and are
trained for the coaching role. Despite the widespread popularity and growth in coaching, there are issues about the management and delivery of coaching in an organization setting. Few organizations have a policy, with the result that coaching can be an ad hoc activity with a concentration on senior management (Marchington and Wilkinson, 2005).

Recent challenges such as globalization, a knowledge-based economy, and technological evolution, have encouraged many organizations to seek new ways to maintain competitive advantage. In response, the prevailing sense is that the success depends in large part on the people with higher levels of individual competence. People are becoming valuable assets and can be recognized within a framework of human capital. The research therefore will be guided by the Human Capital Theory which is an influential economic theory of education and a key determinant of economic performance. Individuals are viewed as human capital together with other economic representations such as technological change, research, innovation,

1.1.1. The Concept of Perception

The process of perception is a key factor in individual behaviour. (Buchanan and Huczynski, 2004) define perception as the dynamic psychological process responsible for attending to, organising and interpreting sensory data. Essentially perception relates to the way in which we make sense of our environment and interpret and respond to events and people in the environment around us. We are constantly subjected to a wide range of sensory data which requires sifting, sorting and interpreting and our perceptual process enables us to focus on certain stimuli that are significant to us and to ignore others (Robinson, 2006). It is thus our
personal perception of our social and physical environment that shapes and directs our behaviour rather than some objective understanding of external reality.

Gikuya (2014) argues that employees are constantly going to assign meaning to the human resource policies that govern their daily working lives and individual attitudes in turn, tend to accumulate into unit-wide perceptions. To achieve desired organizational outcomes, it is important to have not only the right human resource practices but the right employee perceptions to those practices.

1.1.2. The Concept of Coaching

Grant (2001) defines Coaching as a collaborative, solution-focused, result-orientated systematic process, used with normal, non-clinical populations, in which the coach facilitates the enhancement of the coachee’s life experience and performance in various domains and fosters self-directed learning, personal growth and goal attainment of the coachee. Coaching is a regular series of training or development sessions where an experienced employee with considerable expertise guides a trainee. Since coaching takes place on a one-to-one basis, it provides a more intense training and learning experience customized to the specific needs of the individual. It is a more formal and regulated method of passing on expertise through on-the-job training and hence coaches have to be specially selected and trained to train so as to pass on their skills and knowledge effectively. The main reasons organizations use coaching are to improve individual performance, deal with under-performance and improve productivity. The key features of coaching as highlighted by Robinson (2006) are: coaching is a relatively short-term activity, it is time bound, it focuses on improving performance and developing individual skills,
coaching works on the premise that employees are self-aware and do not need clinical intervention among others. Coaching is a widespread tool but there is a lack of established standards, professional bodies and qualification frameworks.

As it applies to the workplace, however, coaching is a much more recent development. There has been individualized training in the form of apprenticeships for hundreds of years, but the earliest form of such coaching as we know it today was called “developmental counseling” (Flory, 1965). Kampa-Kokesch and Anderson (2001) report that from 1940 to 1979, coaching tended to be performed by organization consultants. During this initial period, coaches were primarily psychologists and organization development (OD) professionals who were focused on OD issues. There was often an informal aspect to it.

From 1980 to 1994, the field of coaching experienced rapid growth, quickly expanding into many new areas of service (life coaching, outplacement, career coaching, etc.). According to Hudson (1999), the field was accelerated by complexities associated with increased downsizing, mergers, acquisitions, and outplacement. The leader’s role evolved to deal with rising levels of ambiguity and pressures to perform in an increasingly global context. Top managers were asked to be both strategic decision makers and masters of the “soft” skills required to effectively manage people (Sherman & Freas, 2004). From 1995 to the present, the amount of executive and workforce coaching has continued to grow. There has been an increase in the number of publications devoted to coaching, in organizations that offer training to coaches, in the establishment of coaching organizations, and in the focus placed on coaching research by academia.
1.1.3. Employee Performance

Armstrong and Baron (1998) define performance management system as a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. Effective performance management systems provide employees with direction and support in carrying out their responsibilities and have a positive impact on worker satisfaction and other employee outcomes. The results are increased innovation, higher level of customer service and lower turnover of employees (Obwaya, 2010). Poor performance is addressed through the development of goals with the employee and periodic feedback on how to achieve the goals. Gaps in knowledge and skills are addressed through training programs.

Abdi (2008) states that employee performance management system seeks to create a new performance culture which places greater emphasis on the importance of motivation, development and optimal utilization of human resources towards the achievement of a client-focused and results-oriented policy framework. Employee performance management helps individuals and teams achieve their specific objectives in order to succeed in organizational roles, develop their skills.

