International Journal of Research in Management, Economics & Commerce

VOLUME NO. 14
ISSUE NO. 1
JANUARY - APRIL 2024

EIS LEARNING
No - 198, Upper Hatia, Near Mahatma Gandhi
Smarak High School, Ranchi - 834003, Jharkhand
Ph : 919097302256 / Email : info@eislearning.com

International Journal of Research in Management, Economics & Commerce

Aims and Scope

The International Journal of Research in Management, Economics and Commerce (IJRMEC) is a refereed research journal which aims to promote the links between Management, Economics and Commerce. The journal focuses on issues related to the development and implementation of new methodologies and technologies, which improve the operational objectives of an organization. These include, among others, product development, human resources management, project management, logistics, production management, e-commerce, quality management, financial planning, risk management, decision support systems, General Management, Banking, Insurance, Economics, Thus, the journal provides a forum for researchers and practitioners for the publication of innovative scholarly research, which contributes to the adoption of a new holistic managerial approach that ensures a technologically, economically, socially and ecologically acceptable deployment of new technologies in business practice.

International Journal of Research in Management, Economics & Commerce

(Volume No. 14, Issue No. 1, January - April 2024)

Contents

The Impact of Electronic Commerce on the Banking Industry in Kenya

Francis Jack Onyango[1] and Jane Wanjira[2]
[1,2] The Catholic University of
Eastern Africa

ABSTRACT

Electronic commerce is the sharing of business information, conducting business transactions and maintaining of business relationships by means of tele-communications networks. The internet is the driving force behind e-commerce. It has opened up the closed business network paradigms by offering an open environment and a new logical of a pen commercial networking. New technologies affecting business by introducing new ways in which business functions are performed. Electronic commerce has introduced new benefits for both consumers and businesses, which are reshaping some held commercial practices. The growing demand for customization, service and speed of delivery can be facilitated by e-commerce. The changes brought about by e-commerce are threatening the existence of firms as well as whole industries. Some industries are restructuring, while new businesses and ways of running old businesses are emerging. This project is aimed at examining the significance of electronic commerce on banking industry in Kenya. The use of internet has been taking root on Kenyan scene. As a result of this backtrack; inferences will be made to other countries with well- established use of the same such as America, Europe Asia and Africa

I. INTRODUCTION

Technological developments have removed repetitive, time consuming tasks, reduced human error and extended access to banking related facilities. Technology also provides customer information that it would be much more expensive to provide on a person-to-person basis. Similarly, Internet banking allows customers to perform tasks at a time and in a place convenient to them.

Statistics show a dramatic increase in e-commerce around the world. Forrester research (2011) indicates that the growth of e-commerce by the year 2013, the estimated numbers of internet users will be nearly 2.2 billion and India is projected to have the third largest online population.

Individuals and corporate are turning to internet to conduct e-commerce, e-banking and e- collaboration. Banks are dealing with customers whose needs have changed and who want to bank at their convenience and at the right price; banks have therefore to provide more interesting relationships. Banks needs to be where their customers are, if customers, work and shop in cyberspace, banks need to be there (M. J. Cronin, 1998). According to Booz-Allen and Hamilton before the year 2010 most bank customers will do most of their banking on the web, A Booz-Allen and Hamilton study of 1996 found that there were more than 600 banks in the world with internet sites.

The new information technology is becoming an important factor in the future development of Kenya financial services industry, and especially Kenyan banking industry. Banks are faced with a number of important questions, for example how to take full advantage of new technology opportunities, how e-developments change the ways customers interact with the financial services provider. Kenya has achieved significant success in the implementation of electronic banking; it is on the top of the emerging markets in this area and even outpaces the achievements of some developed countries.

E-COMMERCE

E-Commerce is a commercial activities dealing directly with the trading of goods and services and with other related business activities, in which the electronic communication medium plays a central role. These activities include the communication of information, the management of payment, the negotiating and trading of financial instruments and the management of transport (Heng, 2003). According to Mahadavan (2000), E commerce is defined as a concept of buying and selling of products and services over electronic systems such as the internet and other computer networks Modern electronic commerce typically uses the World Wide Web at some point of transactions lifecycle. E commerce products and services are methods used by banking organizations to carry out their transactions without necessarily coming into physical contact with their clients. These services include Automatic Teller Machines (ATMs), Electronic Fund Transfer (EFT), mobile banking, online banking, Electronic Data Interchange (EDI) and Telecommunication services.

E-commerce is a part of e-business and its goal is to generate profit through the various set of activities based on buying and selling principles. The banking industry as a fast growing industry is facing the challenges of electronic commerce business. Although the e-commerce basics have been well known for years some adjustment according to the banking need have been adopted an efficient way to do e-business is to manage Web implementation of the assets that present and support entity's core business operations, including the software applications and databases in the information technology environment. Although a significantinvestment might be expected to cover the requirements of powerful, flexible and secure technology, there are many tools on the market supporting e-business technology fundamentals and products needed to build e- business solutions (V. Batos, 2003).

E-commerce provides a wide range of opportunities to the banking sector. However by removing the national, regional, and international barriers, e-commerce presents challenges that banks have to address. The emergence of new delivery channels is stretching the ability of banks to stretch even further by bringing greater competition and threats to their survival. It may no longer be possible for banks to exist like in the earlier 1990s as they have to address needs of their customers or retailers will take them away (PriceWaterhouseCoopers, 1999).

INTERNET BANKING

Internet banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution (FinCen, 2000). Internet banking is the use of electronic means to deliver banking services, mainly through the Internet. The term is also used to refer to ATMs, telephone banking, use of plastic money, mobile phone banking and electronic funds transfers. Internet banking, sometimes called online banking, is an outgrowth of PC banking. Internet banking uses the Internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages, and purchasing financial instruments and certificates of deposit. An Internet banking customer accesses his or her accounts from a browser— software that runs Internet banking programs resident on the bank's World Wide Web server, not on the user's PC. NetBanker defines a “true Internet bank” as one that provides account balances and some transactional capabilities to retail customers over the World Wide Web. Internet banks are also known as virtual, cyber, net, interactive, or web banks.

Through electronic media, competitors can emerge from anywhere in the world, therefore it has strategic implications for all business profoundly as markets and marketing concepts change radically (Vasudem, 2000). Internet technology has dramatically impacted on the ability of banks in other economies to provide cutting edge services at competitive prices. Mass marketing has been replaced by customization and customer's loyalty is now a fleeting phenomenon. Banks cannot afford to take their customers for granted, as access to their competitors is merely a click away (The Economist 26th June to 2nd July 1999).

Use of technology in the banking sector is not a new phenomenon. Banks have been using computers to handle electronic funds transfer (EFT) and other accounting tasks for years. Past decades has seen banks use automated Teller machines (ATM) and point of sale (POS) terminals and PCs as retail-banking interface. In the early 80s transactions over the counter dominated banking business, the early 90s saw the advent of telephone banking and creation of financial service centers. With the adoption of internet, Online or e-banking is rapidly becoming the favored consumer interface (David Bring House, 1999).

According to Porter, (1980), technological can be strategically beneficial or may worsen a firm's competitive position and industry attractiveness depending on its impact on the five competitive forces, e- commerce may either improve profitability or destroy the industry's attractiveness. Banks therefore need to identify and exploit the competitive significance of technological change.

BANKING INDUSTRY IN KENYA

The banking sector in Kenya dating back to 1969 provides financial services to the low-income households and micro and small enterprises thus contribute to poverty alleviation. This puts emphasis on the sound development of banking institutions as vital ingredients for investment, employment and economic growth. There are currently 54 banks and one micro-financial institution in the banking industry in Kenya but only 43 are licensed by CB-K a few of which are connected to internet. However, 11 banks were closed down due to reduction in capital reserve and capital formation. Internet usage is taking root in Kenya and therefore banks needs to be prepared for its onset, banks that fail to plan may be planning to fail (D. N. Chorafas, 1998).all this is a material for the previous section. You have not stated your problem.

IMPACT OF E-COMMERCE ON BANKING INDUSTRY IN KENYA

Advent of technology in e-commerce seems likely to have far-reaching economic and social implication for all organizations, irrespective of industry in which they operate. However, much of the debate is currently dominated by the concerns of finance for example liquidity and profitability of the dotcoms; the marketing for example design of user- friendly websites and the human resources for example IT skills shortages functions (Zeithaml, 2005).

The promise of significant economic growth places electronic commerce high on many public and private Sector agendas and to date growth has been impressive. Importance of e-commerce was supported by African states at The African Development Forum (ADF) meeting convened by the UN Economic Commission for Africa (ECA) in Addis Ababa in 25th-28thOctober 1999 which established Commission to develop policy and strategy advice for Africa governments to ensure an active and early Africa participation in the emerging field of electronic commerce (ADF 1999). The Organization for Economic Cooperation and Development (OECD) meeting held in Dubai U.A.E on emerging markets forum on electronic commerce from 16th -17th Jan2001, Endorsed the importance of accessing and using Information Technology as being fundamental for economic growth and social development in emerging markets & developing economies.

Despite on-line commerce representing a minor percentage of total commerce the world and the numbers being lower in developing countries e-commerce is growing likely to be a major force in future. According to Delloite &Touché' (1996) e-commerce has changed key business processes, such as consumer and market research, product design, marketing, material planning procurements, manufacturing , sales distribution logistics, accounting and customer service. It has also greatly enhanced the power of the customer to make informed decision about where, when and how to procure services.

Businesses are using e-commerce to implement mass customization strategies; products can be tailored to meet the individual customer needs. E-commerce decreases the distribution cost through a reduction in overhead cost, inventory, retail space personnel and paper processing.

The Economist (June 26th to July 2nd 1999) reported worldwide survey of 500 companies undertaken by The Economist Intelligence to determine the impact of Internet on the market places that managers believed that internet would have a big impact on global market by 2001. According to reports survey carried by Booz-Allen and Hamilton in 1999 of 600 top ranking executives which found that ninety two percent (92%) of internet users said that internet will reshape the world market place by 2001, thirty seven percent (37%) expected serious competition from startup companies in the future, sixteen percent 16% expected serious competition from their own customers and eighty six percent (86 %) said that internet would force significant change in organization structure (David Siegel,1999). The study therefore, indicates the growth of e-commerce in restructuring the organizations and the level of competition in the global economy.

STATEMENT OF RESEARCH PROBLEM

Despite the impressive growth in e-commerce there is a lot of discussion on factors that hinders its growth such as lack of network security, slow and unstable connection, and high cost and fees to start e-commerce (Hawkins, 2000). OECD (1999) reports concern about policies patterning to commercial procedures and practices such as effective consumer protection, secure payment mechanisms and privacy protection and consumer and business education which were formed and have not been change to reflect the new trading condition. There are also concern about security of payment, potentially fraudulent measure, privacy of personal data and difficulty in accessing e-commerce especially for less development countries (International Trading Forum, 2001).

There are numerous surveys and statistics of the use of internet in trading most of which contradict from one another. This has not been as a lack of measurement methods and the rapid change on the use of the internet (KPMG 2002). It has not been decided whether to measure using on line purchase, internet users, on line purchasing ordering and procurement of total internet activities (UN 2001). Research estimate by the private companies on the growth of the e-commerce have great variances (OECD, 1999). This makes it difficult for companies to plan and effectively and exploit the new technology.

The main obstacles that prevent developing countries from leveraging the internet trading are lack of adequate communication infrastructure, technical know-how and information processing about the economy and the environment. The lack of adequate banking infrastructure is also considered as one of the problems faced by developing countries in building efficient economic solutions. Although a number of researches had been done on the business process implications of adopting e-commerce, none had focused on the impacts of e-commerce on banking industry in Kenya in relation to its customers.

OBJECTIVES OF THE STUDY

The main objective is to establish the impact of electronic commerce (internet) on the banking industry in Kenya, whereas its specific objectives the study were:

1. To evaluate extent of use of the E commerce in the banking industry
2. To evaluate how e-commerce has affected traditional banking activities of banks
3. To evaluate how e-commerce has affected competitive rivalry of firms in the banking industry
4. To evaluate how e-commerce has affected customer maintenance in the banking industry
5. To establish how e-commerce has affected the market trends in banking industry.

Research questions

The study will endeavor to answer the following questions:

1. To what extent of the use of e-commerce in the banking industry?
2. How has e-commerce affected traditional banking activities of banks?
3. How has e-commerce affected competitive rivalry of firms in the banking industry?
4. How has e-commerce affected customers' maintenance in the banking industry?
5. How has e-commerce the market trends in banking industry?

Justification of the study

Research indicates that e-commerce offers a promising and exciting way for organizations to meet various challenges of an ever-changing environment in these present days.The research study will have the potential to assist Kenyan government in implementing program and policies to increase the adoption and diffusion of electronic commerce on the role of e-commerce in achieving faster growth in Kenyan's banking industry.

It generally provides new ways and opportunities for organizations to broaden their participation into new national and international markets. The adoption of e-commerce are paraded with many benefits which includes market changes, customer expansion, creation of wealth, job opportunities, ability to be reached worldwide, system and organizational efficiencies to mention a few.

The study will be beneficial to the students, lecturers, Kenyan government, organizations in Kenya, Kenyan's banking industry and the general public and also researchers who might want to embark on similar study in future. The study will benefit the banks managers since it will identify an opportunity that has not been ventured by many banks in regard to adaption of e-commerce. This opportunity can help them to reduce risk associated with human error and improve the profitability of their operations.

Other researchers such as students and lecturers interested in the problem under this study will also benefit, as the research will lay a platform on which further research on the topic can be undertaken.

SCOPE AND DELIMITATION OF THE STUDY

There are total of 52 banks in the country with only 43 licensed by the CBK. Banks will be classified on the basis of their ownership. Due to small population under investigation, a census will be administered. A census involves complete enumeration of the elements of the population. The study examines the impacts of e- commerce adoption in Kenyan banking industry. The study is limited to forty three (43) licensed commercial banks in the banking industry in Kenya by CB-K within Nairobi. This excludes other players in providing financial services such as telephone companies and large retail outlets. It is limited to services offered by banks. The study will not look at the usage of internet in other sectors. Their websites were used to study the effectiveness, functionalities and internet strategies of the banks.

E-Commerce in Kenya

II. LITERATURE REVIEW

The use of electronic commerce is not new to the banking industry. Banks have for many years use electronic commerce. However these systems were available only within close user group or build on the priority protocol mostly Electronic Data interchange (EDI). In this section literature review we shall focused on the significance of the effect that open architecture of the internet might have upon the established banking system. And the changes that are in the banking environment that can be linked in all or in part to increase use of internet.

The first step in understanding e-commerce is to define it. Not an easy task due to the fact there is none universal accepted definition. There are a variety of existing definitions; e- commerce is "an umbrella term use to define the application of messaging technology and application services for the electronic transmission of information between trading partner during the course of business transaction" (KPMG, 1996). OECD (1997), define e-commerce as commercial transactions, involving both organization and individual that are bases upon processing and transmission of digitized data, including text, sound and visual images and that are carried out over an open network (like the internet) or closed network (like AOL) that have a gateway on to an open network.

According to the UK department of Trade, E-commerce is the exchange of the information across electronic network at any stages in the supply chain whether within an organization, between business and consumers or between the public and the private sector (Cabinet Office, 1999).

According to Derek Miers (1996), E-commerce is under pinned by three key components; payment system, organization and marketing what he called "Work ware". Payment system involves financial exchange between customers and organization in online environment, organization is an institution that implements effective e-commerce solutions and marketing involves buying and selling of products and services of the organization.

Advantages of Electronic Commerce

In the early 1980's transaction over the counter (OTC) dominated banking industries: the early 1990 sow the advent of telephone banking with the creation of financial service centers. With the adoption of internet, online or e banking is rapidly becoming the favored consumers interface (David Bringhouse, 1999).

Another argument that been put forward is that E commerce increases the bargaining power of the customers who is now well informed. By facilitating information about banking services and cost to be distributed directly to consumers it enables them to compare services and therefore increases their bargaining power.

E-commerce is a tool for reducing administrative costs and cycle time, streamlining business processes and improving relationships with both business partners and customers. An effective e-commerce solution can extend the reach of one's business by increasing opportunities with customers, suppliers and other businesspartners. Organizations that compete efficiently and effectively in the e-commerce arena should therefore be able to make better decisions which should enhance market position and ultimately, profitability.

Firms are interested in e-commerce because, quite simply, it can help to increase profits. All the advantages of e-commerce can be summarized in one statement. E-commerce can increase sales and decrease costs. Advertising done well on the web can get a small firm's promotional message out of potential customers in every country in the world. A firm can use e-commerce to reach narrow market segments that are geographically scattered.

A business can reduce the costs of handling sales inquiries, providing price quotas and determining product availability by using electronic commerce. E-commerce techniques allow small businesses to have access to the same market as larger businesses.

Just as e-commerce increases sales opportunities for the seller, it increases purchasing opportunities for the buyer. Businesses can use e-commerce to identify new suppliers and business partners. Negotiating price and delivery terms is easier in e-commerce because the internet can help companies efficiently obtain competitive bid information.

The benefits of electronic commerce extend to the general welfare of society. Electronic payments of tax refunds, public retirement, and welfare support cost less to issue and arrive securely and quickly when transmitted over the internet. It is easier to audit and monitor electronic payments than payments made by cheque, providing protection against fraud and theft losses.

Electronic commerce enables people to telecommute, everyone benefits from the reduction in commuter – caused traffic and pollution. Electronic commerce can also make purchases and services available in remote areas (Levaux, J. 2001).

E commerce expands the market place from local and regional to the national and the international market, reduction in the time between the outlay capital and receipts of the digital object, enabling for the simultaneous exchange. (Claessen, Glaessner et all, 2000), and (Deloitte and Touché, 1996).

Disadvantages of Electronic Commerce

Some business processes may never lend themselves to electronic commerce for example, perishable foods and high-cost, unique items, such as custom designed jewelry and antiques, may be impossible to inspect adequately from a remote location. Most of the disadvantages of e-commerce today, however, stem from the newness and rapidly developing pace of the underlying technologies. These advantages will disappear as e- commerce matures and becomes more available to and accepted by the general population.

Businesses often calculate return-on-investment numbers before committing to any new technology. This has been difficult to do for investments in e-commerce because the costs and benefits have been hard to quantify. Costs which are a function of technology, can change dramatically even during short lived e- commerce implementation projects because the underlying technologies are changing so rapidly.

Another problem facing firms that want to do business on the internet is the difficulty of integrating existing databases and transaction – processing software, designed for traditional commerce into the software that enables electronic commerce.

Some customers are still somewhat fearful of sending their credit card numbers over the internet and having on-line merchants (merchants they have never met) know so much about them.

Lack of information is an organizations greatest enemy and prevents it from competing effectively. These organizations will not receive as much outside information as those that implement e-commerce strategies with their customers and business partners which means that they won't be able to make the same quality decisions. Making too many bad business decisions means no more business.

Organizations that continue to operate on paper-based systems that are slow and inefficient will tend to lose market share to their competitors. Because e-commerce enables companies to reach larger customer populations more quickly via the internet, those organizations that implement effective e-commerce solutions will also be able to compete more effectively for the consumers who fit the web-based demographic. This demographic is made up of consumers who tend to be better educated and have higher incomes (Bingi, P. A Mir et all, 2000).

E commerce as banking distribution create a more competitive environment in each banks are force to operate accounts without a fee, the flexibility in moving funds to high return deprive the bank of the float. This directly affects the profit that banks have been making as a result of high bank cash balances on their account (Mauro Cipparone, 1997) and (CIB, 1982).

However high sign age (bank using their liability as a mean of payment such as credit card, prepaid instruments and electronic cash) may increase income of the banks. Income from commission become more crucial as banks lost income from float. Banks can remain important player in the financial industry if they are able to adapt to changes (Mauro Cipparone, 1997).