Training encourages good performance, strengthens job-related skills and competencies and helps employees to keep up with change in the work place. Evaluating employees' development needs has increased the capacity of employees to perform through multiple intervention processes that include training, coaching, mentoring, counselling, guiding, giving assignments that introduce new skills or higher levels of responsibility and improving work processes (Obwaya, 2010).
1.1.4. The Co-operative Bank of Kenya Ltd

The Co-operative Bank of Kenya (Co-op Bank) is one of Kenya’s fastest growing banks. It is currently one of the five largest financial institutions in the country. The bank has been in business for over four decades. After recovering from substantial losses in 2000, Co-op Bank saw an impressive turnaround and has been on the upswing ever since. Initially the bank was registered under the Co-operative Societies Act in 1965, Co-op Bank did not actually see its first year of business until 1968. In 2008, Co-op Bank resolved to incorporate under the Companies Act. This qualified the bank for listing on the Nairobi Stock Exchange, which occurred in December of 2008. Since then, the bank has seen incredible growth. The number of accountholders and branches skyrocketed. The bank’s rapid and steady growth prompted its inclusion in the Nairobi Stock Exchange 20-Share Index in 2009. In both 2010 and 2011, the bank received recognition in the Financial Times of London magazine as Best Bank in Kenya. In 2011, the bank also received the Best in Corporate Governance Award at the Annual Financial Reporting (FiRe) awards. In 2013, the bank received recognition as the Most Green Bank at the 2013 Energy Management Awards. It has also greatly increased its customer base from 125,000 to 4 million. Its branch network also grew from 30 branches to over 130 with over 4,000 employees.

According to the 2014 annual report and financial statements the bank engaged McKinsey and Company- a global consultancy company in August 2014 to perform a growth and efficiency review of the banks business. Subsequently the bank commenced the soaring eagle transformation project intended to re-tool and re-energize the business for superior competiveness in the banking sector. The
transformation also focused on improving staff productivity by adopting a new performance management tool based on leaner key performance indicators that are aligned to strategy.

1.2. Research Problem

The emergence and development of human capital as an academic field has seen researchers attempt to clarify how the human capital can contribute to sociopolitical development and freedom (Alexander, 1996; Grubb & Lazerson, 2004; Sen, 1999). Professionals have become interested in best practices in the field of coaching because the area is so open and relatively unregulated, organizations want to know which practices result in the best organizational outcomes. Employers also would like to know how best to evaluate coaching programs. Just over half (52%) of the respondents to the AMA/Institute for Corporate Productivity Coaching Survey 2008 reported that they currently have coaching programs in place in their organizations. What’s more, of the 48% that don’t offer coaching at this time, 37% plan to implement a coaching program in the future. There doesn’t appear to be a universal methodology for evaluating coaching benefits (Leedham, 2005). Of the existing coaching evaluation methods, some are based purely on the perception of the recipient, which can be an unreliable gauge.

An assessment on previous studies in the field of training are limited to formal educational courses and instructor led training methods. Local Studies include; Onyango (2012) who conducted a study on The Influence of training and development on employee’s performance and found out training and development has a positive impact on employee performance in terms of productivity. Another
study by Cephas (2013) on the training interventions on performance found that there is a direct correlation between training and performance. Ngugi (2014) carried a study on the perceived relationship between training and development and employee performance and found out that training and development has an influence on the employee performance. Training and development helps employees work together as teams, ensure harmony and consistency across the teams and this helps improve performance (Musili 2010).

This research therefore seeks to address some of the knowledge gaps in the development of the coaching discipline in Kenyan organizations. It mainly focuses on coaching practices in organizations with the hope that it will address the question, is there a relationship between coaching and employee performance?

1.3. Research Objective

The objective of this study was to establish the perceived effects of coaching on employee performance at The Co-operative Bank of Kenya Ltd.

1.4. Value of the Study

The study will be of significance to the bank management as it would uncover the impact of coaching to driving and managing employee performance. The results of the study will guide the bank management in formulating policies and business processes that are supportive of coaching as a strategy to improve performance.

The results of the study will also assist the employees in the bank to appreciate and embrace coaching in the organization in order to embed a high performance culture in the organization. The results of the study may also be applied to other
organizations in the banking industry to consider coaching to improve the performance.

Finally, other researchers may use information and knowledge provided in the study as a reference or for further research in the area of training and development. The Study will provide information that will be used by scholars as a basis for further research and add to the existing body of knowledge. Scholars can undertake further studies on the various categories of disciplines.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
In this chapter relevant literature by different authors has been reviewed on coaching and employee performance. The chapter seeks to provide the conceptual framework necessary for coaching and the best practices for coaching.