The human cost are usually and one of the impact of the E commerce is the elimination of many jobs mostly administration link in the chain.E-commerce introduces cost associated with the establishing trusts and reducing the risk inherent in E commerce. Trust is the essence of banking. Banks have the brand and image to exploit E commerce (Young Scott, 2001).

Types of Electronic Commerce

There are three major types of electronic commerce. They are business to business e-commerce, business to consumer e-commerce and consumer to consumer e-commerce.

Business-to-business model of e-commerce occurs between two organizations characterized by large volume of products and small price margin, it is the transaction conducted between businesses. Examples of companies which are doing business with each other are manufacturers selling to distributors and wholesales selling to retailers. Pricing in this category is based on quantity of order and is often negotiable. Business-to- business e-commerce is used by businesses most commonly to improve communication within the organization and to cut the cost and increase the efficiency of business processes. It is important for organizations to manage their business partner's perceptions as it is to manage their customers' perceptions.

Business to consumer e-commerce occurs between an organization and an individual. It is characterized by small volumes of products and large price margin. Businesses' selling to general public typically through catalogs utilizing shopping software by dollar volume, business-to-business takes the price, however, business-to-consumer is really what an average man has in mind with regards to e-commerce as a whole. Business-to-consumer e-commerce is used by consumers for the convenience of purchasing products and services. Businesses use business-to-consumer e-commerce to reach new markets and promote products and services (Mohammad, 2009). Consumer-to-consumer type of e-commerce, there are many sites offering free classifieds, auctions and forums where individuals can buy and sell, thanks to online payment systems like PayPal where people can send and receive money online with ease, eBay's auction service is a great example of where a person-to-person transaction takes place every day since 1995. It is also part of B2C electronic commerce (Davies, 2004).

Factors influencing adoption of e-commerce

The study of impact of e-commerce in banking industry has identified the following factors that has influenced e-commerce in banks they include Perceived security, Internet experience, Marketing exposure, Internet skills, Reliability, Internet Prestige, and Demographic characteristics. Perceived security, internet banking provides alternatives for a faster delivery of banking services to a wider range of customers. However, the increasing popularity of Internet banking attracts the attention of both legitimate and illegitimate online banking practices. Furthermore, Internet banking is a trust-based system, which means the theft of customers' personal identity information can cause customers to lose their confidence and trust in the system and their bank (Oghenerukevbe, 2008).

The Internet provides both firms and consumers with new methods for communication For instance, the Internet provides consumers with access to rich new information sources and with the potential to make better-informed decisions (Kamineni, 2002). Organizations must foster customer trust in their productions to remain profitable (Harridge March, 2006). Gerrard et al (2006), find that customers who have never purchased products over the Internet are more likely to continue to use traditional ways of sourcing their banking services.

Marketing exposure, one of the more important contributing factors for adoption or acceptance of any innovative service or product is the creation of awareness among consumers for the service or product (Suganthi et al, 2000). Rogers and Shoemaker (1971) assert that consumers go through a process of knowledge, conviction, decision, and confirmation before they are ready to adopt a product or service. Howard and Moore (1982), emphasize the importance of awareness for the adoption of any new innovation. Indicate that there are increasing promotional efforts on the part of banks to create a greater awareness of Internet banking.

Internet skills, any new technology is usually picked up by the early adopters who have Internet access and knowledge about the facilities such as those provided by a bank on the Internet However, some consumers do not know how to become an Internet banking user, and some consumers do not have the required PC skills and facilities needed to do Internet banking (Prasad and Arumbaka, 2009).

Reliability, the three most important dimensions of quality in Internet banking are: reliability, serviceability, and durability. Reliability involves consistency of performance and dependability which means that the banking firm performs the services right the first time and honors its promises Reliability involves accuracy in billing and information, keeping records correctly, performing the service at the designated time. Reliability is associated with the technical functioning of the e-banking site, particularly the extent to which the site is available and functioning properly (Khan, 2007).

Young (2006) shows that affluent and highly educated groups generally accept changes more readily. Thus highly educated consumers may be more likely to adopt Internet banking services than low educated consumers. In addition, using Internet banking gives these consumers prestige among their peers. It is also part of the social scene of today's technology driven society. Price Waterhouse Coopers (2000), state that the typical Internet banking customer is aged between 25 and 35 years, has medium to high income, is salaried, with a medium to high cultural level, and likes to make his/her own financial decisions. Demographic characteristics,Hamilton, and Hewer (2002), demographic characteristics describes typical electronic banking customers include young, affluent, and highly educated. Reveals Internet banking users are relative wealthy, highly educated, and are in higher professions. Young affluent and highly educated groups generally accept technological changes more readily.

Applications of e-commerce on banks

In most developing countries, there are existing payment schemes available for online transaction in the banking industry. They are electronic payment methods, electronic Payment methods, electronic payment system, payment cards and electronic cash.Electronic Payment methods, Innovations affecting consumers include credit and debit cards, automated teller machine (ATMs), stored valued cards and e-banking. Innovation enabling online commerce is e-cash, e-checks, smart cards and encrypted credit cards. These payment methods are not too popular in developing countries. They are employed by a few large companies in specific secured channels on a transaction basis. Innovations affecting companies pertaining to payment mechanisms that banks provide their clients, including inter-bank transfers through automated clearing houses allowing payment by direct deposit. Electronic payment system, an electronic payment system (EPS) is a system of financial exchange between buyers and sellers in the online environment that is facilitated by a digital financial investment (such as encrypted credit card numbers, electronic checks or digital cash) backed by a bank, intermediary or by legal tender. Electronic payment system plays an important role in e-commerce because it closes the e-commerce loop. In developing countries, the under-developed electronic payment system is a serious impediment to the growth of e-commerce. In these countries, entrepreneurs are not able to accept credit card payments over the internet due to legal and business concerns. The primary issue is transaction security. The absence of inadequacy of legal infrastructures governing the operation of e-payments is also of concern. Hence, banks with e-banking operations employ service agreements between themselves and their clients. The relatively undeveloped credit card industry in many developing countries is also a barrier to e-commerce. Only a small segment of the population can buy goods and services over the internet due to the small credit card market base. There is also problem of requirement of “explicit consent” (a signature) by a card owner before a transaction is considered valid – a requirement that does not exist in the U.S. and in other developed countries. Most electronic commerce involves the exchange of some form of money for goods and services. Many companies use electronic funds transfers (EFTs) or financial exchange data interface (EDI) to make online payments. Online payment systems for consumer electronic commerce are still evolving. Electronic payments can be convenient for customers and can save companies money.

Payment cards, Business people often use the term payment card as a general term to describe all types of plastic cards that consumers use to make purchases. The main categories of payment cards are credit cards, debit cards and charge cards. Credit cards are by far the most popular form of online payments for consumers. A credit card, such as a Visa or MasterCard, has a spending limit based on the user's credit history. A user can pay off the entire credit card balance or pay a minimum amount each billing period. Credit card issuers change interest on any unpaid balance. A consumer is protected by an automatic 30-day period in which he/she can dispute an online credit card purchase. A debit card looks very much like a credit card, but it works quite differently. Instead of changing purchases against a credit line, a debit card removes the amount of the sale from the cardholder's bank account and transfers it to the seller's bank account. Debit cards are issued by the cardholder's bank and usually carry the name of a major credit card issuer, such as Visa or MasterCard, by agreement between the issuing bank and the debit card issuer. Debit card enables the holder to access funds in a deposit account at an authorized deposit (Rush L, 2003). Electronic cash, Electronic cash is a general term that describes any value storage and exchange system created by a private (non-governmental) entity that does not use paper documents or coins and that can serve as a substitute for government-issued physical currency. A significant difference between e-cash and scrip is that e-cash is issued by private entities; there is a need for common standards among all electronic cash issuers so that one issuer's electronic cash can be accepted by another issuer. Each issuer has its own standards and electronic cash is not universally accepted, as is government –issued physical currency (Wenninger, 2000)

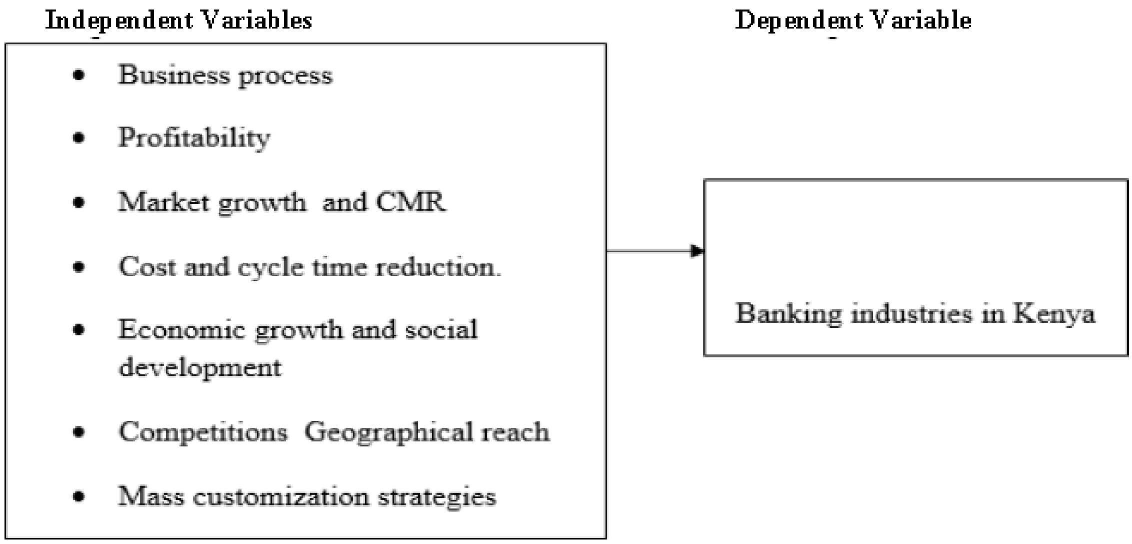
The impact of e-commerce on banking

E-commerce has several impacts for both the provider and the customer. It can currently be considered as the cheapest distribution channel for standardized bank operations, e-commerce on banking services are available in most banks today. The service allows customers to check their account balances, transfer funds, pay bills, trade stocks, and applying for loans (Polasik and Wisniewski, 2009). Such service also saves time and money of the bank with an added benefit of minimizing the likelihood of committing errors by bank tellers (Jayawardhena & Foley, 2000). E-commerce offer services regardless of geography and time and banks thus provide services to the customers for at their convenience (Padachi, et all 2007). According to Karjaluoto et al. (2002), banking is a borderless service no longer bound to time and geography. Customers have relatively easy access to their accounts, 24 hours per day, and seven days a week globally.A study by Booz-Allen and Hamilton (BAH, 1996) targeted on consumer demand for Internet, or WWW banking. The BAH study predicted that the use of Internet banking would grow rapidly from only 0.1 percent of U.S. households at the end of 1996 to 15.7percent, or a little over 16 million user by the end of 2000 . Key inputs to this forecast include projections of the banks offering Internet banking, household computer, and modem penetration rates, overall Internet usage, and the demographic characteristics of users. While the study projected rapid growth in Internet banking, Booz-Allen and Hamilton argue that uses of e-commerce banking will continue to use other banking channels such as the phone and the branch bank. Many banks continues to develop and launch new banking services on the Internet in order to satisfy and meet their Internet-based customer requirements in term of time, ease of use, security, and privacy (Ongkasuwan and Tantichattanon, 2002).

Internet banking provides customers with services. Customers can not only check their account balances and transaction history, but they can also make transfers between accounts and pay bills online using the bill payment service . Customers can also easily download their account history into a variety of formats for inclusion in popular financial software packages, and be confident that these functionalities are backed by a relatively high level of security (Li and Worthington, 2004).From a banking perspective, DeYoung, et all (2007) find that e-commerce on banking increases banks profitability. The bank customers may be willing to pay for the convenience of internet based transactional services. The use of e-commerce on banking as an alternative channel has allowed banks to target different demographic market segments more effectively (Seetanah, et all, 2007). Robinson (2000) believes that the e-commerce on banking enables banks to establish and extent their relationship with the customers. There are also other impacts to banks offering e-commerce such as development of non-core products (examples insurance and stock brokerage), as an expansion strategy, improve market image, and better and quicker response to market evolution (Jayawardhena and Foley, 2000). A number of studies document the impacts of e-commerce for customers. Internet banking offers customers time saving and the ability to access bank services from a variety of locations (Karjaluoto et all, 2002). Internet banking allows bank customers to have the freedom to perform their financial activities at their convenience (Siritanachot, 2008).

III. CONCEPTUAL FRAMEWORK

This study was guided by the following conceptual framework; the independent variable of this study are derived from the benefit of e-commerce services namely Business processing, profitability, Market growth and CMR, cost and cycle time reduction, economic growth and social development, competition geographical reach and mass customization strategies. The dependent variable is banking industries in Kenya.



Source: Researcher's own compilation based on Literature Review (2012)

IV. RESEARCH METHODOLOGY

The study will use survey design which is enables to generate knowledge that may be used to describe or develop a profile of what is being studied. survey design could either be longitudinal or cross sectional design. Longitudinal design used fixed data samples of subject that is measured repeatedly over period of time to depict changes that are occurring, while cross sectional design use elements of interested population and measured at a single point in time. The research therefore will adopt cross sectional survey design due to limitation of time and small population under study (mugenda and mugenda, 2003) There are total of 52 banks in the country with only 43 licensed by the CBK. Banks will be classified on the basis of their ownership. Due to small population under investigation, a census will be administered. A census involves complete enumeration of the elements of the population. The research will be limited to only 43 licensed banks within Nairobi as this is the location of Headquarters of most banks.

The study shall utilize both the primary and secondary source of data. Primary data are the data collected and used for the purpose of which it was collected. Primary data are obtained through the use of questionnaire, oral interview and observation. Secondary data are data collected through existing information such as journals, periodicals, annual reports, bank records, newspapers and published books. Secondary data will be gathered from regulatory agencies and industry sources literature review of studies made in the same area shall be undertaken and finding in cooperated in assessing banks situation in Kenyan.

Use of the questionnaire method shall be employed. Questionnaire is a series of relevant questions which are usually used to elicit information from the target population of a given study. It provides the researcher with useful data required for analysis and it provides simple, concise and straight forward responses from respondents. There shall be a limited number of four (4) questionnaires to each bank. Two (2) questionnaires will be each personally administered to respondents working at each department of marketing and Information Technology totaling to one hundred and seventy two (172) questionnaires. This is because these two departments deal directly with customers on internet trading.

Interview may also be used as verification tool for the data collected using questionnaires as well as to provide insight into the areas not covered by the questionnaire. Interviews give room for in-depth explanations as well as brief explanation of e-commerce and how it operates to improve organization's performance.

The instrument is carefully designed to avoid biasness so as to achieve the required information. An unstructured questionnaire of two sections A and B was developed. Section A dealt with the respondents' personal information (bio-data). Section B consists of questions covering the subject matter of the research study and questions used to generate relevant information related to the research work. The questionnaires was designed close ended which offers choice among two or more alternatives which permits easier tabulation and interpretation.

V. DATA ANALYSIS AND PRESENTATION

Kerlinger, (1973) describes data analysis as categorizing, ordering, manipulation and summarizing data to obtain answers to research questions. He stress that the purpose of analysis is to reduce data to intelligible and interpretable form in order to study and test the relations of research problems. The data collected will be analysed using Statistical Package for the Social Sciences (SPSS). The data will be then presented using tables, pie-chart, graphs and tabular

Applications of e-commerce

This section inquired on the extent of use of various bank –to- bank e-commerce services, using a likert scale of 1= not applicable at all, 2= least applicable, 3=moderately applicable, 4= largely applicable, 5= applied to a great extent. The data was presented in mean and standard deviation.

Table 4.1 Extent of use of various bank –to- bank e-commerce services

Services	Mean	Std Dev
Settlement of payment on a gross basis in real-time	3.234	.4345
Settlement of government securities electronically	2.435	.54566
EFT electronic payment bank to bank.	4.345	.7678
Automated clearing through EFT	4.034	.5677
Truncation and cheque imaging transmission	3.545	.4866
Electronic Funds Transfer via Electronic Data Interchange	2.023	.2356

Source; Researcher, 2012

Results revealed that most respondents agreed that the various bank –to- bank e-commerce services used were EFT electronic payment bank to bank, Automated clearing through EFT, Truncation and cheques imaging transmission and Settlement of payment on a gross basis in real-time as was shown by mean scores of 4.3, 4.0,3.5 and 3.2 respectively.

This section inquired on the extent at which bank- to- customer e-commerce services were applicable to the bank using a likert scale of 1= not applicable at all, 2= least applicable, 3=moderately applicable, 4= largely applicable, 5= applied to a great extent. The data was presented in mean and standard deviation.

Table 4.2 Extent at which bank- to- customer e-commerce services were applicable to the bank

Factors	Mean	Std Dev
Internet banking direct access to account	4.000	.6888
Office banking	4.233	.3445
Home banking	3.023	.8678
Tele banking	2.657	.8688
Branch banking	4.9888	.5677
Mobile banking	3.955	.6578
Electronic funds transfer (EFT)	3.9545	.4354

Source; Researcher, 2012

Results revealed that the major bank- to- customer e-commerce services largely applicable to the bank were Branch banking, Internet banking direct access to account, Office banking, Mobile banking and Electronic funds transfer (EFT) as was shown by high mean scores of 4.9, 4,2, 4.0, 3.9 respectively.

Reasons for the use of e-commerce

This section inquired on the extent into which various factors influence adoption of e- commerce services in your bank using a likert scale of 5= Very great extent; 4 = Great extent; 3 = Do not know; 2 = Small extent; and 1 = Very small extent

Table 4.3 Extent into which various factors influence adoption of e- commerce services in your bank

Factors	Mean	Std Dev
Improve customer service	4.234	.4345
Cut down on operational costs	2.435	.54566
Increase customer awareness on bank products	4.345	.7678
Extend bank geographical reach	4.034	.5677
Expand bank market share	3.545	.4866
Increase banks' profitability	2.023	.2356
Keep up with industry trend	4.634	.4345
Compliance with regulations	3.234	.4345
Response to customers' demands	4.435	.54566
Response to customers 'awareness of e- commerce services	3.345	.7678

Source; Researcher, 2012

Findings revealed in the table above showed that most respondents agreed to a great extent that the various reasons that influence adoption of e- commerce services in their banks were to; keep up with industry trend; response to customers' demands; increase customer awareness on bank products; improve customer service; extend bank geographical and expand bank market share as was shown by high mean scores of 4.634, 4.435, 4.234, 4.345 and 4.034 respectively.

Benefits derived from e- commerce.

This section inquired on the extent the organization had derived various benefits from the implementation of e-commerce facilities using a likert scale of 5 = Very great extent; 4 = Great extent; 3 = Do not know; 2 = Small extent; and 1 = Very small extent

Table 4.4 Extent the organization had derived various benefits from the implementation of e-commerce facilities

Benefits	Mean	Std Dev
Increased Visibility of your bank through Search Engine Marketing	3.0243	.7633
Reduced marketing and advertising Costs	3.785	.4556
Enabled you to Collect Customer Data	3.954	.8768
Reduced your operating overheads	3.987	.5776
Increased your turn over and profitability	4.001	.7566
Increased Customer Loyalty	4.034	.7868
Enabled you to reach a narrow market (niche)	4.035	.8768
Expanded geographical Reach	4.054	.3167
High-quality customer service	4.089	.3453
Expanded Customer Base	4.120	.3567
Quickened transaction processing	4.2334	.4646
Provided 24/7/365 availability of your services	4.345	.7644
Reduced phone costs and paper work	4.543	.4564
Increased customer convenience	4.645	.7678

Source; Researcher, 2012

Results revealed that most of the respondents agreed to a great extent that the organization had derived various benefits from the implementation of e-commerce facilities and these were increased customer convenience, reduced phone costs and paper work, pprovided 24/7/365 availability of your services, quickened transaction processing, expanded Customer Base, hhigh-quality customer service, eexpanded geographical reach, increased Customer Loyalty, enabled you to reach a narrow market (niche), increased your turn over and profitability as was shown by high mean scores of 4.6, 4.5, 4.3, 4.2, 4.1 , 4.0 respectively.

Challenges faced in the use of e commerce

This section inquired on the extent into which various challenges had affected the organization since the implementation of e-commerce facilities using a likert scale of 1 = Very great extent; 2 = Great extent; 3 = Do not know; 2 = Small extent; and 1 = Very small extent

Table 4.5 Extent into which various challenges had affected the organization since the implementation of e-commerce facilities

Challenges	Mean	Std Dev
Security of payment	3.001	.7566
Online marketing	3.089	.3453
Validity of a contract concluded by electronic means	4.054	.3167
Electronic signatures	4.087	.5776
Slow internet Speed	4.120	.3567
Lack of personal contact with customers	4.2334	.4646
Running and maintenance more costly than expected	4.345	.7644
Data retention	4.635	.8768
Data protection	4.734	.7868

Source; Researcher, 2012

Results revealed that most respondents agreed that the major various challenges that had affected the organization since the implementation of e-commerce facilities were data protection, data retention, running and maintenance more costly than expected, lack of personal contact with customers, slow internet Speed, electronic signatures and validity of a contract concluded by electronic means as was shown by mean scores of 4.734, 4.635, 4.345, 4.2334, 4.120, 4.087 and 4.054 respectively.

VI. SUMMARY, CONCLUSION AND RECCOEMDATIONS

Summary

The study revealed that a majority of the respondents had degree level of education comprising 46% while 30% had diploma level of education. 14% had masters level of education. Further, most of the respondents were in middle management comprising 54% while 26% were in top management. 20% were in low level management. In addition, most of the respondents were wholly locally owned comprising 38% while 50% were foreign owned but locally incorporated. Only 12% of the banks were foreign owned and not locally incorporated.

On the area of use of various bank –to- bank e-commerce services, the study revealed that most banks used were EFT electronic payment bank to bank, Automated clearing through EFT, Truncation and cheques imaging transmission and Settlement of payment on a gross basis in real-time. On the extent at which bank- to- customer e-commerce services were applicable to the banks, the major bank- to- customer e-commerce services largely applicable to the bank were Branch banking, Internet banking direct access to account, Office banking, Mobile banking and Electronic funds transfer (EFT).

On the various reasons for the use of e-commerce, the study revealed that most respondents agreed to a great extent that the various reasons that influence adoption of e- commerce services in their banks were to; keep up with industry trend; response to customers' demands; increase customer awareness on bank products; improve customer service; extend bank geographical and expand bank market

On the topic of the various benefits from the implementation of e-commerce facilities , most of the respondents agreed to a great extent that the organization had derived various benefits from the implementation of e-commerce facilities and these were increased customer convenience, reduced phone costs and paper work, pprovided 24/7/365 availability of your services, quickened transaction processing, expanded Customer Base, hhigh-quality customer service, eexpanded geographical reach, increased Customer Loyalty, enabled you to reach a narrow market (niche), increased your turn over and profitability

On the issue of how various challenges had affected the organization since the implementation of e-commerce facilities, the study revealed that data protection, data retention, running and maintenance more costly than expected, lack of personal contact with customers, slow internet Speed, electronic signatures and validity of a contract concluded by electronic means were the various challenges that had affected the organization since the implementation of e-commerce facilities

CONCLUSION

The study concludes that there was a high extent of use of the E commerce in the banking industry. The various bank –to- bank e-commerce services used were EFT electronic payment bank to bank, Automated clearing through EFT, Truncation and cheques imaging transmission and Settlement of payment on a gross basis in real-time

The study concludes that e-commerce has affected traditional banking activities of banks. Electronic commerce provides buyers with a wide range of choices than traditional commerce because buyers can consider many different products and services from a wider variety of sellers. This wide variety is available for consumers to evaluate 24 hours a day, every day. Organizations that use e-commerce techniques and technology will also attract additional consumers because of a higher level of customer service. Organizations that move to the web will be able to help their customers resolve problems faster, which will eventually lead to better customer relations and more customers.

The study further concludes that e-commerce has affected competitive rivalry of firms in the banking industry. E commerce as banking distribution create a more competitive environment in each banks are force to operate accounts without a fee, the flexibility in moving funds to high return deprive the bank of the float. This directly affects the profit that banks have been making as a result of high bank cash balances on their account. The study concludes that e-commerce has affected customer maintenance in the banking industry as it has increased running and maintenance more costly than expected

The study concludes that e-commerce has affected the market trends in banking industry. Although a significant investment might be expected to cover the requirements of powerful, flexible and secure technology, there are many tools on the market supporting e-business technology fundamentals and products needed to build e-business solutions.

Recommendations

The study has revealed various factors that hinder e commerce growth such as lack of network security, slow and unstable connection, and high cost and fees to start e-commerce. The study recommends that there is need for banks to invest in adequate communication infrastructure, adequate banking infrastructure technical know-how and information processing about the economy and the environment.

VII. REFERENCES

[1] Ash Vasuden (2000) developing a capability of changing the rules of the games; implications for managing in a chaotic environment

[2] Babbie, Earl.1989. The Practice of Social Research. 5th edition. Belmont CA: Wadsworth

[3] Banking Sites in Nigeria. Journal of Internet Banking and Commerce, December

[4] Bato, V. (2003) Application of E-Commerce in Banking Industry.

[5] Berry, L.L, Parasuraman, A., Zeithaml, V.A. (1994), "Improving service quality in America: lessons learned", Academy of Management Executive, Vol. 8 No.2, pp.32-52.

[6] Bingi, P. A. Mir and J. Khamalah, 2000. The challenges facing Global E- commerce, information system management, 17 (4), fall, pp 26-34.

[7] Booz-Allen and Hamilton, Inc. (1996). Consumer Demand for Internet banking, Financial Services Group, New York.

[8] Chan, B. and S. Al-Hawamdeh, 2002. The development of e-commerce in Singapore. Business process management journal, 8 (3), pp 278-288.

[9] Daniel, E. 1999, "Provision of electronic banking in the UK and the Republic of Ireland," International Journal of Bank Marketing, 17, 2, pp. 72–82.

[10] Darek Miers (1996) the strategic challenges of e-commerce

[11] David Brighouse (1999) the financial service environment and advanced guide to financial institutions and other regulation charttered institute of Bankers, kent U.K

[12] David Seigel (1999) futurize your enterprise Business strategy in the age of the E-customers, John Wiley and sons Inc, New York.

[13] Debevoise, Neilson T (2005). Business Process Management with a Business Rules Approach. Business Knowledge Architects. ISBN 0-9769048-0-2

[14] Deloitte and Touché consulting group (1996), "electronic consumerism: The consumer is winning"

[15] Deloitte and Touché E-business in the financial sector practical guide online

[16] DeYoung, R., Lang, W. W., and Nolle, D. L. (2007). How the Internet Affect Output and Performance at Community Banks. Journal of Banking and Finance, Vol. 31, No. 4, pp. 1033-1060.
[17] Dr. Dimitris N. Chorafas, 1998, cost effective IT solution for financial services, merging competitive systems with legacy IT Lafferty publications Ltd Dublin
[18] Harridge-March, S. (2006). Can the building of trust overcome consumer perceived risk online? Marketing Intelligence & Planning, VOL.24, NO.7, 746-761
[19] Howard, J., and Moore, W. (1982). Changes in consumer behavior over the product life cycle in Tushman and Moore (Eds), Readings in the Management of Innovation,Pitman, p. 128.
[20] Ian Scott (2001) banking technology in the age of information
[21] Ian Scott (2001) internet banking: the feature is not what it use to be
[22] Jayawardhena, C. and Foley, P. (2000). Changes in the banking sector - the case ofInternet banking in the UK. Internet Research. 10(1), pp.19-30.
[23] Jayawardhena, C. and Foley, P. (2000). Changes in the banking sector - the case of Internet banking in the UK. Internet Research. 10(1), pp.19-30.
[24] Kamineni, R. (2002). Web based shopping: The evolution and the global implications: An exploratory analysis from a consumer behavioral viewpoint. The Journal of Internet Banking and Commerce, February 2004, Vol. 9, No.1.
[25] Karjaluoto, H. (2002 a). Selection criteria for a mode of bill payment: empirical investigation among Finnish bank customers. International Hournal of Retail and Distribution management. Vol.30.NO.6, 331-339.
[26] Kerlinger, F.N. (1973). Foundations of Behavioural Research. New York
[27] Khan, S. (2007). Adoption Issues of Internet Banking in Pakistani" Firms. Essay from LuleåUniversity of Technology, Master Thesis, Continuation Courses, Computer and Systems Science, Department of Business Administration and Social Science, Division of Information Systems Sciences. 2007:009 – ISSN: 1653-0187 – ISRN: LTU – PB – EX – 07/009 – SE.
[28] KPMG (1996) electronic commerce practice,
[29] KPMG (2001) banking survey Africa
[30] Levaux, J. 2001. "Adapting products and services for global E-commerce. "The next frontier is beyond localization", world trade 14 (1), January, pp. 52-54
[31] Li, S. and Worthington, A. C. (2004). The relationship between the adoption of Internet banking and electronic connectivity: - An international comparison..
[32] Mahadavan B. 2000. Business models for Internet-based e-commerce. California Management Review Vol 42(4): p55–69.
[33] Mauro Cipparone JIBC (1997) the consequences of electronic delivery channel on retail banking
[34] Michael E. Porter (1998) competitive advantage creating and sustaining superior performance the Fee Press New York
[35] Mugenda and Mugenda (2003), Research Methods: Quantitative & Qualitative Approaches • OECD (1999), the economic and social impact of electronic commerce:
[36] Oghenerukevbe, E.A. (2008). Customers Perception of Security Indicators in Online
[37] Ongkasuwan M. and Tantichattanon, W. (2002). A Comparative Study of Internet banking in Thailand. Paper presented at the The First National Conference on Electronic Business, Bangkok, 24-25 October, 2002.
[38] Padachi, K., and Rojid, S., and Seetanah, B. (2007), Analyzing the Factor that Influence the Adoption of Internet Banking in Mauritius. Paper presented at the Proceedings of the 2007 Computer Science and IT Education Conference.
[39] Padachi, K., and Rojid, S., and Seetanah, B. (2007), Analyzing the Factor that Influence theAdoption of Internet Banking in Mauritius. Paper presented at the Proceedings of the 2007 Computer Science and IT Education Conference.
[40] Pikkarainen, T., Pikkarainen, K., Karjaluoto, H., and Pahnila, S. (2004). Consumer acceptance of online banking: An extension of the technology acceptance model.Internet Research, 14(3), 224-235.
[41] Polasik, M., and Wisniewski, T. P. (2009). Empirical Analysis of Internet Banking Adoption in Poland. International Journal of Bank Marketing, Vol. 27, No. 1, 2009,pp. 32-52.
[42] Prasad, C., and Arumbaka, V. K. (2009). Consumer as co-creator of value: Crossing the technology hurdle."
[43] Price water house coopers (October 1999), electronic commerce, Its Impact on Victorian private businesses
[44] PriceWaterhouseCoopers, (2000). La banca privada en internet, Cinco Dí Madrid, as, Aná lisis del Mercado, Libro 5.
[45] Robinson, T. (2000). Internet banking: still not a perfect marriage. Information week. Com, April 17, 104-106.

[46] Rush, L. 2003, "U.S E-commerce to see significant growth by 2008". CyberAtlas, August 7. "Get Paid: P2P payments gaining consumer trust", Ecommerce Guide, Nov 18.
[47] Stijn Claessens, Tom Glaessner and Daniela Klingebie, electronic finance; reshaping the financial landscape around the world financial sector discussions paper No. 4, world bank financial sector, strategy and policy group
[48] Suganthi, Balachandher, S., and Balachandran, K. G. (2000). E-banking patronage:An empirical investigation of Malaysia. Journal of International Banking and Commerce, May 2001, vol. 6, no. 1.
[49] Tan Kee Giap, phd() the impact of information technology on banking and finance in Asia paper presented during the 3rd Asia development forum June 11th – 14th Bangkok Thailand
[50] The economist (June 26th –July 2nd 1999), the net imperatives (online)
[51] The institute of bankers (1982), the banks and technology in the 1980's, Blades east and Blades Ltd, London
[52] Wenninger, John (1999). "Business-to-Business Electronic Commerce." Current Issues in Economics and Finance 5, no. 10 (June).

Effects of Auditing on Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund

Gathuru Edmund Kanyugi[1] and Philip Ondiba[2]
[1,2]Lecturer Maasai Mara University,
Kenya

ABSTRACT

The overall objective of this study was to determine the effects of auditing on financial control in community support funds in Kenya: A Case of Maasai Mara Community Support Fund. The study used a descriptive cross-section design. The study targeted a population of 136 stakeholders. Data was collected using questionnaires. The validity and reliability were tested to ensure that the questionnaires provided the data that was required for the study. The data was analyzed using descriptive statistics for frequency and percentages, Pearson correlation analysis and Chi-square analysis to summarize and classify data, to establish the relationship between the variables and to determine the strength of association between the variables respectively. The study established that the influence of auditing skills on the effectiveness of financial control, majority of the respondents agreed that it has an influence on the effectiveness of financial control but the influence was not significant when tested using Pearson correlation, the results showed a positive but weak correlation which was significant (r = 0.282; p- value = 0.002). The hypothesis was tested using chi square analysis, where the null hypotheses was rejected based on the Chi square values. The study therefore concluded that community support funds should ensure that they employ people who have auditing skills in order to enhance the effectiveness of financial control. The findings of the study will assist in formulation of appropriate policies on the effectiveness of financial control for not only Maasai Mara Community Support Fund but to all other community support funds seeking effective financial control.

Keywords: Auditing, Financial Control and Community Support fund (CSF).

I. INTRODUCTION

Financial control is an integral part of financial management which is concerned with the acquisition, financing, and management of assets with some overall goal in mind. Financial control is the phase in which financial plans are implemented; control deals with the feedback and adjustment process required to ensure adherence to plans and modification of plans because of unforeseen changes (Besley&Bringham, 2005). The control function of the financial manager becomes relevant for funding which has been raised. The manager needs to determine if the various activities of the organization meet set objectives. This will be determined when data of actual performance versus forecast are compared. Forecast data in this case will have been prepared in the light of historical data modified to reflect expected future actual (Brinkerhoff, 2001).

Community funds are used to enhance community access to resources that improve individual productivity and thus reduce poverty, hunger, and community health issues like maternal deaths, as well as improve education performance among other things for the benefit of the community. Most community funds seek to strengthen community, county, local and government partnerships. Some have also sought to set new standards of transparency and accountability to city populations. Many of these funds have concentrated on offering subsidized and non-subsidized loans to support community activities; others have preferred to work through small grant finance, stressing counterpart contributions in order to ensure high levels of local ownership. Some have combined both of these (Satterthwaite, 2002).

For instance, in Australia, the Common Ground Community Support Fund was established to accomplish three things: to support communities in their time of need, to accept grant applications for community projects and to provide scholarships for talented kids to nurture their creative pursuits. This trust Fund was established in 1991 to distribute part of the Government's gaming revenue to projects that benefit communities. The fund is governed by the Australian Gambling Regulation Act 2003 and it receives 8.33 per cent of the hotel gaming revenue from electronic gaming machines. It however does not receive revenue from gaming machines located in clubs or in the casinos. Gaming revenues to the government comes in a number of forms, for instance, through various fees, levies and taxes on gaming (Gemson, 2003).

In Scotland there are community funds supported by the state. Notable among those funds are: People and Communities Fund which supports communities by delivering outcomes to meet and respond to theaspirations of the communities. Communities and Families Fund is a grants programme funded jointly by the Scottish Government and the Big Lottery Fund in Scotland (Scottish Government, 2014). The fund supports local projects that help families and communities give children the best start in life. There is also the Community Seed Corn Fund that directly supports the delivery of the Scottish Forestry Strategy outcomes and objectives including improving health and well-being of people and their communities, assisting community participation, enhancing opportunities for health and enjoyment and contributes to growth in learning and skills.

The funding aims to support groups and organizations to encourage and support greater use of woods by people to derive health, well-being and community benefits (Scottish Government, 2014). Despite government funding, implementation and evaluation, it gives much of the mandate to run the community projects to the local community. Thus the community manages the financial issues and prioritizes what projects to carry on with (Cruson, 2015).

In England there are also many other funds. One of them is the Church and Community Fund. This community fund assists Churches to develop their capacity to engage with the whole community through supporting innovative use of resources; helping transform areas of greatest need and opportunity and grow the community in a religious sense and numerically. Areas of interest to such funds are replicating models of successful community engagement across the community of Christian (Carson, 2015).

In South Africa there are many community support funds. Notable among them is the Anglo American support fund. The fund is committed to supporting development initiatives that are directed towards the alleviation of poverty and development of communities in South Africa. The diversity of the projects and sectors that the fund supports are in recognition of the diverse and rapid social economic as well as educational needs of South African communities (Tshikululu, 2013). The fund's major areas of interest are in education, health and sustainable community development.

Although Community funds are important, it is common to find that the funds in the country are experiencing a myriad of problems that include ineffective boards, absence of strategic planning activities, poor recording practices, lack of necessary policies and procedures, high turnover of employees and volunteers and dependence on a limited number of funding sources (Padilla, Staplefoote&Morganti, 2012). Effective financial management practices are therefore essential in improving transparency, efficiency, accuracy and accountability resulting in the organizations achieving their objectives. Typically, Community support funds are reliant on donations from their members, the local community and at times sponsorship from government and businesses. Some get their funding from international donors such as agencies, religious organizations and even individuals (Hendrickse, 2008). With the increasing levels of donor interest and funding, Community support funds need to be more accountable and improve in their financial management practices because they are flexible, less bureaucratic, more responsive and closer to the people. In particular, financial control practices such as budgeting and accurate reporting is essential in not only meeting the donor objectives but also building their confidence.

The government of Kenya has in the past decentralized funds to the local level with the aim of controlling imbalances in regional development and engendering citizen participation in the management of public resources towards poverty alleviation and improving service delivery. These funds can be categorized into: funds for loan facilitation that include the Youth Enterprise Fund and Women Enterprise Fund; targeted specific-sector transfers such as Free Primary Education fund and broad composite funds that include the Constituency Development Fund (CDF) and the Local Authorities Transfer Fund (Mzalendo, 2015).

In the tourism sector, the government introduced a policy that at least 25% of gate collection from the Game Reserves should go to the local communities neighboring game reserves (ROK, 1991). This led to the establishment of community support funds such as the Samburu support fund, Kakamega forest support fund, Lake Bogoria support fund and Maasai Mara support fund for communities neighboring those areas. However, in practice it is not always the situation, it has been estimated that only 2% to 5% of Kenya's total tourism receipts trickle down to the population at the grassroots level (Odindo, 2009).

With the new Constitution Narok County government domesticated the National policy with the establishment of Maasai Mara Community support fund that officially channels 19% of the total annual gate collections from the game reserve to the communities living around the reserve. The fund seeks to see improved economic advantage to the local people within the Maasai Mara Game Reserve. The fund is managed by a board that is made up of 8 members and ward representative committee. Policies at the county level are still struggling to be in line with the needs of the Maasai Community, which has brought about lack of accountability and inefficient utilization of resources (Mzalendo, 2015).

There also has been a wave of discontent in the political circles that little is being done to benefit the communities that are supposed to be benefiting from the Maasai Mara Game Reserve (world vision Kenya, 2015).