2.2 Theoretical Foundations for the Study
The research will be guided by two theories that have helped explain the relationship between coaching and performance.

2.2.1 Human Capital Theory
Human-capital theory is a modern extension of Adam Smith's explanation of wage differentials by the so-called net (dis)advantages between different employments (Fitzsimons, 1999). Schultz (1961) recognized the human capital as one of important factors for a national economic growth in the modern economy. Frank & Bemanke (2007) define that human capital is ‘an amalgam of factors such as education, experience, training, intelligence, energy, work habits, trustworthiness, and initiative that affect the value of a worker's marginal product’. The costs of learning the job are a very important component of net advantage and have led economists to claim that, other things being equal, personal incomes vary according to the amount of investment in human capital; that is, the education and training undertaken by individuals or groups of workers. A further expectation is that widespread investment in human capital creates in the labour-force the skill-base indispensable for economic growth.
Training is the component of human capital that workers acquire after schooling, often associated with some set of skills useful for a particular industry, or useful with a particular set of technologies. There is a widespread belief that learning is the core factor to increase the human capital. In other words, learning is an important component to obtain much knowledge and skills through lots of acquisition ways including relationship between the individual and the others (Sleezer, Conti, Nolan, 2003). At some level, training is very similar to schooling in that the worker, at least to some degree, controls how much to invest. But it is also much more complex, since it is difficult for a worker to make training investments by himself. The firm also needs to invest in the training of the workers, and often ends up bearing a large fraction of the costs of these training investments. The role of the firm is even greater once we take into account that training has a significant “matching” component in the sense that it is most useful for the worker to invest in a set of specific technologies that the firm will be using in the future. So training is often a joint investment by firms and workers.

Critics of the human-capital theory however point to the difficulty of measuring key concepts, including future income and the central idea of human capital itself. Not all investments in education guarantee an advance in productivity as judged by employers or the market. In particular, there is the problem of measuring both worker productivity and the future income attached to career openings, except in near-tautological fashion by reference to actual earnings differences which the theory purports to explain. Empirical studies have suggested that, though some of the observed variation in earnings is likely to be due to skills learned, the proportion of unexplained variance is still high, and must be an attribute of the imperfect
structure and functioning of the labour-market, rather than of the productivities of the individuals constituting the labour supply.

2.2.2 Cognitive Behavioral Theory

Cognitive Behavioral Theory (CBT) integrates behavioral theory with cognitive theory. Behavior theory argues that learning occurs through an observable association between a stimulus and a response. BF Skinner, described reinforced or operant conditioning, which is the process of behavior modification when the behavior is a result of a consequence. Cognitive theory describes the importance of the thinking and choice in determining behaviors including our perception of the meaning of events. Cognitive theory was pioneered by Albert Ellis, who subsequently developed Rational Emotive Ellis created the ABC theory of personality, which is the concept of an antecedent or an activating (A) event, a behavior (B) that occurs from that event, and finally the consequence (C) of that event Ducharme (2004). If you can understand your thoughts about the event, then you can change your behaviors and therefore the consequences that come about due to your future behaviors. As aspiring coaches, we can question our clients about their beliefs about an event so they may become aware of irrational thoughts that could be contributory factors to engaging in unhelpful behaviors.

CBT and its approaches to therapy have been widely adopted in the coaching field wherein clients are encouraged to identify and re-evaluate self-defeating thoughts and engage in more effective ways of thinking, and therefore behaving (McMahon, 2007). Coaching in this area is more issue focused and examines a specific event and developmental need of the client (Ducharme, 2004). Once the critical activating
event or situation that is causing the client’s distress has been identified, it is important to use cognitive restructuring to replace negative or maladaptive thoughts with positive ones. Another key aspect of CBT is the assignment to the client of homework that will keep them engaged and encourages ownership of the process. CBT can induce demonstrable behavior change through objective-setting and homework that must be completed by the client through self-observation, self-reinforcement, and self-maintenance.