The local community has severally taken up arms against lack of financial accountability in the Maasai Mara Community Support Fund, lack of proper internal controls and that the community seems not to be the major benefactor of the income coming from the park. Political elites have been said to manipulate formation ofpolicies that drive the community fund resources to perpetuate their rule by skewing allocations in favor of kinsmen, supporters, sycophants and all manner of political hangers-on (Bripac, 2015). According to a report by World Vision Kenya (2015), Maasai Mara community support fund management is still not clearly transparent and accountable due to lack of effective transactional systems. The capacity assessment report also showed that the fund did not have well developed financial tracking system to enhance its performance measurement.

Community funds are both cash and in kind contributions made by organizations and institutions to community organizations and programs and normally they help immediate community. Funds come in many types and forms around the world just to mention a few: Scholarship funds, Donor advised funds and Field of interest funds. They serve different objectives and goals. These funds benefit from millions collected by the government and the business sector. Their purpose is to provide a wide variety of financial support to the communities involved in order to ease confrontational sentiments and reduce the hatred and emotions towards the other players within the community (Juan, 2015; Karen & Patricia, 2006).

Statement of the Problem

Financial controls are policies and procedures put into place by a business or organization to track, manage and report its financial resources and transactions.Several complaints concerning financial controls in Maasai Mara Community Support Fund has been raised by the community. For instance, quarterly financial reports submitted to Narok County Assembly from Maasai Mara Community support fund showed lack of proper recording of financial transactions in the system and lack of capacity as regards to financial control. Technical skills are a very crucial area in the effectiveness of financial control in community support funds. Dealing promptly with any unforeseen deviations in finances of community support funds will ensure that the goals of the organization are being pursued appropriately. In Scotland, Financial control in community support funds has not always been effective in service delivery due to weak technical skills. Several complaints concerning weak Auditing skills, book keeping skills, budgeting skills and numeracy skills have been raised by the community and donors. From the available information is not conclusive on the specific Technical Skills that affect the effectiveness of Financial Control in Maasai Mara Community Support Fund. This study, therefore, seeks to determine the effects of auditing on Financial Control in Maasai Mara Community Support Fund.

General Objective

The general objective of this study was to determine the effects of auditing skills on Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund.

Research Hypotheses

H0: There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

Significance of the Study

There is growing need to use CSFs to spur economic development in Kenya today, hence the need to have these institutions capable of governing themselves properly through proper financial control. Control is important because of the following reasons: Firstly, if the projected operating results are unsatisfactory, management can "go back to the drawing board" reformulate its plans, and develop more reasonable targets for the coming period. Secondly, it is better to know a problem in advance and tackle it than when it is too late and bring operations to a halt.

The CSF officials in Narok County and those in other regions may use the findings to strengthen their financial control to enhance achievement of objectives thus making them more effective. The government and other donors funding the CSFs will also be in a position to identify the gaps hence support the CSFs by building their capacities in Financial Management.

For the scholars that may be interested in pursuing knowledge in related areas, this study will provide some critical insights and guidelines on the factors that influence financial control and suggestions on areas that require further research. The government may also use the findings together with others from similar studies to enlist the support of the CSFs in carrying out interventions and other community support programs. The findings are also meant to be used together with others in policy formulation.

II. PUBLIC BUDGETING MODEL

The theoretical foundation for this study was anchored on the Public Budgeting Model. The Public Budgeting Model was first advanced by Smith and Lynch in 2004 who described public budgeting through four perspectives (Koitaba, 2013). The political where the politician sees the budget process as "a political event conducted in the political arena for political advantage”. The economical where the economist views budgeting as a matter of allocating resources in terms of opportunity cost where allocating resources to one consumer takes resources away from another consumer (Smith & Lynch, 2004). The role of the economist, therefore, is to provide decision makers with the best possible information. The accountant's perspective that focuses on the accountability value while budgeting which analyses the amount budgeted to the actual expenditures therebydescribing the "wisdom of the original policy". According to Smith and Lynch's public manager's perspective on a budget is a policy tool to describe the implementation of public policy.

In this study, only the accountant's perspective shall be considered since it gives more of a control perspective than the other two especially in variance analysis. Several leading theorists like Cleveland, Willoughby, Key, Lewis and Musgrave have also provided many insights to public budgeting like giving a more precise definition and purpose, sparking the normative question regarding how scarce resources ought to be distributed to unlimited demands (Koitaba, 2013). Identification of the three roles of government in the economy, that is: allocation of resources, distribution of goods and services, and economy stabilization. (Jowell, 2009) suggests that budgetary decision making is largely political, rather than based on economic conditions while (Jowell, 2009) facilitated the discussion of the dichotomy between theory and practice of public budgeting. (Smith & Lynch, 2004) outlines the three functions of budgeting as: Strategic Planning which is essentially deciding on the goals and objectives of an organization; Management Control which is the management's process of assuring effective and efficient accomplishment of goals and objectives laid out via strategic planning: and Operational Control which is focused on proper execution of specific tasks that provide the most efficient and effective means of meeting the goals and objectives ordered by management control.

The three values set forth in relation to budgeting and that are generally discussed in the literature of public budgeting are; accountability, efficiency, and efficacy. Accountability focuses on the inputs going into the system or program in action and is best characterized by the Line-item budgeting approach. It is best suited for the control and monitoring functions of a budget. Efficiency focuses on the process of the system or program and its conversion of inputs (resources) into outputs (policy). Its focus on the process makes this value appropriate for performance budgets and most in-line with management and steering functions.

Efficacy focuses on outputs and outcomes, measuring the impact of policy. This value follows both the program budget and Program Planning Budgeting System budget approaches and coincides with the planning and strategic brokering functions.

Budgeting in this study follows the traditional Model which emphasizes on the control function and focuses on the consequences of expenditures. Studies indicate that only a small proportion of Community support funds demonstrate a high proficiency in budget development (Odindo, 2009). In practice, many organizations find preparing a budget being a major hardship. It is therefore not surprising to find many organizations express the need for training in budget development. These are areas that, without proper and detailed training at least for a cohort of implementers within an organization, there would be major constraints. This is because a budget will only be prepared after identifying the activities the organization plans to do and how to do them. After deciding on these activities then the source of funds can be thought of (Jowell, 2009).

emphasizes on the control function and focuses on the consequences of expenditures. Studies indicate that only a small proportion of Community support funds demonstrate a high proficiency in budget development (Odindo, 2009). In practice, many organizations find preparing a budget being a major hardship. It is therefore not surprising to find many organizations express the need for training in budget development. These are areas that, without proper and detailed training at least for a cohort of implementers within an organization, there would be major constraints. This is because a budget will only be prepared after identifying the activities the organization plans to do and how to do them. After deciding on these activities then the source of funds can be thought of (Jowell, 2009).

Budgeting is characterized by its approaches, functions, formation, and type. Our discussion is on financial control practices therefore our focus will be on the accountant and public managers' perspective, which addresses objective auditing. Community support funds characteristically resemble public bodies in many aspects, this model will be ideal for analyzing their behavior especially in terms of financial controls.

Conceptual Framework

Auditing and Effective Financial Control

An audit is a process for testing the accuracy and completeness of information presented in an organization's financial statements. In addition to the materials included in the audit report, the auditor often prepares a management letter or report to the board of directors (Margah, 2005). This report cites areas on the organizations' internal control system which the auditor evaluates as weak. Many auditors provide year-end financial accounting services which are not part of the audit. These include preparing year-end financial based statements based on client reports, depreciation schedules and accrual and other adjustments based on clients. This serves as an independent examination of the existing accounting systems to see whether it is effective and gives a true and fair view of an organization's state of affairs as at a particular period in time enhancing the effectiveness of financial accounting (Vincent & Emil, 2000).

According to Kumar & Sharma (2011), an audit is an examination of such records to establish their reliability and the reliability of statements drawn from them. Nafula (2004) notes that an audit is an examination of the books, accounts and vouchers of a business, as shall enable the auditor to satisfy himself whether the Balance Sheet is properly drawn up , so as to give a true and fair view of the state of affairs of the business, and that the profit and loss account give a true and fair view of the profit or loss for the financial period, according to the best of his information and the explanations given to him as shown by the books; and if not, in what respect he is not satisfied.Community support funds management should exercise stewardship when using the organization's resources and the work of audit was to scrutinize the books to establish this. The process whereby the managers of a business account report to the owners of the business is called stewardship accounting (Millichamp, 2000).

Effective Financial Control

Community Development was a joint initiative of the Government of Kenya and the community with the objective to contribute to poverty alleviation in the country by offering support, in form of grants, to community-based projects which address social, economic and environment priorities. The concept of financial control was at the heart of financial management (Alin, de Boer, Freer, Ginneken, Klaasen, Mbane, Mokoetle, Moynihan, Odera, Swain, Tajuddin&Tewodros, 2006). Financial control ensured that the finances of an organization are well handled.

Without financial control, assets are at risk, funds may not be spent in accordance with the organizations' objectives or community's wishes, and the competence of managers and the integrity of the organization may be called into question (Alin et al., 2006). Financial control was achieved by designing systems and procedures to suit the particular needs of an organization (Alin et al., 2006).

For the purpose of financial control and accountability of community support funds, it was vital that an overall financial policy be put in place. The policy included individual policies pertaining to the donors, income, budgeting, expenditure, travel, auditing, petty cash, assets, salaries, staff loans and the opening and operation of a bank account (Shapiro, 2006).

According to (Odindo, 2009), most community support funds in the country are unable to cover their intended project areas with only a very small proportion, actually less than 2% being able to cover over 75% or more of their planned target population within their activities. The study also found that majority, slightly more than half, of the community support funds were able to cover between 25 and 50% of the planned target population while about one third, of the organizations were only able to cover only 25% of the planned target population. The rest covered 51 – 75% of the population. This situation was influenced mainly by lack of training and project funds although lack of equipment and low level of staff training also significantly affected their ability to reach their target populations.

The concept of community involvement in improving development outcomes was not a new one. It has its roots in the action that communities have always taken to protect and support their members. It has become increasingly clear that community support funds have unique advantages in its close connections with communities, its ability to communicate through people's own culture and language and to articulate the needs of communities, and, its ability to mobilize the many resources that community members can bring to the processes of policy and decision making and to service delivery (Sangole, 2014).

Empirical Review

According to Sarma, Vicary and Holdrege (2004), community support funds are grassroots organizations managed by members on behalf of community. Sarma, Vicary and Holdrege (2004), point out that community support funds are identified by four characteristics which are local ownership (the organization is owned by the community and serves its priorities and aspirations), local accountability (the organization is accountable to the community and not to a higher level), local control (the members have control over the direction and activities of the organization), and local membership (the organization is made up of members of the community).

Community support funds are non-profit organizations that operate within a single local community. They are essentially a subset of the wider group of non-profits. Like other non-profits they are often run on a voluntary basis and are self-funding. The recent evolution of community funds, especially in developing countries, has strengthened the view that these "bottom-up" organizations are more effective addressing local needs than larger charitable organizations. During the 1980s and 1990s, community funds expanded to the point of being referred to as a movement, and the process of community organizing expanded into many community funds. One struggle that emerged in this period was the awareness of power shifting from local communities to regions, nations, and international corporations. However, according to Speer& Perkins (2002), the process of globalization has also raised new questions about the efficacy of local organizations in addressing problems caused by large-scale economic forces.

The World Bank and the International Monetary Fund (IMF) attribute Africa's development crisis to an overgrown state, which had not only stifled individual freedom, but was also corrupt, parasitic and inefficient. The neo-liberal call for the retreat of the state in the development process was viewed as a means of empowering people to take charge of their own development through voluntary initiatives at the local level, (Wanyama, 2005). According to Garner (1998), the state and local government rely heavily on non-profit making organizations to provide abroad range of human services to the communities that they serve. These organizations are typically CSFs or faith based organizations (FBOs) that depend on volunteers to perform their missions. Some are grass root organizations run by an original founder. In general, these organizations are usually overwhelmed with the day to day service delivery demands, with little time or energy to focus on administrative matters. While these organizations are extremely dedicated to their particular issues, they oftenlack the business understanding that can be found in government and commercial sectors. These led to a variety of management related problems including; ineffective boards, absence of strategic planning activities, poor financial accounting practices, lack of necessary policies and procedures, high turnover of employees and volunteers and dependence on a limited number of funding sources. The likely result was compromised service delivery to those in need of organizations that are vulnerable to failure.

According to Hendrickse (2008), CSF financial control should include: keeping an accurate record of all financial transactions; linking the budget to the organization's strategic and operational plans; producing management accounts so that managers can compare the organization's progress against the budget and then make decisions about the future; producing financial statements for outside scrutiny to demonstrate how funds have been applied in the past; having internal controls or checks and balances in place to safeguard the organization's assets, and to manage risk and having an audit committee or auditor to assist in the quality and reliability of financial and other performance information used.

Garner (1998), points out that all non-profit making organizations have a common objective; they all have many of the same needs for financial information. Thus the accounting, financial system and financial reports are similar to profit making organizations. However, because of the differences in organizational objectives, financial procedures are modified to suit the specific type of organizations. In his study of CSFs in Western Kenya Wanyama (2005) observes that most CSFs do not have qualified personnel, lack sufficient resources, have inefficient systems in place and officials have self-interests and are corrupt. Many small CSFs also cannot afford to engage auditors as they are very expensive and given that their funder's require them to have an annual audit by a registered audit firm it means that they should request funding for this by including it in the budget as a line item.

Financial management practices were put in place to keep an organization on course towards profitability goals and achievement of its mission, and to minimize surprises along the way. Financial management practices promote transparency, accountability, efficiency, reduce risk of asset loss, and help ensure the reliability of financial statements and compliance with laws and regulations. Since financial management serves many important purposes such as transparency, accountability and efficiency, there are increasing calls for better financial management practices and report cards on them. The changes in the political context or shifts in donor policies towards more stringent lending practices, in conjunction with difficulties within CSFs and NGOs - for example, corruption, lack of financial management, inadequate planning: failure to prioritize, duplication of services and programmes, inadequate leadership capacity; lack of professional fundraising endeavors, and poor governance are but some factors quoted by commentators, which contributed to the demise of many civil society organizations (Kihato&Rapoo, 1999).

Responsibility for the sound management of financial resources is as important for both managing the people and other resources of an organization objectively. In smaller organizations like CSFs, much of the management responsibility rests with the manager in the field and can lead to the duplication of roles which will then demand that the manager be competent in all areas of finance. However, in order to achieve quality financial reporting, it will also mean that they must have a good overview of their project's progress, and it can be found that good financial records make sound project monitoring and evaluation much easier. Therefore, good project researches give CSFs some tools for resource mobilization and fund raising. Once they have received the grant, they are accountable for its use, and for that, their accounts need to be in order. Essentially a good research contains a sound financial control plan in addition to the objectives of the project so as to ensure efficient management of resources. Therefore, proper planning and controls are central to the entire process (Kraak, 2001).

I. RESEARCH METHODOLOGY

This study used a descriptive cross-sectional design.The target population for this study comprised of three groups of respondents, including: 9 Maasai Mara community support fund board members, 10 Maasai Mara community support fund head office employees and 117 Narok County Ward representative committees. The target population was 136.In this study, primary data was used. The primary data was collected using questionnaires.

II. DATA ANALYSIS

After data collection, the collected data was organized for processing. This involved; coding the responses, tabulating the data and performing several statistical computations. Using SPSS statistical software, the study employed both descriptive and inferential statistics to analyse the data collected and organized. The analysis procedure was uniform in all study objectives where descriptive and inferential statistics was used. Descriptive statistics; Frequencies and Percentages were calculated on the independent variables to summarize and classify the data collected into meaningful form for easy interpretation. Inferential statistics, namely, Factor Analysis, Pearson Correlation coefficient and Chi-Square, test was used to reduce the factors using factorloading, determine relationships between independent and dependent variables, check the normality of variables, and make generalizations about the characteristics of populations based on data collected.

Parametric Tests

In the study parametric tests was used to estimate the population parameter, because this estimation process involves a population, certain parametric assumptions are required to ensure all components are compatible with each other. It is used where the following three assumptions have been observed: Observations are independent, where the population data have a normal distribution and Scores in different groups have homogeneous variances. In this study the following parametric tests were used.

Correlation Analysis

Correlation analysis was used to find out relationships between Variables; evaluation of Auditing skills affecting the effectiveness of financial control in Maasai Mara Community Support Fund. Using Pearson Correlation Coefficient, the study expressed the extent to which the variables are related. Product moment coefficient (r) gives an indication of the strength of the linear relationship between two variables.

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - \left(\sum x\right)^2} \times \sqrt{n\sum y^2 - \left(\sum y\right)^2}}$$

Non-parametric Tests

The study used this method to test Distribution free statistics that do not require that the data fit a normal distribution. It also requires less restrictive assumptions about the data. Another important reason for using these tests is that they allow for the analysis of categorical as well as rank data. For this study the Chi square test of independence was used.

Chi-Square

This test is used to determine whether there is a significance difference between the expected observations and the observed frequencies in one or more categories. Pearson's correlation was used to test the independence while the Phi and Cramer's V. was used to test the strength of the association between variables. To make a conclusion about the hypothesis with 95% confidence, the value of significance, that is the p-value of the Chi-Square statistic should be less than .05 (which is the alpha level associated with a 95% confidence level). If the p-value < .05 and the critical chi square value is less than the computed value, then it is concluded that the variables are dependent in the population and that there is a statistical relationship between the categorical variables.

Chi square formula

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

Where O = observed frequency

$$E = \frac{\textbf{Column total} \times \textbf{Row total}}{\text{Sample Size}} = \text{expected frequency}$$

Factor Analysis

In this Study Factor analysis was used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. The information gained about the interdependencies between observed variables was used in the study to reduce the set of variables in a dataset. This technique is equal to low-rank approximation of the matrix of observed variables.

Exploratory factor analysis (EFA) using varimax rotation method was used to determine Component Matrix with the application of Kaiser-Meyer-Olkin measure (KMO). KMO results ranging from 0 to 1 and a factor loading of 0.4 and above was accepted for a good factor analysis and all items that had a factor loading of below 0.4 were removed from the analysis. Barltlett's test of sphericity for independent and dependent variable was used with significance level tested at less than 0.05 according to Pallant (2005). Moreover, correlation and Chi square was used to explore the relationship and associations between independent variables and dependent variable.

V. RESEARCH FINDINGS AND DISCUSSIONS

Effect of Auditing Skills on the Effectiveness of Financial Control in Maasai Mara Community Support Fund

The forth objective of the study sought to find out the effect of Auditing Skills on the effectiveness of financial control in Maasai Mara Community Support Fund. The respondents were asked to show their agreement or disagreement with given statements on Auditing skills on a three-point scale of 1-3, where; 1- Disagree, 2- Neutral, 3- Agree. Descriptive statistics were calculated and the results are presented in Table 4.11.

Table 4.11. Descriptive Statistics for Auditing Skills

Statements	Category	D	N	A	Total
	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
CSF is audited annually	Fund Employee	0	1(10.0%)	9(90.0%)	10(100.0%)
	Committee Member	4(4.2%)	4(4.2%)	88(91.7%	96(100.0%)
CSF uses an appointed supervisory committee for audit purposes	Board Member	0	0	9(100.0%)	0
	Fund Employee	0	1(10.0%)	9(90.0%)	0
	Committee Member	5(5.2%)	18(18.8%)	73(76.0%)	0
The last audit recommendations have been fully implemented	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	1(10.0%)	1(10.0%)	8(80.0%)	10(100.0%)
	Committee Member	3(3.1%)	2(2.1%)	91(94.8%)	96(100.0%)
Audit plays a big role in controlling finances of the maasaimara CSF	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	1(1.0%)	16(16.7%)	79(82.3%)	96(100.0%)
	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
The last audit revealed weaknesses in financial internal control systems	Fund Employee	0	2(20.0%)	8(80.0%)	10(100.0%)
	Committee Member	6(6.2%)	14(14.6%)	76(79.2%)	96(100.0%)
The audit report is communicated to the management board	Board Member	0	0	9(100.0%)	9(100.0%)
	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	8(8.3%)	15(15.6%)	73(76.0%)	96(100.0%)

Key: D=Disagree; N=Neutral and A=Agree

From the results presented in the above Table 4.10 the majority 8(88.9%) of the Board Member 9(90.0%) of the Fund Employee and 88(91.7%) of the Committee Member agreed to the statement, indicating that the respondents have the perception that their accounts are audited annually. On whether, Maasai Mara CSF uses an appointed supervisory committee for audit purposes the majority 9(100.0%) of the Board Member, 9(90.0%) of the Fund Employee and 73(76.0%) of the Committee Member agree to the statement. This also indicates that the respondents were familiar with the operations of the firm and perceived the appointments of the supervisory committee for auditing purposes as affective in financial control. This supports the findings of (Millichamp, 2000) and (Koitaba, 2013) also affirms that organizations should exercise stewardship when using the organization's resources and the work of audit will be to scrutinize the books.