2.3 Coaching Practices

The success of coaching in any organization will depend on many factors that are difficult to standardize, such as corporate culture and attitudes toward coaching. However the best practices of coaching programs can be discussed under the GROW Model. The grow model has proved successful in many organizations and it forms the most common basis of coaching in many organizations. Whitmore (1992) in his book Coaching for Performance identifies the need to adopt the GROW model in coaching. The GROW model is an acronym standing for Goals, Reality, Options, Will. By working through the four stages the model raises an individual awareness and understanding of their own aspirations, their current situation and beliefs, the possibilities and resources open to them and finally the actions they want to take to achieve their personal and professional goals.
In the first stage, the skilled coach invites the employee to identify what he sees as the key goals for the planning period for instance six months. The goals should be selected within the broad context of the organization and departmental goals and should be framed to reflect what the employee feels will be possible to deliver. The goals may initially be expressed as end results. The coach asks questions to raise awareness not to criticize or challenge. If the goals first selected are vague, hard to measure or completely unrelated to the job, then the coach will seek clarification (Whitmore, 1992). Organizations that simply have a well-defined purpose are more likely to report coaching success than those organizations that aren’t sure what their purposes in coaching are. According to Collins (2001) in the management Good to Great, improvements in both leadership development and retention rates are essential in getting the “right people on the bus,” which is a consistent precursor to improvements in gaining a competitive advantage in the marketplace. Stone (2007) notes that heightened productivity is one of several benefits attained through coaching interventions.
The second stage is to raise the employee self-awareness of all the factors underlying and surrounding present performance against the goal (Robinson, 2006). The employee will rate themselves in relation to the goals and determine whether the set goals are realistic. This will trigger the employee to realize the factors that have been preventing progress.

With the goal and reality understood by the employee, the coach help the employee determine what they can do. This is aimed at helping the employee generate as many ideas as possible without evaluating them in any way yet.

Once the employee is satisfied with the number of options the coach can ask how the options will be evaluated. The coach and the employee will agree who will write up the key points especially the goal and the action plan for both parties. There doesn’t appear to be a universal methodology for evaluating coaching benefits (Leedham, 2005). Of the existing coaching evaluation methods, some are based purely on the perception of the recipient, which can be an unreliable gauge. The most prevalent method used to evaluate coaching is soliciting the coachee’s reaction to the service through a self-report. Sometimes a second level of evaluation is added through ratings completed by others during and after coaching. What are usually missing, however, are measures of behavioral changes brought on by coaching. These can be determined by obtaining ratings by team or peers over a one- to three-month period of time. An even higher level of evaluation can be attained by measuring the impact of coaching on the organization or business. Data such as sales increases, retention, satisfaction, promotion, and so forth, are generally required to
do this and must be done over a much longer time frame such as one to two years (MacKie, 2007).

The implementation of the GROW Model, by using carefully structured questions, promotes a deeper awareness and responsibility and encourages proactive behavior, as well as resulting in practical techniques to accomplish goals and overcome obstacles. The use of continuous and progressive coaching skills support provides the structure which ultimately helps to unlock an individual’s true potential by increasing confidence and motivation, leading to both short- and long-term benefits. The GROW Model has been seen to yield higher productivity, improved communication, better interpersonal relationships and a better quality working environment.

2.4 Coaching and Employee Performance

Evaluating employee performance can provide management with information necessary for the success of the organization (Nzuve 2010). The evaluation can reveal strengths and weaknesses of the personnel and indicate areas in which training, transfers, or recruitment is needed. The appraisal can also give feedback about the effectiveness of supervision. A person learns most effectively at work when he associates what he is learning with his job. By learning about a job and improving his skills, he should improve his performance and waste less time on trivial detail and repeating work. Feedback is often provided to employees formally through performance appraisals.

Coaching is concerned with creating conditions so that people can perform to the best of their ability (Richard, 1995). In coaching the learner receives instant
feedback about their performance, this reinforces success and helps them to quickly correct any mistakes. Coaching therefore accelerates the performance improvement processes. Coaching helps leaders to bring out the best in employees throughout the organization and they begin to embrace and engage in critical thinking. Employees at all levels accept ownership and accountability for their work product and relationships. They require less daily and direct supervision from managers as they develop their skills and strive to reach their full potential.

Coaching to improve or increase performance usually includes an urgent need. For example, often bad behaviour needs to stop or a new behaviour must be ramped up in a compressed time frame for a job role (Homan and Miller, 2013). In both scenarios, it is critical that a manager (or an HR representative) be involved to refine the goals and focus for performance coaching. In the case of problem behaviour, there needs to be a documented message to the individual about what is at stake. The individual receiving coaching must have clarity about what he or she stands to lose or gain by accepting the influence of a coach and by making specific change. In other words, the consequences must be spelled out.

2.5 Summary

Coaching is a means for developing a partnership between the manager and employee that creates a shared understanding about what needs to be achieved and how it is to be achieved. This research was guided by two theories that helped explain the relationship between coaching and performance. For coaching to be effective, the best coaching practices need to be applied. The GROW model has proved successful in organizations that carry out coaching.
The literature confirms that there is a direct relationship between coaching and employee performance. Organizations that use coaching are more effective in their performance.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter describes how the research was conducted. It explains the research design, population sample used and the sampling methods applied. It also explains the data collection methods applied and how the data was analyzed to produce the required information for this study.

3.2 Research design
The research was descriptive in nature. The object of descriptive research is to portray an accurate profile of persons, events or situations. Mugenda and Mugenda (2003), a descriptive design is adequate in describing phenomena, attitude, values and characteristics. A survey strategy was employed to allow the researcher to collect quantitative data. According to Sanders (2007), the survey strategy is usually associated with the deductive approach. It is most frequently used to answer who, what, where, how much and how many. Surveys are often used to collect a large amount of data from a sizable population.

3.3 Target Population
The total workforce of Co-operative bank is 4,260 working under 120 different branches and departments namely; Finance and Administration, Retail banking, Institutional and Corporate banking, Human resources, Legal and Sacco banking divisions.

3.4 Sampling design
Out of the 120 branches the researcher selected 20 top performing branches from which respondents were drawn. Stratified sampling was used to get five respondents
from the selected branches; two line managers and three employees who report to the line manager.

3.5 **Data collections Methods**

Primary data was collected through questionnaires which were administered electronically. The questionnaires were distributed via e-mail link. Multiple questions on coaching using the Likert-type scale with a 1 rating designated as ‘Strongly Agree’ and a 5 rating designated as ‘Strongly Disagree’.

Secondary data such as bank profitability, customer satisfaction surveys and data related to employee performance was obtained from company financial reports, information from the company website, and Co-operative bank employee performance reports.

3.6 **Data Analysis**

Descriptive statistics such as percentages were used to analyze the quantitative data. The results were presented in bar charts and line graphs.

3.7 **Summary**

The research design used in the study was descriptive in nature. The sample for the study was obtained through stratified sampling where five respondents were identified from the 20 top performing branches. Both primary and secondary data collections methods were used in the study.
CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Overview

This chapter presents the analysis and findings of the study. It provides general information gathered from the respondents in determining the perceived effects of the Coaching on Employee performance at The Co-operative Bank of Kenya. Two Line managers and two employees from each of the 20 branches were asked to respond to the questionnaire. The questionnaire was designed to capture data relating to two key areas of coaching. The first was the primary coaching practices comprising of goal setting, successful planning, effective feedback processes as practised by line managers and support and development. The second part focused on the impact of coaching on employee performance.

4.2 Coaching Practices at Cooperative Bank

Coaching is widely used in the organization. The respondents confirmed to be using coaching more than they did in the past. Coaching has been accepted by line managers and is viewed as an integral and essential part of the manager’s core competences. From the survey the key coaching practices that are used include; Planning and Goal setting, focus on performance, effective feedback process, support and development.

4.2.1 Planning and Goal Setting

The responses to this practice were captured in question A2, A5 and A7. As shown in figure 4.2.1, the respondents acknowledged that coaching sessions are done on a face-to-face sessions which is a standard practice in coaching. This has had a
positive impact on goal achievement. Clarifying the purpose of coaching and setting the desired goals was associated to the success of coaching. Most Coachees responded that they were satisfied with progress they had made against their goals. A majority of the line managers indicated that if the coachee’s commitment is low, goals are reviewed or actions are agreed that will build commitment to the original goal. The respondents overwhelmingly agreed that through coaching they are able to discuss on the development goals and actions plans to achieve the goals. This is illustrated in the figure below.

![Graph showing planning and goal setting responses](image)

**Figure 4.2.1: Planning and goal setting responses**

The findings indicate that the more a coach has a clear reason for using a coaching, the more likely that its coaching process will be viewed as successful. The fact that each of the goals was significantly correlated with coaching success suggests that organizations that simply have a well-defined purpose are more likely to report
coaching success than those organizations that aren’t sure what their purposes in coaching are.

4.2.2 Focus on Performance

This responses to this measure are contained in question A3 and A10. As illustrated in figure 4.2.2, the survey found out that line managers recognized the importance of coaching on improving performance. Performance reviews are done on a quarterly basis. 100% of the respondents acknowledged that the appraisals are done quarterly. Coaching is focused primarily on underperforming employees to improve their performance, increase their capability and helping them to feel motivated to develop and progress. On the question of whether coaching is used as an integrated part of a training and development program to improve employee performance and skills, the responses were split. Some respondents felt that it should and others it should not. This is shown in the figure below.
The findings indicate that coaching is associated with higher performance. Respondents from the organization that used coaching reported that the organization had higher levels of success in the area of coaching and are performing well in the market, as determined by self-reports in the combined areas of revenue growth, market share, profitability, and customer satisfaction.