On whether Maasai Mara CSF performed well in the last audit the majority 9(100.0%) of the Board Members, 8(80.0%) of the Fund Employees and 91(94.8%) of the Committee Members agree to the statement. This shows that the officials perceived the audit results for the fund for the previous exercise as satisfactory because of the good performance of the fund. On whether the last audit recommendations have been fully Implemented, majority. This shows that most of the recommendation given in the previous audit was implemented effectively. It was also established that Audit plays a big role in controlling finances of the Maasai Mara CSF, since majority 9(100.0%) of the Board Members, 10(100.0%) of the Fund Employees and 79(82.3%) of Committee Members agree to the statement. This shows that most of the respondents perceive auditing as an important financial control for the fund.

This affirms the findings of (Kumar and Sharma, 2011) and (Millichamp, 2000) who noted that internal control through auditing has an effect on the financial control in an organization.Finally, the study sought to establish whether the last audit revealed weaknesses in financial internal control, majority 8(88.9%) of the Board Members, 8(80.0%), of the Fund Employees and 76(79.2%) of the Committee Members agreed to the statement, which indicate that the respondents perceived the audit done in the previous years as having been effective because it helped reveal weaknesses in the internal control system. On whether, the audit report is communicated to the management board the, the majority 9(100.0%) of the Board Members, 10(100.0%) of the Fund Employees and 73(76.0%) of the Committee Members agree to the above statement. This shows that the respondents indicated that all audit reports are communicated to the management board and hence they perceived the process as being effective to enhance the internal control system. The results support the findings of (Malvern, 2002); (Kumar & Sharma, 2011) and (Koitaba, 2013) who established that budgets are used by the management in order to carry on the business of the company in an orderly manner and safeguarding its assets. They are essential as developed an environment of orderliness and guidance in operations of an organization leading to effectiveness in financial accounting.

The findings were subjected to further analysis using Pearson's Correlation so as to establish the relationship that exists between Auditing skills and effectiveness of financial control in Maasai Mara CSF. The results are presented in table 4.12.

Table 4.12: Pearson's Correlation Analysis of the Relationship Between Auditing Skills and Effectiveness of Financial Control

		Financial Control
Auditing	Pearson Correlation	.282**
	Sig. (2-tailed)	.002
	N	115

$p > .05$ (2-tailed); $\alpha = 0.05$.

The study established that there is a weak positive, statistically significant relationship (R = 0.282; p-value = 0.002) between Auditing skills and effective financial control in Maasai Mara Community Support Fund, this shows that Auditing skills is an important aspect in the effectiveness of financial control in any Community Fund. This is in line with the findings of (Koitaba, 2013) that also used Pearson's correlation in his analysis and found that auditing skills enhances effective financial control in community support funds.

The study further sought to establish the strength of the association between Auditing skills and effectiveness of financial control in Maasai Mara CSF. This analysis was done using the Chi Square Test for Independence and the results are presented in Table 4.13.

Table 4.13: Chi-Square Test for Independence for Auditing Skills and Effectiveness of Financial Control

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	162.109[a]	48	0
Likelihood Ratio	135.126	48	0
Linear-by-Linear Association	9.093	1	0.003
N of Valid Cases	115		

p> .05 (2-tailed); a = 0.05.

This was necessary so as to test the null Hypothesis 4 which was stated as:

H0 : There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

From the results presented in Table 4.13 it is noted that there is an association between Auditing skills and effective financial control in Maasai Mara Community Support fund. This is because the chi square value is 162.109 while the p- value is less than 0.05. This shows that there is a statistical significance association between Auditing skills and effective financial control in Maasai Mara Community Support fund. Therefore, the null hypothesis that there is no association between Auditing skills and effective financial control was rejected. The study thus concluded that Auditing skills were a significant factor affecting the effectiveness of financial control in Maasai Mara Community Support Fund.

Effective Financial Control

The study sought to establish how Auditing discussed in this section relate to the effectiveness of the financial control of CSF. The results were presented in Table 4.14.

Table 4.14 Responses on Effective Financial Control

Statements	Category	D	N	A	Total
There is adequate allocation of resources for all activities in	Board Member	1(11.1%)	4(44.4%)	4(44.4%)	9(100.0%)
Maasai Mara CSF	Fund Employee	0	0	10(100.0%)	10(100.0%)
	Committee Member	7(7.3%)	25(26.0%)	64(66.7%)	96(100.0%)
Projects are completed in time according to the planned budget	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	1(10.0%)	0	9(90.0%)	10(100.0%)
	Committee Member	4(4.2%)	16(16.7%)	76(79.2%)	96(100.0%)
CSF has accrued less debts in	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)

the last 2 years compared to the past	Fund Employee	0	3(30.0%)	7(70.0%)	10(100.0%)
	Committee Member	14(14.6%)	34(35.4%)	4850.0%)	96(100.0%)
There are fewer incidences of misappropriation of funds in Maaasai Mara CSF	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	1(10.0%)	9(90.0%)	10(100.0%)
	Committee Member	19(19.8%)	12(12.5%)	65(67.7%)	96(100.0%)
CSF has a well-designed financial control system	Board Member	0	2(22.2%)	7(77.8%)	9(100.0%)
	Fund Employee	2(20.0%)	0	8(80.0%)	10(100.0%)
	Committee Member	4(4.2%)	23(24.0%)	69(71.9%)	96(100.0%)
Maasai Mara Has A Well Developed Financial Policy	Board Member	2(22.2%)	0	7(77.8%)	9(100.0%)
	Fund Employee	0	5(50.0%	5(50.0%)	10(100.0%)
	Committee Member	3(3.1%)	38(39.6%)	55(57.3%)	96(100.0%)
CSF management supports high standards of financial control	Board Member	0	1(11.1%)	8(88.9%)	9(100.0%)
	Fund Employee	0	3(30.0%)	7(70.0%)	10(100.0%)
	Committee Member	0	20(20.8%)	76(79.2%)	96(100.0%)

Key: D=Disagree; N=Neutral and A=Agree

From the results presented in the above table 4.13 the majority 4(44.4%) of the Board Members, 10(100.0%) of the Fund Employees and 64(66.7%) of the Committee Members agreed that the financial control involved adequate allocation of resources for activities in the firm. This shows that most of the respondents perceived the financial control as having an effect on the adequate allocation of resources for activities in the firm. On whether the projects by the fund are completed in time and according to the planned budget, majority 8(88.9%) Of the Board Members, 9(90.0%) of the fund employees and 76(79.2%) of the committee members agreed to the statement. This again shows that majority of the official's perceived projects funded by the fund to be effective since they follow a budget for them to remain on course. This practice therefore improves the financial control of the fund.

On whether Maasai Mara CSF has accrued less debts in the last 2 years compared to the past, majority 8(88.9%) Of the Board Members, 7(70.0%) of the fund employees and 48(50.0%) of the committee members agreed. This shows that most of the officials perceive the financial control as being more effective now since the fund has less debt compared to the rest of the years before. This could imply that the fund is more effective in managing its financial control. it is also noted the low response from the committee members might be attributed to their low participation in the financial matters of the fund because most of them have little understanding of the financial processes. On the other hand, the study established that there were fewer incidences of misappropriation of funds in Maasai Mara CSF, majority 8(88.9%) Of the Board Members, 9(90.0% of the fund employees and 65(67.7%) of the committee members agreed. On whether Maasai Mara CSF has a well- designed financial control system, majority 7(77.8%) Of the Board Members, 8(80.0% of the fund employees and 69(71.9%) of the committee members agreed. This shows that the fund had fewer funds misappropriation in the current year than in the previous years and also the fund has a well-designed financial control system which could have led to effective financial control hence effective funds utilization. This is attributed to the fact that the fund has in place financial controlwhich are perceived to be more appropriate.

It was also noted that Maasai Mara has a well-developed financial policy, majority 7(77.8%) Of the Board Members, 5(50.0%) of the fund employees and 55(57.3%) of the committee members agreed. On whether, Maasai Mara CSF Management supports high standards of financial control, majority (88.9%) of the Board Members, 7(70.0%) of the fund employees and 76(79.2%) of the committee members agreed to the statement. This shows that most of the respondents perceived the fund as having a well-developed financial policy and the management of the fund supports the high standards of the financial control. This might have been a contributing factor to the improved management of the funds by the fund. These findings agreed with (Odindo, 2009) and (Koitaba, 2013) who agreed that most projects are not able to cover their anticipated projects with only 2% being able to cover over 75% of their projects. On the other hand, (Sangole, 2014) indicated that community members can bring about many resources that can enhance policy and bring about performance of these community support funds.

Summary

The chapter discussed the findings as analyzed from the data collected. The results were analyzed to establish the perception of the respondents on the various factors and whether they influence the effectiveness of the financial control of the community fund. The relationship between the variables was tested using both the Pearson's r and the Chi square test. The findings have indicated that there is a statistically significant relationship between auditing skills. The null hypothesis was therefore rejected since Auditing was noted to be statistically significant and hence influenced effective financial control of community supported fund.

VI. SUMMARY AND CONCLUSION

The objective of this study was to determine the effects of Auditing skills on the Effectiveness of Financial Control in Community Support Funds in Kenya: A Case of Maasai Mara Community Support Fund.The hypothesis tested being;

H0: There is no association between Auditing skills and effectiveness of financial control in Maasai Mara Community Support Fund.

Auditing and Effective Financial Control

The respondents were also required to give their views on the influence of auditing skills on the effectiveness of financial control of the Maasai Mara Community Support Fund. Majority of the respondents agreed that the fund performed well in the last audit, the last audit recommendations have been fully implemented and audit plays a big role in controlling finances of the fund. This shows that most of the recommendation given in the previous audit was implemented effectively. It is also perceived that auditing is an important financial control practice for the CSF. It was also perceived that the last audit revealed weaknesses in financial internal control systems, and that the audit report is communicated to the management board. This shows that most of the respondents perceived that the CSF financial controls through audit reports were well communicated to the board members. Therefore, the study indicated that auditing is a factor that influence financial control of the CSF. The Pearson's correlation showed that the association was positive and statistically significant. The results further indicated that the null hypothesis that there is no association between auditing and the financial control was rejected based on the high value of the Chi square.

CONCLUSION

The purpose of this study was to analyze employees' perception on the effects of Auditing Skills on financial control in community support funds. The study therefore concludes that; auditing skills has an influence on the effectiveness of the financial control. The results indicated that auditing skills helps to un earth the gaps that exists in the financial statements and the entire financial control system and gives recommendations of what a CSF must do to enhance their financial control.

Limitations to the Study

The study was limited to only community support fund organization in Narok County as opposed to any other organization in the county. Another limitation is that only management stakeholders were involved in the collection of data when actually more data could have been gathered from other groups such as community beneficiaries for this fund. The study only used a closed ended questionnaire which limited the data collected since it does not allow room for explanations. This might have led respondents to making assumptions on those items they might not have understood.

Areas for Further Study

This study was limited to community support funds and therefore the results might not be generalized to other funds. Therefore, a similar study incorporating other funds should be conducted to establish the correlation between the funds.

The study also recommends that a similar study be carried out to target a different sample other than the management stakeholders. Beneficiaries of the fund might provide a different perspective from management stakeholders perspective; this might add new knowledge to the literature different from the common perspective of the management stakeholders in financial matters.

Sources of Funding of the Study

The study was financed by the authors.

VII. REFERENCES

[1] Alin, F., de Boer, S., Freer, G. van Ginneken, L., Klaasen, W, et al (2013), How to build a good small CSF. Available: http://www.netowrklearning.orgAccessed on 18th October 2013

[2] Besley, F. &Bringham, J. (2005). Dealing promptly with any unforeseen deviations in finances ofCommunity funds. Community support fund Journal.112, 439-456.

[3] Brinkerhoff, D. W. (2001). Taking account of accountability: A conceptual overview and strategic options. Washington, DC: US Agency for International Development.

[4] Bripac, K. (2015). Challenges facing Maasai Mara Community Support Fund. (2015, August 4). The Business Daily, Nation media group limited.

[5] Carson, O. (2015). Community fund. Retrieved from http://www.ccfund.org.uk on 30th June, 2015at 1:04pm.

[6] Cruson, D. (2015). Electronic gaming machine. Handbook of revenue received by the Victorian Government from electronic gaming machines. Victoria: Mali Press.

[7] Creswell K. J. & Miller J. E. (2000). Social science research: Validity of instruments.New Delhi:Dotcom Publishers.

[8] Fraenkel, J. R. &Wallen, N. (2000). How to Design and Evaluate Research in Education N. E.: McGraw-Hill.

[9] Garner, C. (1998). "Accounting and Budgeting in Public and Nonprofit organizations". New York: Jossey Bass.

[10] Gemson, K. (2003). Gambling and regulation act. Retrieved fromwww.Australialaw.org on 6th August, 2015 at 12:57am.

[11] Hendrickse, R.F. (2008). Governance and Financial Sustainability of community support funds in South Africa. Unpublished Doctorate Thesis.

[12] Jowell, J. (2009). Financial Management for CSFs. Level 2 Learner Manual. Cape Town.

[13] Juan, O.K. (2015). Objectives and goals of community support fund. (2015, January 5). South China Morning Post.

[14] Karen, F. A. & Patricia D. K. (2006). Aspen Institute Roundtable on Community Change. Community Change: Theories, Practice, and Evidence. Washington, D.C.: Aspen Institute.

[15] Kihato, C. &Rapoo, T. (1999). An Independent voice? A survey of civil society organizations in South Africa, their funding, and their influence over the policy process. Research Report 67. Social Policy Series. Johannesburg: Centre for Policy Studies.

[16] Koitaba, E. K. (2013).an analysis of factors influencing financial control practices in community based organizations in Baringo county, kenya. New Delhi: New Age International Publishers.

[17] Kothari, C. R. (2004). Research Methods and Techniques. New Delhi: New Age International Publishers.
[18] Kraak, G. (2001). The South African voluntary sector in 2001: A great variety of 'morbid symptoms'. Development Update. 3(4).
[19] Kumar, R. & Sharma, V. (2011). Auditing Principles and Practice (2nd Ed). New Delhi, India: PHI Learning Private Ltd.
[20] Margah, M. P. (2005). Financial Management and Control in Higher Education. New York:Routledgalme.
[21] Millichamp, A. H. (2000). Auditing (7thEd.). London, England: Continuum.
[22] Mzalendo, K. D. (2015). CDF and Uwezo Fund Allocations: What Every Kenyan MustKnow. Retrieved from http://www.mzalendo.com on 3rd June, 2015 at 6:24pm.
[23] Nafula, J. K. Nancy N. (2004). Budget Mechanisms and Public Expenditure Tracking in Kenya.N a i r o b i : Kenya Institute for Public Policy (KIPPRA).
[24] Odindo, O. (2009). Implementation of community support funds in Kenya. Factors affecting effective implementation of community support funds. Nairobi: Pauline publications Africa.
[25] Oso, W. K. &Onen, D. (2005). Social science research. Theory and principles. London: University press
[26] Padilla, L.M, Staplefoote, T. H.&Morganti, K. M. (2012). Financial Sustainability for Nonprofit Organizations. Rand
[27] Ritchie, J. N.& Lewis, W. K. (2003). Social Work Research Methods. Boston: CUPublications.
[28] Sangole, N., Kaaria, S., Njuki, J., Lewa, K., &Mapila, M. (2014). Community based participatorymonitoring and evaluation: Impacts on farmer organization functioning. Social capital and accountability Journal.
[29] Sarma J. Vicary B and Holdrege J. (2004). Sustainability. World Vision Transformational Development Indicators Supplementary Program Resource Guide-Social Sustainability (Draft 3) and Resource Guide-Community Participation.
[30] Satterthwaite, D. (2002). Local funds: potential to allow donor agencies to support community development and poverty reduction in urban areas. Environment & Urbanization journal Vol. 14.
[31] Scottish Government, (2014). Community funds. Retrieved from http://www.gov.scot/on 23rdJuly, 2015 at 2:34am.
[32] Shapiro, J. (2006) Financial Control and Accountability Toolkit. Civicus.
[33] Smith, R.W. & Lynch, T. D. (2004). Public Budgeting in America (5th Ed.). New Jersey: Pearson; Upper Saddle River, 37.
[34] Tishikululu, O. (2013). Community support funds in South Africa. South Africa Journal of Educational Administration and Policy, Issue No. 12.
[35] Vincent, H. & Emil, A. (2000). "Coping with Cutbacks": The Nonprofit Guide to Success Funds implementation journal, 63(21), 234-240.
[36] Wanyama, G. J. (2005). Implementation of community support fund: factors affecting Effective implementation. Funds implementation journal, 63(21), 234-240.
[37] World Vision Kenya(2015). Community funds Assessment report, Retrieved from http://www.naro k.go.ke/na rok- media/news-events/294-the-maasai-mara-community-support-fund. On 25th June, 2015 at 2:19pm.

Career Planning and Employee Performance: A Case of Nairobi County Assembly

Perice Odari[1], Anne Kiboi[2], and Thomas Katua Ngui[3]
[1,2,3] The Catholic University of
Eastern Africa

ABSTRACT

The purpose of the study was to investigate the effect of career planning on employee performance: case of Nairobi County Assembly. The study was guided by the following objectives: to determine how management styles influences employee performance at Nairobi County Assembly., to establish how technology influences employee performance at Nairobi County Assembly, to determine how training influences employee performance at Nairobi County Assembly and to establish how the government policy influences employee performance at Nairobi County Assembly. The study used descriptive research design. The target population comprised of the employees working at the Nairobi County Assembly offices in the various departments with a total number of 71 employees. The study sampled all the employees at the Nairobi County Assembly. Questionnaires were used as the research instrument. For validity the supervisors appraised the instrument and a pilot study was also carried out to identify items in the instrument which were ambiguous and inappropriate in order to improve their validity and reliability. The data was analyzed using both descriptive statistics and inferential statistics to investigate the effect of career planning on employee performance at Nairobi County Assembly. The findings from the study revealed that career goals and career planning feedback were the key management style factors influencing career planning and that data management, assessments and career paths were identified as the highest factor loadings for technology. The findings further showed that career counseling, career options and career needs were the highest factor loadings for training while career planning resources and career planning policy were identified as the highest factor loadings for government policy. The study recommends that management should ensure that the career goals for all the employees are clearly defined to guide the employees in their career choices and that the management should provide timely feedback on career planning to ensure that employees make informed decisions on career planning. Another recommendation is that technology should be extensively used to design the career paths for individual employees for better decision making and that the career planning policy should be enforced in all government institutions to promote good career planning practices.

Keywords: Career Planning, Management Styles, Technology, Training, Employee Performance

I. INTRODUCTION

Any organization that aims at being successful in achieving its goals needs to consider the quality of the activities and the joint efforts of the people involved in it to achieve the goals that they have set. Equipping employees with the skills and understanding required to make appropriate career transitions, as well as supporting them on their journeys throughout life, are critical not only for an effectively functioning economy, but also for individual well-being Triandani & Anggriani (2015).