### 4.2.3 Effective Feedback Process

The results of the survey found out that coachees are given an opportunity to participate in the coaching sessions by asking questions rather than the coaches providing questions. 71% of the respondents did confirm that constant feedback is provided to the coachees regarding their performance. Assessments are conducted at the beginning of a coaching program and continuous feedback was provided. These responses were captured in question 6A and 8A of the questionnaire. The results are illustrated in the figure 4.2.3 below.
Figure 4.2.3: Effective feedback responses

Evaluating coaching’s performance through effective feedback may help boost success rates. The more frequently respondents reported using a measurement method, the more likely they were to report success in their coaching programs.

4.2.4 Support and Development

The survey found out that a majority of the line managers had not been trained as coaches. 85% of the respondents acknowledged having not received a training on coaching. They however did agree that coaching is part of the line manager’s core competencies and they should support and develop the coachees. The line managers are receptive to the coaching practices and are raising awareness of coaching within the workplace. These responses were captured in question 1A, 4A and 9A and are illustrated in the figure 4.2.4 below.
Coaching is an integrated part of a training and development program. This method is associated with coaching success. The findings also suggest that organizations that want to train internal coaches should consider internal as well as externally coaching programs.

### 4.3 Improvement in Individual Performance

The respondents who had undergone a coaching program were unanimous in their responses that their performance has improved tremendously which in turn has impacted on the overall performance of the bank. The key perspectives of individual performance include financial, customer, internal business processes and learning and growth perspectives.
4.3.1 Financial Perspective

The improvement in employee performance had a ripple effect on the bank’s overall performance. As illustrated in figure 4.3.1 below, 94% of the respondents overwhelmingly agreed that the overall performance of the bank, as measured by profit before tax, has significantly improved. These responses were captured through question 8B and 10B.

![Graph showing the bank's overall performance responses]

**Figure 4.3.1.1: The bank’s overall performance responses**

The bank’s overall performance for the last four years is shown in figure 4.3.1.2 below. This improved performance confirms that engaged and high performing employees make organizations more profitable.
Figure 4.3.1.2: The bank’s profitability for the last four years

The findings indicate that coaching’s impact on the overall reported performance of the organization (as opposed to performance of individuals) is also associated with coaching success. When the bottom-line impact that coaching has on the overall business, the association with coaching success is strong and positive.

4.3.2 Customer Perspective

The results of the survey indicated an increase in customer satisfaction and quality of service offered by the employees. This has led to reduced customer churn rate thus enabling steady growth of customers. These responses were captured in question 5B and 7B. The analysis of these responses is as shown in figure 4.3.2 below.
4.3.3 Internal Business Processes Perspective

The results of the survey indicated an improvement in coachee’s skills, knowledge and competencies. 87% of the respondents agreed that through coaching they are able to identify their strengths and weaknesses. This removes the element of surprise from performance reviews for coached employees who have already been apprised of their strengths and weaknesses. Clearly, the stigma of coaching as a consequence for poor performance is changing, as evidenced by the fact that almost as many respondents view coaching as an engagement tool as they do a way to address workplace problems. The respondents also agreed that they have been able to acquire requisite skills, knowledge and competencies to enable them do their work. Improvement in these skills and competencies are reflected in the efficiency of the employees. These responses were captured in the questions 1B, 2B and 6B. The analysis of the responses is shown in the figure 4.3.3 below.
According to figure 4.3.4. below, about 70% of the respondents acknowledged that through coaching they have been able to achieve their set career and performance goals. They have shown steady progress in attaining these set goals. Their attitudes have improved and also their leadership skills.
The findings indicate that individuals are much more likely to regard coaching in a positive light if they associate coaching with learning, and are already enthusiastic about their own personal development. Coaching develops leaders not for leadership’s sake but for the purpose of improving both individual and organizational performance. Coaching has also enabled the coachees meet their training needs. Improvement in these skills and competencies are reflected in the performance of the employees. These responses were captured in the questions 3B, 4B and 9B.

4.4 Summary

The research findings confirm that coaching practices are used at Cooperative Bank of Kenya. These practices include: planning and goal setting, focus on performance, feedback process and support and development. The coachees and coaches acknowledged that they employs these practices and this has resulted in improved employee performance.
Through coaching, the respondents acknowledged that the individual employee performance and the overall organizational performance has improved. The bank’s performance has improved over the years as shown by profit before tax (PBT).
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter provides a summary of the research conclusions. It also offers a number of recommendations useful to the line managers, scholars, policy makers and human resources practitioners who may want to implement coaching in their organizations in order to improve their performance.