According to Kaya and Ceylan (2014), the rapid increase of global competition, day by day renewed technology, growing demand towardsbetter customer service have made constant and fast change an important issue in organizations. Organizations in the present world are operating in a highly competitive and borderless environment. Survival has become a key focus for many of these organizations, and they are constantly seeking for ingredients that can help to establish their competitive advantage (Jayasingam & Yong 2013). One of the roles of the human resource department is to help employees consider potential career routes (Agba, Nkpoyen & Ushie, 2010). Together with efficiently using human resources that have a strategic importance for organizations, the effects of career development programs might provide a competitive advantage.

Career management is defined as the process by which individuals collect information about values, interests, skill strengths and weaknesses, identify a career goal, and engage in career strategies that increase the probability that career goals to be achieved Lyria, Namusonge & Karanja, 2014). The failure to motivate employees to plan their careers can result in a shortage of employees to fill open positions, lower employee commitment and inappropriate use of monies allocated for training and development programs (Gupta & Govindarajan, 2000).

A career is not a short-term proposition. It is a lifelong event and commitment which requires a broad perspective on the short, medium and long-term planning. Career planning, like time, has only one direction to flow- forward. It is a continuous process that every professional needs to learn to follow throughout their career.It must cover a broad perspective with their interests, values, skills and preferences to find a balance between life, work, and learning that address their personal and professional goals. In short, career planning ensures success of an individual by providing him with a roadmap to follow (National Human Resource Development, 2016). According to Antoniu (2010), career planning aims to identify needs, aspirations and opportunities for individuals' career and the implementation of developing human resources programs to support that career.

According to Kaya and Ceylan (2014), career development programs and organizational commitment in Turkey have a partial effect on employee's job satisfaction and organizational commitment affects job satisfaction directly and positively. Their study suggests that policies such as restorationin working environment, chiefs or topmanagement not following a strict discipline,giving voice to the employees, giving rights toparticipate in the management, applicationsthat feed the communication amongst people,etc. should be supported for it will increase theorganizational commitment. Organizations should also take into consideration performance and motivation. Performance andmotivation are important factors that concernboth the organization and the employee andhave an effect on job satisfaction. They shedlight for the employee to achieve his or herintended goals. Since the goals of theorganizations are contributed, the organizationmust act fair and with equity while evaluatingperformances.

Khan (2014) study in Pakistan identified some anomalies in the existing career development practices of andproposed some remedial measures to further improve employees' job satisfaction, commitment andretention through career development. The aforementioned author suggested that the management of Pakistani institutions should pay more attention towards career planning and development of their subordinates and frequentlyinteract with them to facilitate them in choosing right career and timely achieving career milestones (Khan, 2014). They should also create a trustworthy workplace environment where employees shouldperceive that their psychological contract is being maintained by the organization. This shall help indeveloping trustworthy work environment and further lead to better job satisfaction, employee loyalty andlong term retention.

Staden and Toit (2011) study results provide an interesting look at the unique career issues workers experience from a South African perspective. Issues identified dealt with the lack of importance placed upon organizational training, the lack of interest in temporary work assignments and the low importance placed on learning from mentors. Their study recommends that organizations need to take note of their reward structures as workers have indicated that promotions and rewards based on their knowledge is insufficient and that even though they require more knowledge just to enable them to perform their jobs, their knowledge still provides them with a competitive advantage in their careers and the knowledge economy. Workers furthermore acknowledged that they are personally responsible for their own career development and attempt to ensure that they take part in lifelong learning and training.

Lyria, Namusonge and Karanja (2017), study in Kenya suggest that career management practices should be widely adopted by organizations as doing so would lead to improved performance. Therefore, organizations wishing to maintain superior organization performance should put in place mechanisms to support career management.

According to Omolayo, (2000), leadership is a process of societal control for leader to pursue the controlled involvement with subordinate in order to attain organizational objectives and goals. The driver of such strategic move towards surviving the competition is the leadership provided by managers who are expected to influence others in achieving organizational goals and also boost employee's performance (Awino, 2015). Leadership approaches often include different influences like organizational culture, situational aspects, and characteristics of followers (Nakamura, 2008). Leadership is a key factor for improving the performance of many if not all organizations and the success or failure of an organization depends on the effectiveness of leadership at all levels (Awino, 2015).

Technology has had a powerful effect on the nature of work and what jobs are currently in demand. Technology is considered to be one of the most widely recognized forces affecting work and how it is changing. Career preparation, choices, and objectives are different now than they were years ago. In addition, career objectives have changed from simply climbing prescribed organizational ladders to more personal development in areas of expertise.Computerization and the emerging information highway are transforming the American economy (Greenhaus & Callahan, 2006). Computers are changing the composition and distribution of labor, improving labor efficiency, and creating new markets and new forms of organizations (Samli, 2001). Technology shapes what people do and how they do it. In addition, digitization has changed the types of skills needed on jobs. It has increased the analytic and information-processing skills required on some jobs and decreased the manual and sensory-based skills of others. With the increasing technological advances, workers are able to do their jobs almost anywhere. It has been said that the internet will continue to play an important role providing career services, because not everyone has the time or money to seek face-to-face assistance from career counselors (Greenhause & Callan, 2006).

Training and development refers to a planned effort by an organization to facilitate the learning of job-related behaviour on the part of its employees (Elnaga & Imran (2013). Training and development is also ameans to provide employees with relevant skills so as to improve the efficiency of their organization (Falola, Osibanjo & Ojo, 2014). Career planning and training are two related processes that increase the capacity of your employees to contribute to the organization's mission. Organization challenges are to continually find ways to invest in the development of its employees while balancing the requirements of current work. Training is planned, organized experiences that assist in the gaining or expansion of key competencies (Hammer, 2000). These experiences are intended to build needed competencies in order to achieve mission success and performance objectives. They also help prepare individuals to take on new or expanded roles, supporting better succession planning. According to NHRD (2016), organizations often provide training to employees, ensuring that the high performers are presented with opportunities for growth. However, it is up to every individual to define their career path and goals to ensure that growth never stops.

Employee performance is defined as whether a person executes their job duties and responsibilities well. Many organizations assess their employee's performance on an annual or quarterly basis in order to define certain areas that need improvement. Performance is a critical factor in organizational success. According to Noordzij (2013), the effectiveness with which organizations manage, develop and stimulate their employees is an important cornerstone for how organizations perform. Performance can be traced back to the behaviour of people on the shop floor. Employees work in a certain way or behave in a way that contributes to the goals of the organization.

Nairobi City County is one of the 47 counties in the Republic of Kenya that were established under the constitution of Kenya 2010. The Nairobi City County Government is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include functions that have been devolved under part two of the fourth Schedule of the Constitution. Some of the functions of the county assembly is the management and exploitation of the county's resources and the development and management of its infrastructure and institutions. The hierarchical structure at the Nairobi County Assembly is mandated to carry out functions like recruitment, workplace safety, employee relations, compensation and benefits, compliance, training and development (Morangi, 2016). Professional development opportunities are for employees looking for promotional opportunities or employees who want to achieve personal goals such as finishing their education. However, the career growth of the employees is not guided as there is inadequate career planning activities. It is against this background that this research was based. Also the employee performance is far below the set standards and there was no improvement even after undergoing training which employees themselves choose (Githinji, 2014).

STATEMENT OF THE PROBLEM

Career planning is of strategic importance to organizations that want to optimize their workforce. In order for an organization to be successful, the career planning strategy needs to be aligned with the organization's business strategy (Heinen & Colleen,2004). Fifty per cent ofthe top managers across the globe think there is lack of alignment between talent managementstrategy and corporate strategy and that is why talent management is not an issue of HumanResource department but other organizations top managers are also involved (Collings, Doherty, Osborn & Luethy, 2011). According to Hytter (2007), nowadays companies must be able to educate, advance and motivate their employees and give them the chance to climb the social ladder. But there are no single approaches or concepts which purport the way how a leader can influence their employees so that they do not want to leave the company.

According to Agba, Nkpoken and Ushie (2010), employees in contemporary society are expressing a strong desire to pursue more than just a job. They are looking for employment opportunities that promise an extension of their interests, personality and abilities. With improved living standards, workers are no longer satisfied to have just a job and the usual fringe benefits. They want a career that expresses their interests, personality, abilities and that harmonizes with their total life situation. Unfortunately, most employers have failed to recognize this need and the tools and experiences they provide do not enable workers to develop in their career.

The public sector faces challenges like slow advancement where seniority has more importance than merit, using a fixed order of promotion instead of independence of performance, weak recognition of the individual merits and unclear career paths (Billeh, 2016). The Nairobi County Assembly does not have a documented career plan. Employees choose their career path and this somehow affects their performance. Therefore, this study sought to examine the impact of career planning on employees' performance at theNairobi County Assembly.

OBJECTIVES OF THE STUDY

The general objective of the study was to establish the impact of career planning on employee performance at Nairobi County Assembly, whereas its specific objectives were:

i) To determine how management styles influences employee performance at Nairobi County Assembly.
ii) To establish how technologyinfluences employee performance at Nairobi County Assembly.
iii) To determine how training influencesemployee performance at Nairobi County Assembly.
iv) To establish how the government policy influences employee performance at Nairobi County Assembly.

Significance of the Study

Due to their effect or potential effect on the Nairobi County Assembly's ability to consistently provide services that meet customer and applicable statutory and regulatory requirements, the study would be of significance to the staff who through their skills and commitment create corporate success. The study was expected to point out to the staff the importance of career planning and how they can be involved in creating career paths for themselves. The study would also be significant to the management of the County Assembly as they would gain some knowledge on career planning for their employees. The study would also benefit the policy makers in the government as they strive to formulate career planning policies for the public sector. Further, the study would be of significance to the researchers and academicians as it will act as a reference for further studies.

II. CONCEPTUAL FRAMEWORK

The study was guided by the following conceptual framework.

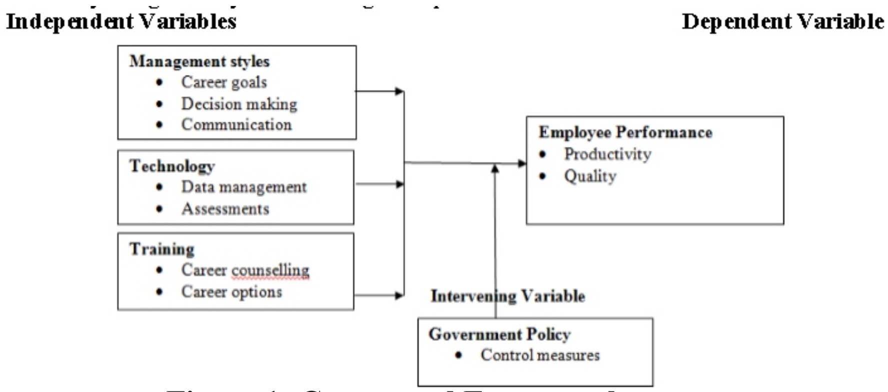


Figure 1: Conceptual Framework
Source: Adopted from literature review

In this studythe independent variable was measured through the management styles under the parameters career goals, career decisions and communication on career planning. The technology variable was measured under the parameters of career data management and assessment of career plans for the individuals. The third independent variable of training was measured under the parameters of career counseling and career options for the employees. Through an intervening variable of government policy under the parameter of regulations on career planning, the independent variable influences the dependent variable employee performance which was measured under the parameters work quantity and quality by the employees.

III. LITERATURE REVIEW

Theoretical Framework

Self-Concept Theory of Career Development

The theory was propounded by Super (1969, 1980, 1990) where he suggested that career choice and development is essentially a process of developing and implementing a person's self-concept. According to Super (1990), self- concept is a product of complex interactions among a number of factors, including physical and mental growth, personal experiences, and environmental characteristics and stimulation. According to Savickas (2002), the self-concept theory was essentially a personal construct theory and the process of career construction is essentially that of developing and implementing vocational self-concepts in work roles.

Super (1990), proposed a life stage developmental framework with stages of growth, exploration, establishment, maintenance (or management), and disengagement. In each stage, one has to successfully manage the vocational developmental tasks that are socially expected of persons in the given chronological age range. Although Super originally presented the stages and tasks in a sequential manner, he later added that we cycle and recycle throughout our life span as we adapt to changes in ourselves as well as to the trends in the work place. Understanding these ages and related stages in career development helps in facilitating one to select appropriate responses and activities. According to Leung and Chen (2007), in order to maximize self-fulfillment and social approval, one has to negotiate with the environment to locate the most acceptable solutions and option. Many aspects of Super's theory are attractive to international career guidance professional and researchers, including concepts such as vocational developmental tasks, developmental stages, career maturity and life roles. As Super states, making a vocational choice individuals are expressing their self-concept, or understanding self, which evolves over time. People seek career satisfaction through work roles in which they can express themselves and further implement and develop their self-concept.

This theory was relevant for the study because it showed the importance of considering the career planning stages in the career of employees and how to manage the activities at each stage in order for one to get career satisfaction which in turn influences the performance of an employee.

Theory of Work Adjustment (TWA)

The Theory of Work Adjustment (Dawis, 2002) is a class of theory in career development that is anchored on the individual difference tradition of vocational behavior. Dawis (1992), viewed career choice and development as a continual process of adjustment and accommodation. The recent formulations of TWA speculated on the effects of diverse adjustment styles that could be used to explain how the person (P) and the environment (E) continuously achieve and maintain their correspondence (Dawis, 2005). The theory examines four adjustment style variables which are flexibility, activeness, re-activeness and perseverance.

Career choice and development is thus conceptualized as a continual process or cycles of work adjustment initiated by dissatisfaction and disatisfactoriness. The theory identifies two major components to the prediction of work adjustment; satisfaction being satisfied with work one does; and satisfactoriness being the employer's satisfaction with the individual's performance and satisfaction being a key indicator of work adjustment. A major strength of TWA is that a battery of measures has been developed to measure the various variables associated with the theory, including measures of satisfaction, needs and values, skills and abilities, satisfactoriness and indexes of correspondence (Dawis, 2005).

This theory was relevant for the study because it showed the importance of individuals being flexible in their career and remaining active in the activities that are associated with the career. It also showed the importance of persevering in an attempt to build a career in order to build the right skills and improve individual performance in the workplace.

Theory of Performance

The theory of performance was developed by Don Egler in the year 2000. It stresses that to perform is to take a complex series of actions that integrate skills and knowledge and to be able to produce a valuable result. Developing performance is a journey and a performer can be an individual or a group of people. Egler (2000) states that the level of performance usually depends on six components which are context, level of knowledge, levels of skills, levels of identity, personal factors, and fixed factors. As a department improves its level of performance, the members of the department are able to produce more effectively and enhance the organization effective culture. Performing at a higher level produces results such as an increase in quality, capability, knowledge, skills, identity and motivation as well as a reduction in costs involved.

Performance can be improved through theperformer's mindset by engaging in positive emotions, through immersion where a physical, social, and intellectual environment can be used to elevate performance and stimulate personal as well as professional development. Another technique of improving performance is through insightful practice which involves events that help people pay attention to and learn from experiences (Egler, 2000).According to Egler (2000), performing at a higher level produces results such as an increase in quality, reduction of costs, an increase in capability and capacity, knowledge increment among others. This in turn leads to an increase in employee motivation as individuals widen the sense of who they are competently. In an academic institution, an improvement in its level of performance enables them to produce more effective student learning, effective research and overall organization culture.

This theory was relevant for the study because it showed the outcome of employee performing at a higher level as this meant an increase in quality and an increase in their capability which led to the organization becoming more profitable.

Empirical Studies

Management Style and Employee Performance

Okon and Isong (2016) highlight that there is a positive relationship between management styles and employees' performance. Daniel (2014) further points out that the autocratic management style has significant positive effect on performance and hence productivity. Brennan (2014) postulates that both managers and staff prefer the team managerial style, along with an adaptable manager and communication being based on an individual level.

Technology and Employee Performance

According to Mutuku and Nyaribo (2015)information technology has a positive as well as statistically significant influence on employee productivity. Therefore, an increase in the application of IT results to increased employee productivity. Al-Nashi and Amer (2014) further highlight that staff in nongovernmental organizations show high employee productivity through three variables: IT infrastructure, IT innovation and IT knowledge management related to IT adoption. Abbas, Muzaffar and Mahmood (2014) postulate that technology greatly escalates the productivity of employees along with time saving. It also greatly affects the workload on employees and ensures control over mistakes and frauds. Quick access to information and ease of use enables the bank employees to deliver quality service. However, the organizations which implement new technology should provide proper training to its employees; it will increase their performance. Similarly, all the prerequisites should be fulfilled before starting the implementation process; failure to which could result in poor performance as well as bad customer service.

Training and Employee Performance

Imran and Tanveer (2015) highlight that training and development has a positive impact on their job knowledge, work quality and quantity, functional skills, and their motivation and loyalty and these are all linked to their performance either strongly or moderately but in a supporting direction. According to Onyango and Wanyoike (2014) there is a strong positive relationship between training of employees and performance. Sila (2014) further confirms that training has a big influence on performance with attitude, job satisfaction and service delivery equally getting the same weight.

Government Policy and Employee Performance

According to Ibrahim and Muritala (2015) there is a negative relationship between monetary policy measures and performance. Therefore, governments should be consistent and maintain its policy framework to spur confidence among employees and investors. Bakari (2015) highlights that until new policies or practices become established, organizational performance may be affected, often negatively as employees become accustomed to new ways of performing job tasks or different expectations for personal behavior.

IV. RESEARCH METHODOLOGY

This study used descriptive survey research design as it was appropriate in establishing relationship between variables and in facilitating collection of current information. This research design also enabled collection of discrete numerical data from the population in order to provide factual descriptive information. The target population consisted of the employees working in the various departments at the Nairobi County Assembly as indicated in the table below.The study was a census whereby the entire target population took part in the study.

Table1: Distribution of Target Population

Department	Frequency
Finance	13
Research and Development	15
Clerks	30
Human Resources	5
Hansard	8
Total	71

Source: Nairobi County Assembly Records (2018)

A questionnaire was used as the main research instruments for data collection. The questionnaire was formulated under the light of the norms of formulating an efficient and effective questionnaire. It was a structured questionnaire consisting of closed ended questions for the purpose of obtaining richer information. With the permission from the Head of Human Resources, the researcher distributed the structured questionnaire to the employees.

Descriptive analysis was done and the presentation was based on the descriptive statistics. SPSS was useful in transferring the data into more understandable information through coding, tables and graphical representation of the findings. The descriptive analysis assisted the researcher to make a conclusion on the impact of career planning on employee performance at the Nairobi County Assembly, in relation to the concepts, theories and methods that had been used in this research.

V. RESULTS AND DISCUSSION OF FINDINGS

In order to establish the impact of career planning on employee performance, a number of questions were drawn from the variable, management styles. The results are as presented in table 2 below.

Table 2: Descriptive Statistics on Management Styles

Items	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)
The management has communicated a vision that motivates me	-	10.1	14.5	75.4	-
The management makes effective career planning decisions quickly and decisively	13	71	14.5	1.4	-
The management has created a supportive environment for career planning	17.4	65.2	14.5	2.9	-
The management provides regular feedback on career planning	37.7	53.6	8.7	-	-
Items	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)
The management recognizes and rewards high quality performance	-	-	-	69.6	30.4
The management has created mechanisms to empower employees			33.3	4.2	24.6

Table 2 above shows that majority of the respondents 75.4% agreed that the management has communicated a vision that motivates them while 71% of the respondents on the other hand disagreed that the management makes effective career planning decisions quickly and decisively. Further, majority of the respondents 65.2% disagreed that the management has created a supportive environment for career planning while 53.6% of the respondents also disagreed that the management provides regular feedback on career planning. In relation to whether the management recognizes and rewards high quality performance, 69.6% of the respondents agreed. The results are in tandem with those of Brennan (2014) whose results suggested that both managers and staff prefer the team managerial style, along with an adaptable manager and communication being based on an individual level.

Factor Analysis

There were a lot of items that were to be considered in among the influence of career planning on employee performance at Nairobi County Assembly. This study used factor analysis to reduce the items. Field (2005) argues that since eigen values measure the substantive importance of a variable, only factors with higher eigen values are retained hence, this study used variables with eigen values greater or equal to 1.00 that were extracted. This section therefore provides summary results of factor analysis Principal component analysis and varimax rotation techniques that were used to run the data reduction for the management styles variable.

Eigen Values of Management Styles

Eigen Values associated with each linear factor before extraction, after extraction and after rotation are shown in Table 3 below.

Table 3: Eigenvalues of Management Styles

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.725	45.413	45.413	2.725	45.413	45.413
2	1.205	20.088	65.5	1.205	20.088	65.5
3	0.804	13.392	78.892			
4	0.561	9.358	88.251			
5	0.435	7.25	95.501			
6	0.27	4.499	100			

Extraction Method: Principal Component Analysis.

Before extraction there are 6 linear components identified within the data. It is clear that there are two (2) factors with eigen values greater than 1. The percentage of the variance for these values is explained in column two labelled extraction of sums of squared loadings. While in the third column (rotation sum of squared loadings) the eigen values of the factors after rotation are displayed. From the table we can see that factor 1 accounted for considerable more variance (45.413%) than the remaining one. After extraction it still accounts for 45.413% of variance. In total the two factors explained 65.500% of the variance. The results are supported by those of Vahedi and Asadi (2013) who established that management style has a significant effect on the performance of the staff.

Factor Analysis Using Varimax Rotation – Management Styles

Table 4 below shows the data extracted using the varimax rotation for the Management styles variables.

Table 4: Factor Analysis Using Varimax Rotation – Management Styles

Component Matrix(a)

	Component	
	1	**2**
The management has communicated a vision that motivates me		
The management makes effective career planning decisions quickly and decisively	0.846	
The management has created a supportive environment for career planning	0.766	
The management provides regular feedback on career planning	0.047	0.950
The management recognizes and reward high quality performance		0.123
The management has created mechanisms to empower employees	0.746	

Extraction Method: Principal Component Analysis. a 2 components extracted.

From Table 4 above, it is evident that there are two factors that were extracted. The consolidated themes for the two factors extracted are career goals and career planning feedback. According to Okon and Isong (2016), there is a positive relationship between management styles and employees' performance.

Factor Interpretation – Management Styles

Table 5 below shows the factor interpretation for the two factors that were extracted for management styles.

Table 5: Factor Interpretation – Management Styles

Factor	Variables	Summary
1	The management makes effective career planning decisions quickly and decisively	Career goals
	The management has created a supportive environment for career planning	
	The management provides regular feedback on career planning	
2	The management provides regular feedback on career planning The management recognizes and rewards high quality performance	Career planning feedback

From Table 5, the factors that were identified as having the highest factor loadings for factor 1 were the management makes effective career planning decisions quickly and decisively, the management has created a supportive environment for career planning and the management provides regular feedback on career planning and were interpreted as career goals.

The management provides regular feedback on career planning and the management recognizes and rewards high quality performance, were identified as the highest factor loadings for factor 2. These factors relate to career planning feedback.

The results are in tandem with those of Brennan (2014) whose results suggested that staff prefer communication being based on an individual level.

Statistical Analysis for Multiple Regressions

To help in determining the relationship between management styles, technology and training as independent variables and employee performance as dependent variable, the study carried out regression analysis. The results are presented in the form of model of summary, Analysis of Variance (ANOVA) and regression coefficients. The findings are shown in the subsequent sections.

Table 6: Regression Model Summary of the Predictors of Employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741[a]	0.549	0.535	0.43091

a. Predictors: (Constant), Management style, technology, training, government policy

The R value (multiple correlation coefficients) of 74.1% indicates that there is a relationship between the independent variables and the dependent variable. The R square (coefficient determination) value of 54.9% of the variance in the dependent variable is explained by the independent variables in the model of the variability in employee performance is accounted for by the explanatory variable in career planning while the remaining percentage could be attributed to the random fluctuation on other unspecified variables (i.e. stochastic error term).The model was significant as $p<0.05$.

Table 7: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.041	0.28		7.28	0
	Training resources	0.465	0.061	0.521	7.663	0

a Dependent Variable: Employee Performance

The coefficient results in Table 7 above shows that a unit increase in management styles would lead to improvement in employee performance by a factor of 0.521 having a p-value of 0.000 which is less than the confidence level of 0.05. At 5% level of significance and 95% level of confidence. According to the results of this study revealed and looking at the coefficients table above, management style was the first and most significant independent variable in this research, ($t=7.663$; $p<0.05$), thus significant to predict perceived employee performance. It also contributed the highest tothe variation in the employee performance (Beta=0.521), being the largest compared to other predictor variables.

VI. SUMMARY OF FINDINGS

Effect of Management Style on Employee Performance

Based on the result from chapter four, career goals and career planning feedback were the key management style factors influencing career planning. Further, management style was the first and most significant independent variable in this research, ($t=7.663$; $p<0.05$; Beta=0.521), thus significant to predict perceived employee performance Majority of the respondents 75.4% agreed that the management has communicated a vision that motivates them while 71% of the respondents on the other hand disagreed that the management makes effective career planning decisions quickly. Majority of the respondents 65.2% disagreed that the management has created a supportive environment for career planning while 53.6% of the respondents disagreed that the management provides regular feedback on career planning. Further, the respondents 69.6% agreed that the management recognizes and rewards high quality performance.

VII. CONCLUSION

The findings show that career goals and career planning feedback were the key management style factors influencing career planning. The respondents agreed that the management has communicated a vision that motivates them but disagreed that the management makes effective career planning decisions quickly and decisively. The respondents also disagreed that the management has created a supportive environment for career planning and that the management provides regular feedback on career planning.

Recommendations

According to the conclusions from the study, career goals and career planning feedback were the key management style factors influencing career planning. It is recommended that the management should ensure that the career goals for all the employees are clearly defined to guide the employees in their career choices. It is also recommended that the management should provide timely feedback on career planning to ensure that employees make informed decisions on career planning.

VIII. REFERENCES

[1] Abbas, J., Muzaffar, A. & Mahmoud, H. (2014). Impact of Technology on Performance of Employees (a Case Study of Allied Bank Limited, Pakistan). World Applied Sciences Journal, 29(2).

[2] Agba, O. Nkpoken, F. &Ushie, E. (2010). Career Development and Employee Commitment in Industrial Organizations in Calabar, Nigeria. American Journal of Scientific and Individual Research,1(2).

[3] Al-Nashi, M., &Amer, R. (2014). The Impact of Information Technology Adoption on Employee Productivity in Non Government Organizations in Yemen. Research gate Publication

[4] Antoniu, E. (2010). Career Planning Process and its Role in Human Resource Development. Annals of the University of Petrosani, Economics, 10(2).

[5] Bakari, Z. (2015). Effects of Organization Policies on Employee Performance. A Case of Bamburi Cement Company Limited.

Technical University of Kenya Repository

[6] Bett, C. (2015). Effect of Training and Career Development on Employee Performance: A Case of Kenya Commercial Bank Branches in the North Rift Region, Kenya. International Journal of Advanced Research in Management and Social Sciences, 4(5)

[7] Billeh, N. (2016). The Career Development Challenge. The FAHR International Conference. The Middle East's Largest Government Human Resources Event. 18-th – 19th April. www.farh.gov.ea

[8] Brenna, D. (2014). Does the Style of Management Affect the Way Staff Members Carry Out their Work? Sheffield Hallam University Repository.

[9] Daniel, L. (2014). Effects of Management Styles on Employee Performance. A Case Study of Norwegian People's Aid Yei vocational Training Centre South Sudan. www.academia.edu

[10] Dawis, R. V. (1992). The Individual Difference in Tradition in Counseling Psychology. Journal of Counseling Psychology.

[11] Dawis, R. V. (2002). Personal-Environment-Correspondence Theory. In Brown and Associates (Eds). Career Choice and Development (4th Edition). San Franscisco, CA: Jossey-Bass

[12] Elnga, A. & Imran, A. (2013). The Effect of Training on Employee Performance. European Journal of Business and Management, 5(4).

[13] Falola, H., Osibanjo, A. &Ojo, S. (2014). Effectiveness of Training and Development of Employees' Performance and Organizational Competitiveness in the Nigerian Banking Industry. Bulletin of Ave Transilvania, University of Brasou, Series V: Economic Science, 7(56)

[14] Githinji, A. (2014). Effects of Training on Employee Performance: A Case Study of UN Support Office for the African Union Mission in Somalia. United States International University Repository

[15] Greenhouse, J. &Callanan, G. (2006). Encyclopedia of Career Development. 1(2). Amazon.com e-book.

[16] Greta, N. (2011). Public Personnel Policies: Impact on government Performance. Journal of Comparative Policy Analysis: Research and Practice, 13(1)
[17] Imran, M. (2014). Impact of Technological Advancement on Employee Performance in Banking Sector. International Journal of Human Resource Studies, 4(1)
[18] Kaya, C. &Ceylan, B. (2014). An Empirical Study on the Role of Career Development Programmes in Organizations and Organizations Commitment on Job Satisfaction of Employees. American Journal of Business and Management, 3(3)
[19] Kazuyuki, M. &Kuo-Lin Wang, (2006). Illusion of Career Development Theories for the Departure of Developing a Demonstrative Career Development Theory. The Economic Journal of Taksaki City. University of Economics, 49 (2).
[20] Khan, R. (2014). The Impact of Career Planning and Development on Job Satisfaction and Retention in Pakistani Banking Sector. GMJACS 4(2).
[21] Kiima, S. (2015). The Effect of Training on Career Development on Employees in an Organization: A Case Study of Equity Bank Limited. University of Nairobi Repository.
[22] Lyria, R., Namusonge, G. &Karanja, K. (2014). Effects of Career Management to the Organizational Performance in Companies Listed in the Nairobi Securities Exchange in Kenya. International Journal of Science and Technology, 3 (358)
[23] Macharia, W. Iravo, M, Tirimba, O. &Ombui, K. (2015). Effects of Information Technology on Performance of Logistics Firms in Nairobi County. International journal of Scientific and Research Publications, 5(4)
[24] Mutuku, M. &Nyaribo, W. (2015). Effect of Information Technology on Employee Productivity in Selected Banks in Kenya. Review of Contemporary Business Research Journal, 4(1).
[25] Nakamura, R. (2008). Leadership Styles, Development of Skills and Career Management as a Possibility to Retain Employees in Comparison to Companies Practices in German Speaking Countries (Austria and Germany) and Sweden. VaxjoUniversitet.
[26] Nassazi, A. (2013). Effects of Training on Employee Performance. Evidence from Uganda. University of Applied Sciences Repository
[27] NHRD (2016). Plan Your Career to Stay Productive and Relevant. www.nhrdnmmumbai.com
[28] Noordzij, L. (2013). What is Employee Performance?
[29] Obwaya, F. (2012). The Effect of Employee Career Development on Performance of Public Primary Schools in Kenya: A Case of Starehe District, Nairobi County.
[30] Okon, F. &Isong, E. (2016). Management Styles and Employees' Performance in Small Scale Business Enterprises in AkwaIbom State, Nigeria. International Journal of Small Business and Entrepreneurship Research, 4(1)
[31] Onyango, J. & Wanyoike, D. (2014). Effects of Training on Employee Performance: A Survey of Health Workers in Siaya County, Kenya. European Journal of Material Sciences, 1(1)
[32] Rajakumaran, T. (2014). Impact of Information Technology on Employees; Performance in Education Department, Jaffna Zone. Indian Journal of Research in Management, Business and Social Sciences, 2(1)
[33] Samli, C. (2001). Empowering the American Consumer: Corporate Responsiveness and Market. Greenwood Publishing Group. Amazon.com e-book
[34] Savickas, M. L. (2002). Career Construction: A Development Theory of Vocational Behaviour. In Brown and Associates (Eds). Career Choice and Development (4th Edition). San Franscisco, CA: Jossey-Bass
[35] Staden, R. &Toit, A. (2011). Career Development of South African Knowledge Workers. SouthAfrican Economic Management Science Journal, 14(1).
[36] Stauton, T. (2015). Donald's Super Life Stage/Rainbow Theory – Theories Every Career Advisor Should Know. www.career.govt.nz
[37] Sila, A. (2014). Relationship between Training and Performance: A Case Study of Kenya Women Finance Trust Eastern Nyanza Region, Kenya. European Journal of Business and Social Science, 3(1)
[38] Super, D. W. (1969). Vocational Development Theory. The Counseling Psychologist.
[39] Super, D. W. (1980). A life-Span, Life-Space Approach to Career Development. Journal of Vocational Behaviour, 16(1)
[40] Super, D. W. (1990). A Life-Span, Life-Space Approach to Career Development.
[41] Triandani, S. & Anggriani, I. (2015) The Effect of Career Paths and Career Planning toward Career Development of Employees. A Case Study of Penetentiayo Office in Pekanbaru. First International Conference of Economics and Banks (ICEB-15), Atlantis Press.
[42] Vahedi, R. & Asadi, A. (2013). Relationship Between Management Styles and Performance of the Managers and Staff of Tax Administration Office of Tehran. European Online Journal of Natural and Social Science, 2(3).

Effect of Extrinsic Factors on Employee Performance: A Case of Non-Teaching Staff of Catholic University of Eastern Africa in Nairobi

Dr Thomas Ngui[1], Dr Abraham Kiflermariam[2], and Nicoletta Hakizumukama[3]
[1,2,3]The Catholic University of
Eastern Africa

ABSTRACT

The study aimed at investigating the effect of extrinsic motivational factors on employee performance at CUEA. The dependent variable is employee performance while the independent variables are salary, working conditions, and interpersonal relationships. The target population of interest in the current study was all the 156 non-teaching employees of Catholic University of Eastern Africa. A structured questionnaire was used to collect the primary data from the sampled respondents (47). This study, therefore, used statistical methods to analyze data that is, descriptive statistics and inferential statistics in the form of factor and regression analyses methods. The study found all the three variables have effect on the performance of employees. The study, therefore, recommends that pay grades should be created for each job title, which employees are familiar with so as to prevent employees from making inaccurate assumptions regarding their salaries. It is recommended that exceptional performance is not rewarded through salary increases, but rather by bonus or incentive schemes. In relation to working environment, the University should make sure that essential factors in retaining employees such as communication and recognition to employees are enhanced. Additionally, work and decision-making should be delegate to lower level managers or employees, in order to create a good interpersonal relationship and effective communication and better understanding between employees and management.

Keywords: Salary, Working conditions, Interpersonal relationships, Employee performance.

I. INTRODUCTION

Extrinsic factors plays a great role to the employee's performance. Motivation as defined by Nelson and Quick (2013) is the process of arousing and sustaining goal-oriented behavior. Wesson et al. (2010) go on to say that motivation determines what an employee does at any given time and where their efforts will be channeled.

There are two different ways that managers can use to motivate different employees at the workplace namely; using extrinsic motivators (those that are visible to others and are tangible) such as promotions, pay and benefits; and intrinsic motivators (those that are internally generated and associated with the task itself) such as performing meaningful work, feelings of achievement, responsibility, competitiveness and accomplishment (Luthans, 2011).

As stated by Shanks (2012), the performance of employees is a concern for any organization because it determines whether the organization meets its targets and goals. However, employees are the most important resource to the organization because they contribute to innovation, adjustment and other important values that would not be done by other resources such as machinery (Uzona, 2013). Employee performance is actually influenced by motivation because if employees are motivated then they will do work with more effort and by which performance will ultimately improve (Azar &Shafighi, 2013).

Statement of the Problem

At CUEA, poor performance has been witnessed especially among the non-teaching because their services are poor for example those who are working in registry; students' marks are delaying and there's often a queue of students in that office and they are always complaining about their missing marks.

Another example is that in credit control and finance offices, there's often issues when it comes the period of exams that students' names who have paid their school fees are not appearing on their sheets and it becomes a big problem. Even for some students who are staying in Saint Bakhita Hostel often complaining for the lack of quality meals. This poor performance may be as a result of not managing well the extrinsic factors that contribute to employee performance. The employees' performance do not function when its features do not work together easily and competently. Thus, understanding how extrinsic factors like salary, interpersonal relationships and working conditions affect employees' performance is very important in establishing the quality of result that can be generated. However, it has been observed that many organizations focus much on salary asa motivational factor, with less considerations on the working conditions and interpersonal relationships between its members which is hard to satisfy employees and therefore obtain a quality results.

Therefore, the researcher wants to find out and cover the gap by determining how extrinsic factors, affect employees' performance in CUEA, considering salary, working conditions and interpersonal relationships as the core factors in bringing out better performance from the administrative staffs.

Research Objectives

1. To examine the effect of salary on workers' performance at CUEA.
2. To examine the effect of working conditions on employee performance in CUEA.
3. To examine the effect of interpersonal relations on employee performance in CUEA.

Research Questions

1. How does salary affect the level of employee performance in CUEA?
2. What are the working conditions that are likely to influence the employee performance in CUEA?
3. What is the effect of interpersonal relations on employee performance in CUEA?

Significance of the study

The employees will find this work valuable, because it explains how the performance, remuneration and interpersonal relationships are closely related to each other. For future scholars and researches, results and findings from this study will be helpful and guide for further research gap that will be identified. This study will also be valuable to employers by proposing guidelines on how to get better performance from their employees through good working conditions, rightful remuneration and good relationships.

Furthermore, by establishing the relationship between the salary and the outcomes of the workers, the study will benefit the government of Kenya and its recommendations can also be borrowed to help various stakeholders come up with policies that are directly linked to the motivation and performance of employees.

II. THEORETICAL FRAMEWORK

Content Theories

The major theories under content theories are the Maslow's and Hertzberg theories. The two theories explain the specific things that actually motivate individuals at their place of work. The theories focus on establishing the needs of the employees and what factors motivates them in order to satisfy their needs and wants and consequently improve their performance. The theories emphasize the nature and needs and what motivates individuals. In these theories, there is the assumption that all employees respond in the same way to motivating factors.

Therefore, the theories provide a list of factors that managers are inclined to embrace in an effort to increase employee performance. But in this case, the researcher focused on Herzberg theory.

Two-Factor Theory

Frederick Herzberg (1956) approached the question of motivation in a different way. By asking individuals what factors satisfies them on the job and what factors dissatisfies them, Herzberg concluded that aspects of the working condition that satisfy employees are very different from aspects that dissatisfy them. He mentioned factors such hygiene or extrinsic as dissatisfying because they are part of the context and concept in which the job is performed. Accordingly, the author stated that extrinsic factors included company policies, supervision, working conditions, salary, and security on the job. Therefore, according to Herzberg, motivators are the conditions that truly encourage employees to work harder in helping the company meet its goals.

Herzberg's (1968) theory has been known as the two-factor theory. Moreover, the extrinsic (hygiene) factors, if corrected, can not cause any dissatisfaction, neither did they motivate workers. However, if they are not right, they could lead to dissatisfaction and exerted negative impact. Thus, managers ought to look for the motivators that satisfy employees. When management provides employees with the motivators such as recognition, acceptance and responsibility, job satisfaction is obtained and motivation is high and vice versa. Accordingly, Mullins (2006) is in agreement that the motivation-hygiene theory by Herzberg has extended Maslow's hierarchy of need theory and is more directly applicable to the work and performance situation. Herzberg's theory suggests that if management is to provide positive motivation then attention must be given not only to extrinsic (hygiene) factors, but also to the motivating factors.