5.2 Summary
This study sought find out the effects of coaching on the performance of Cooperative Bank of Kenya. The study targeted the line managers who are involved in the managing of employee performance and also the coachees who are managed by the line managers. The study used primary data which was collected using a questionnaire that was sent out to eighty respondents in 20 branches. Data was edited for completeness and consistency. Secondary data was also used to provide the bank’s annual performance to show trends in performance.

The survey found out that improving individual performance and productivity, addressing leadership development and succession planning, and increasing individual worker skill levels, were identified as some of reasons for coaching in the organization. Coaching was however primarily focused on under performances with the intent to facilitate the remediation of this poor performance to acceptable performance levels.
The bank has made tremendous effort to inculcate the coaching culture in the organization. The bank has embarked on the training of line managers to equip them with appropriate coaching skills. Coaching is now regarded as a core competency among the managers. The staff at all levels have been implored to embrace coaching as means to manage the staff performance. As coaching continues its evolution in the bank, there appears to be a trend from managers being coached to managers being coaches.

The bank has a Leadership and Management Centre has is tasked with providing training for the employees. The skills learned from T&D compliments the coaching efforts this accelerating both employee and organizational performance. The employees are also encouraged to further their studies and also undertake professional certifications to augment their skills and improve their performance.

Lack of time for employee’s participation, Questionable expertise of coaches, Unwillingness of employees to engage in the coaching process are some of the barriers associated with coaching. However, the bank has made efforts to mitigate these challenges through education on the importance of coaching, allocating time and number of coaching sessions to be done.

5.3 Conclusion

Coaching is most frequently used as a remediation of poor performance. The bank is committed to facilitate the embedding of a high performance culture by ensuring inconsistent performers are given the necessary support for purposes of improving their performance. The line managers are tasked with the responsibility of driving and managing performance through coaching. The results showed that there is a
significant relationship between using coaches for these groups and coaching success.

The coaching programs have impacted positively on employees and facilitated behavioural changes in some key leadership competencies, such as self-awareness, emotional intelligence and strategic thinking. Participants reported that coaching impacted on their focus, goal setting and self-confidence which are associated with leadership and personal effectiveness.

There is a tendency to resort to using resources within the organization (developing training courses and using existing internal coaches to provide the training) when training internal coaches. The results of this survey suggest that, individual productivity and engagement should be assessed, given their stronger association with coaching success.

The results of this survey suggest that, individual productivity and engagement is evaluated through regular meetings with the employees to review their progress against set objectives.

5.4 Limitations of the study

Out of the 100 intended respondents only 80 respondents from 20 branches submitted their questionnaires. The sample size was also not large enough due to time constraints. This left out valuable contribution from the respondents in the remaining branches and head office units who are involved in coaching. These respondents could have added more information to the study.
The study was focused on only one organization Cooperative Bank of Kenya. It therefore may not be representative of all organization in the country. However it has taken into account other views along theoretical analysis.

5.5 Recommendations

The recommendations to the study includes both suggestions to Cooperative Bank Management as well as other human resources practitioners that wish to implement coaching in their organizations to manage the performance of their employees. Given the significant impact of coaching on employee performance a number of coaching sessions should be included in the training and development program for the organization. The inclusion of coaching should not have to be limited to improving employee’s performance on their current job. It should be designed to meet the goals of the organization as well as those of the employees.

A personal analysis should be done before commencing coaching to determine if the employee is ready for the program. The line manager should examine the employee’s current performance against the standard to help them identify strengths, weaknesses and needs. Records such as customer complaints, absenteeism, productivity reports can be used to determine the employee’s needs

The line managers should undergo regular training to acquire skills and best practices in coaching. This will assist them in identifying the specific job performance skills needed and developing specific measurable and performance objectives.
The impact of coaching program should be evaluated. The line managers should compare the benefits of coaching with the objectives that were set before coaching commenced. This can be reflected through performance ratings, and employees’ reaction to the benefits of coaching.

5.6 Area of further studies

This study will pave the way to a clearer understanding of the possibilities of employee coaching and its practice. Further research should be conducted into the barriers line managers face in giving feedback on, and offering support in, leadership development. Given the importance of the line manager/developing leader relationship, follow up strategies should be implemented to reduce these barriers. Also further studies need to be done on measuring the success of coaching programs.

5.7 Implication of the study on policy, theory and practice

This study is of great significance to the Co-operative Bank of Kenya. The findings of the study clearly show that there is a link between coaching and employee performance. The bank can use the recommendations of this study to strategically come up with newer initiatives that will enable it sustain the performance in the face of stiff competition.

Human Resource Managers can also use this study to re-examine their training and development programs and come up strategies that will enhance employee performance. The study brings out the best practices to be employed when coaching to reduce the challenges associated with coaching. The practices of coaching found
in this study are applicable to all organizations with training and development programs.

The researchers in the area of coaching will find this study more useful. The study provides a reference point for those researchers intending to carry out further studies in this area. The study has provided a theoretical framework upon which further studies can be done. It also provides an opportunity for the researchers to come with theories supporting the relationship between coaching and performance of organisations.

In terms of practice, the results of the study will also assist the employees in the bank and in other organisations to appreciate the importance of goal setting during coaching in helping them achieve their career development goals.
REFERENCES


Collins, J. (2001). Good to Great: Why some Companies make the Leap..and Others don’t. Collins


Mackie, D. (2007). *Evaluating the Effectiveness of Executive Coaching. Where are we now and where do we need to be?* Australian Psychologist, 42(4)


APPENDICES

Appendix 1: Questionnaire

The perceived effects of Coaching on employee Performance at the Co-operative Bank of Kenya Ltd

Demographic Questions:

1. Current Title
   - [ ] Line Manager
   - [ ] Coachee

2. Education Level
   - O level
   - A level
   - Diploma
   - Bachelor’s degree
   - Master’s degree
   - PhD

3. Length of Service
   - 1-5 years
   - 6-10 years
   - 11-15 years
   - 16-20 years
   - Above 20 years

Part 2:

This section deals with the employees responses to questions related to coaching and employee performance. To what extent do you agree with the following statements? Kindly respond using the scale below.

5 Point Likert Scale
1-Strongly Agree 2- Agree 3-Uncertain 4-Diasagree 5-Strongly Disagree
### A: Coaching Practices in the Organization

<table>
<thead>
<tr>
<th>QN</th>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A</td>
<td>Coaching in an integral and essential part of a line manager’s core competences.</td>
<td></td>
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<tr>
<td>2A</td>
<td>Coaching sessions are conducted face to face</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>3A</td>
<td>Coaching is used as an integrated part of a training and development program to improve employee performance and skills</td>
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<td></td>
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<tr>
<td>4A</td>
<td>I have attended training courses aimed at helping me to be better coach</td>
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<tr>
<td>5A</td>
<td>I establish and clarify long term development goals with the coachee</td>
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<tr>
<td>6A</td>
<td>I ask questions rather than provide solutions when coaching</td>
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<tr>
<td>7A</td>
<td>I help the coachees express their own action plans</td>
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<tr>
<td>8A</td>
<td>I am constantly giving them feedback on their work</td>
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<tr>
<td>9A</td>
<td>I support and develop them by giving them space to learn by trial and error</td>
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<tr>
<td>10A</td>
<td>I measure the success of the coaching program through individual quarterly performance evaluation.</td>
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</table>

### B: Employee Perceptions on Coaching and Performance

<table>
<thead>
<tr>
<th>QN</th>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1B</td>
<td>Coaching has helped me identify my strengths and weaknesses</td>
<td></td>
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<tr>
<td>2B</td>
<td>I feel I have acquired adequate skills and knowledge to perform the job from coaching</td>
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<tr>
<td>3B</td>
<td>I attribute most of progress I set on my goals towards coaching</td>
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<tr>
<td>4B</td>
<td>Coaching has improved my leadership skills</td>
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<td></td>
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<td></td>
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<tr>
<td>5B</td>
<td>The customer attrition rate has reduced</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>6B</td>
<td>I’m outwardly more productive and thorough in my approach to tasks</td>
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<tr>
<td>7B</td>
<td>There is an increase in customer satisfaction, improved quality of services as a result of coaching.</td>
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<tr>
<td>8B</td>
<td>The number of customers, through sales, has increased</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>9B</td>
<td>The coaching program in the organization has adequately addressed my training needs as an employee</td>
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<tr>
<td>10B</td>
<td>The bank’s overall performance (profitability) has improved</td>
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</tbody>
</table>
Appendix II: Letter of Introduction

EVELYN B. BWENGI

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Cooperative Bank of Kenya
Nairobi

Dear Sir/Madam

RE: MBA RESEARCH PROJECT

I am a post graduate student at the University of Nairobi pursuing an MBA-Human Resources Management course. In partial fulfilment of the course requirements, I am undertaking a research on “The Perceived Effect of Coaching on Employee Performance at Cooperative Bank of Kenya”

I kindly request you to grant me an opportunity for an interview to gather information regarding the research topic to enable me complete the project. The information to be gathered is needed purely for academic research purpose and will therefore be treated with utmost confidentiality.

Your assistance in facilitating the same will be highly appreciated.

Yours faithfully,

Evelyn B. Bwengi

Prof. S.N.M Nzuve

Student
Supervisor