Figure 1. Conceptual framework

Figure 1 represents the conceptual framework, which establishes the relationship between the independent variables, namely the extrinsic motivational factors and the dependent variable, that is, the employee performance. The figure demonstrates that extrinsic factors are directly related to the workperformance in the sense that, when salary, working conditions, and interpersonal relationships are improved, or decreased, there is a similar reaction on the performance.

III. METHODOLOGY

According to Cooper and Schindler (2014), a research design means the arrangement of conditions for collection and analysis of data in a way which aspires to combine relevance to the research purpose. The descriptive research design was used while investigating the effect of extrinsic employee motivation on employee job performance in CUEA.

A sample frame represents the comprehensive list of study subjects from which the research draws the sample size (Cooper & Schindler, 2014). However, due to the large sizes of populations, researchers often cannot test every individual in the population because it is too expensive and time-consuming thus the reason why researchers rely on sampling techniques. The target population of interest in the current study was all the 156 non-teaching employees of Catholic University of Eastern Africa. The sampling frame for the current study was employees that were obtained from HR department of CUEA. To arrive at the sample of the study, the researcher considered 30% of the total number of employees which resulted to 47. A structured questionnaire was used to collect the primary data from the sampled respondents.

This study, therefore, used statistical methods to analyze data that is, descriptive statistics and inferential statistics: factor analysis, regression. To compute results, software known as SPSS (Statistical Package for Social Scientist) version 21 was used. The results were presented in tables of frequencies and percentages, pie charts, and figures. Factor Analysis is a method for modeling observed variables, and their covariance structure, in terms of a smaller number of underlying unobservable factors. Multiple regression analysis technique was used to determine the effect of independent variables on the dependent variable; it was used to measure the relative influence of each independent variable based on its covariance dependent variable and was useful in forecasting.

In its simplest form multiple regression analysis involves finding the best straight-line relationship to explain how the variation in an outcome (or dependent) variable, Y, depends on the variation in a predictor (or independent or explanatory) variable, X. Once the relationship is estimated, it is possible to use the equation:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_i,$$

Where:

Y_i	=	Employee Performance- Is the dependent variable
β_0	=	constant term
X_1	=	Salary
X_2	=	Working conditions
X_3	=	Interpersonal relations
$\beta_0, \beta_1, \beta_2, \& \beta_3$	=	Coefficients
e_i	=	residual error term

IV. RESEARCH FINDINGS & DISCUSSION

Respondents' Personal Information

Distribution of respondents by Educational Level

In order to establish distribution by education, the respondents were asked to indicate their highest level of education. This was to ascertain whether they were qualified so as to enhance performance at CUEA. The findings are analyzed and presented in Figure 4.1

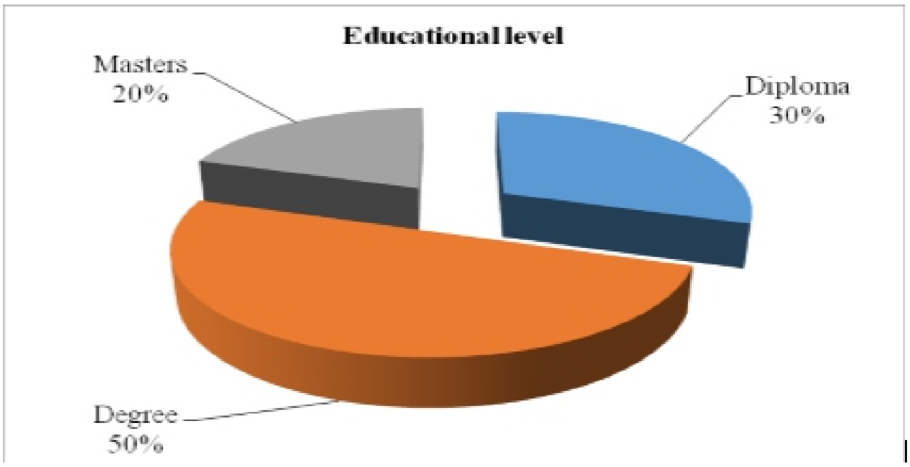


Figure 4.1: Distribution of respondents by Educational Level

As presented in figure 4.1, the study found that respondents who had degree levels were 50% and his formed the majority. This was followed by respondents who had diploma as represented by 30% hile those with masters were the minority as indicated by 20%. From the findings it can be said that respondents were educated hence could perform well only if motivated.

Distribution of respondents by Duration

The respondents were asked to state their duration at the University. This was done to establish whether the respondents had acquired sufficient experience that can help in improving performance. The results are presented in Figure 4.2

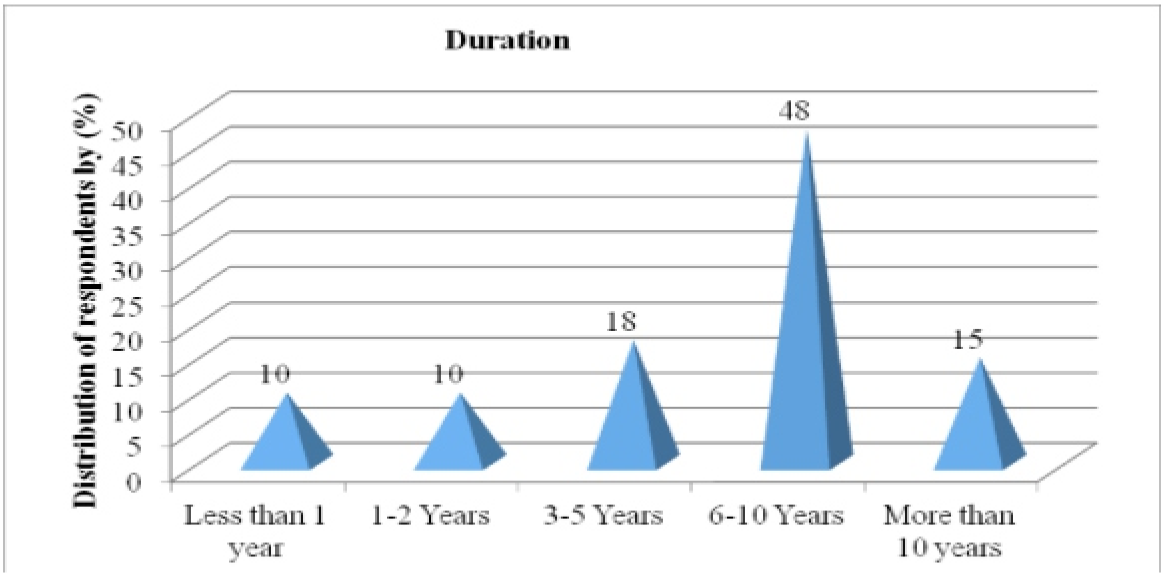


Figure 4.2: Distribution of respondents by Duration

According to the results presented in figure 4.2 above, the study found that most of the respondents had been in the University for 6 to 10 years as indicated by 48%. The study found that those who had stayed at the University for 3 to 5 years were 18%. It was also found that 15% had been at the University for more than 10 years whereas 10% had been at the institution for less than one year and between 1 to 2 years on similar percentages. From the findings, it can be said that majority of respondents (63%) were qualified (experienced) for their responsibilities and duties as they had over 6 years' experience.

Distribution of Respondents by Management Levels
In order to establish the distribution of the respondents by management levels at the University, they were requested to indicate which level of management they represent. The results were presented and interpreted in Figure 4.3.

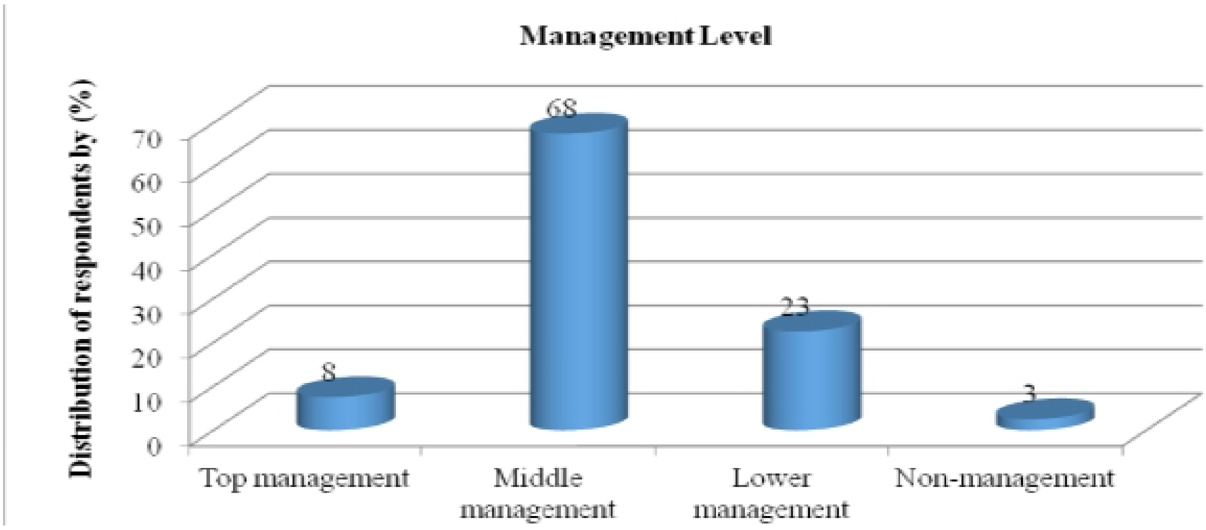


Figure 4.3: Distribution of Respondents by Management Levels

As illustrated in figure 4.3, the study found that the highest respondents were middle level management as indicated by 68%. The second highest respondents were lower level management as represented by 23%. It was also found that top management was 8% while non-management who participated in the study was 3%.

From the study, it can be said that the distribution of questionnaires cuts across all levels of management and junior employees.

Empirical Results

Salary's influence on Employee Performance
According to Braton & Gold (2003), salary is a fixed monthly payment for employees with generally no additions for productivity.

Dobre (2013), salaries increase employee performance when they possess job security and personal financial stability.

Hameed, Ramzan, Zubair, Ali & Arslan(2014) examined the impact of compensation on employee performance (empirical evidence from banking sector of Pakistan). The findings suggest that compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have significant and positive impact on employee performance.

Working conditions on Employee Performance

Greenslade and Paddock (2007) believe that working conditions generally encompasses a range of issues from work load and scheduling to systems-wide issues like professional identity to scope of practice.

Scott et al. (2000) said that the quality of work depends upon safe and healthy working conditions in determining employee's job behavior. The organizational climate is an important indicator of employee behavior as a combination of social and psychological factors. It is found that working conditions are attached with employees' job involvement and job satisfaction that ultimately leads to better performance of the employees.

Interpersonal relationships on Employee Performance

Tara and Sandy (2011) looks at, interpersonal relationship as an individual's subjective experience of repeated interaction or connection with another individual. When organizations promote positive interpersonal relationships, others tend to follow the example, further creating a community of belonging (e.g., Baker & Dutton, 2007).

In addition, Liden, Wayne, and Sparrowe (2000) found that positive interpersonal relationships were a key predictor of organizational commitment, and Kostova and Roth (2003) report that positive interpersonal relationships should be positively related to team performance, as they promote individual behaviors that are aimed at increasing team efficacy and efficiency. In sum, the scope of these positive outcomes for both the individual (e.g., improved physical health, job satisfaction) and the organization (e.g., increased organizational commitment, job performance) underscore the importance of fostering positive interpersonal relationships in the workplace.

Factor Analysis

The analysis was to inform the study which of the independent variables had more weight or scores to employee performance than the other.

The Kaiser-Meyer Olkin (KMO) and Bartlett's Testa

Table 4.1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.508
Bartlett's Test of Sphericity	Approx. Chi-Square	10.761
	df	3
	Sig.	0.013

The Table 4.1 results above show that the KMO statistic is 0.508 which is below the minimum level of 0.60 indicating sampling adequacy (Coakes, Stead and Dzidic, 2006). Additionally, Bartlett's Test of Sphericity was (chi square of 10.761), which was highly significant at ($p<0.001$) indicating that there were adequate relationship between the variables included in the analysis.

The statistical significance level was also 0.013 which is less than 0.05 hence the independent variables (salary, working conditions and interpersonal relations) are positively and statistically significant to the dependent variable (employee performance). Therefore, it can be concluded that the data is appropriate for factor analysis.

Total Variance Explained

Table 4.2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.533	51.103	51.103	1.533	51.103	51.103
2	0.956	31.876	82.979			
3	0.511	17.021	100			

As shown in Table 4.2, the first factor which was salary had an eigenvalue of 1.533 and explained by 51.103% of the variance and cumulative scores on similar percentages and this was the most weighted implying that it was highly and practically significant to the dependent variable (employee performance).

The table also shows that working condition had an eigenvalue of 0.956 and explained by 31.876% of the variance with a cumulative of 82.979% and it was the second most weighted implying it was also the second highly and practically significant variable to employee performance. It also shows that interpersonal relations which was the third weighted had an eigenvalue of 0.511 and explained by percentage variance of 17.021 and cumulative percentage of 100.00%.

Component Matrix

Table 4.3: Component Matrix[a]

	Component
	1
Salaries	0.401
Working conditions	0.853
Interpersonal relations	0.802

The component loadings in Table 4.3 indicated that these three independent variables that influence employee performance assess a single underlying construct. Most of the factor loadings of the items (components) all exceeded the cut off factor of 0.50 save for salary which weighted low at 0.401, below 0.50.

This, therefore, implies that the two (working conditions and interpersonal relations) variables weighted above 0.50 which was the cut off factor loading points consequently they are said to be highly and practically significant to employee performance at Catholic University of Eastern Africa.

Multiple Regressions

Regressions were to determine the relationship between the variables. The results are analyzed in the form of model summary, ANOVA and regression coefficients' tables in the subsequent sections.

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721[a]	0.52	0.48	1.81129

As presented in table 4.4, a coefficient of correlation is .721; this means that 72.1% of the variation in employee performance at CUEA can be explained by the independent variables (salary, working conditions and interpersonal relations). This means that there is a presence of a positive relationship between independent and dependent variables.

The unaccounted for percentage 27.9% can be explained by other variables that were not utilized by the study. The fact that both the R square is high can be interpreted to mean that there is a moderate variation that can be explained by the model hence a good fit model.

Table 4.5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.868	3	42.623	12.992	.000[b]
	Residual	118.107	36	3.281		
	Total	245.975	39			

The study used analysis of variance (ANOVA) to test if the regression model was a good fit for the data analysis procedures. The ANOVA results in table 4.5 shows that the significance of the F statistics is 0.000b (it is actually less than 0.000). This implies that there is a significant relationship between independent variables (salary, working conditions and interpersonal relations) and dependent variable (employee performance).

Table 4.6: Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	9.483	2.935		3.231	0.003
	Salaries	0.214	0.043	0.58	4.931	0
	Working conditions	0.096	0.046	0.277	2.077	0.045
	Interpersonal relations	0.518	0.132	0.514	3.922	0

The regression formula took the form of; $Y = \alpha 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + ei$

Therefore, the formula is presented as; Employee performance= 9.483+ 0.214 Salaries + 0.096 Working conditions + 0.518 Interpersonal relations + ei

Based on the coefficient results in table 4.6 above, it is evident that a unit increase in salaries by a factor of 0.214 could lead to an increase in the employee performance by the same value. It was also found that a unit increase in working conditions by a factor of 0.096 would lead to an increase in the employee performance by similar factor. The coefficient results again show that a unit increase in the interpersonal relations by a factor of 0.518would lead to an increase in employee performance by similar factor. At 5% level of significance and 95% level of confidence, all the tested variables had ap-values confidence level of 0.000 for salaries, 0.045 for working conditions, and 0.000 for interpersonal relations. Therefore, it can be said that the regression results obtained shows that there exists a direct positive significant relationship between all the variables.

Discussions of findings

Regarding salary, the KMO statistic and Bartlett's Test of Sphericity results found that salary had statistical relationship with employee performance. As far as total variance is concerned, salary was the most weighted implying that it was highly and practically significant to the dependent variable (employee performance). Salary was also found to be highly and practically significant to employee performance. In agreement, a previous study carried out by Sajuyigbe, Olaoye & Adeyemi (2013) found that basic salary has statistical significant relationship with employee performance. The results are also supported by the regression results that found that salary was positively and significantly related to employee performance as such a unit increase in salaries could lead to an increase in the employee performance. In congruence, another study by Hameed, Ramzan, Zubair, Ali & Arslan (2014) found that salary and remuneration and employee relations have positive relationship with performance.

Regarding working conditions, the KMO statistic and Bartlett's Test of Sphericity results had a statistical relationship with employee performance. Total variance explained also found that the variable was the second most weighted implying it had the second highest effect on performance after salary. Additionally working condition was found to be highly significant to employee performance at CUEA. In support, another study by Greenslade and Paddock (2007) found that employee working conditions have significant relationship with performance and also had the most weighted effect on employee performance. The factor analysis results corroborates with the regression results that found that working condition was positively and significantly related to employee performance as such a unit increase in working conditions could lead to an increase in the employee performance. In agreement, another study by Surbhi (2015) indicated that factors such as working environment improves performance as such they had positive association with employee productivity.

Regarding interpersonal relations, Kaiser-Meyer Olkin (KMO) and Bartlett's Testa results show that interpersonal relations had positive relationship with employee performance whereas total variance explained results also found that interpersonal relations was the least weighted an indication that it had the least positive impact on employee performance. Despite the fact that the variable had least impact on performance, it was however, found to be highly and practically significant to employee performance as demonstrated by Component Matrixa results. In agreement, Liden, Wayne, and Sparrowe (2000) found that employee relations have positive statistical relationship as such the variable was concluded to improve performance. The factor analysis results are also affirmed by the regression results that found that interpersonal relations was significantly related to employee performance as such a unit increase in interpersonal relations could lead to an increase in the employee performance. However, another study by Milkovich et al. (2005) established that employee relations had negative relationship with employee performance.

V. CONCLUSIONS AND RECOMMENDATIONS

As far as effect of salary on employee performance is concerned, the study concludes that salary has a positive effect on employee performance and, therefore, an increase in salary acts as a motivational factor which then boost employees' morale and consequently improved performance could be achieved. In relation to the effect of working conditions on employee performance, the study concludes that working conditions has direct positive effect on employee performance as such better and well equipped working environment enhances employee workability as such they feel motivated to achieve goals, objectives and missions of the institution. Concerning interpersonal relations, the study concludes that the variable had positive statistical effect on employee performance as such better working relationship between employees as well as the management could help in improving the performance of employees at the Catholic University of Eastern Africa.

In relation to salary, the study recommends that pay grades should be created for each job title, which employees are familiar with so as to prevent employees from making inaccurate assumptions regarding their salaries. These statistics should also be made available to the entire institution. Employees should be encouraged to have discussions with management if they have any remuneration related concerns. Therefore, adhering to these measures can uplift the performance of employees since they will feel they are motivated to be productive. In relation to working environment, in order to improve performance, the focus of the institution must be onhow to provide better jobs with great work environment to motivate employees. The key to motivating employees is to create an environment employees choose to work in and will stay given the availability of other job opportunities. The University can create the necessary environment by meeting the needs of current and future employees. As such the University should make sure that essential factors in retaining employees such as communication and recognition to employees are enhanced. It is also recommended that the institution must be able to communicate their past, present, and future plans to employees and even to junior and middle management so that they are secure with the institutional strength and stability. In regard to interpersonal relations, in order to increase performance of employees at CUEA, the management should carefully analyze the needs of its employees, and create a good relationship with employees in the institution as this will make them feel part of the institution. It should establish trust in the integrity and dedication of team members so that employees feel they are able to feel friendly in administration and supervision with their immediate bosses. Work and decision-making should be delegate to lower level managers or employees, in order to create a good interpersonal relationship and effective communication and better understanding between employees and management.

VI. REFERENCES

[1] Amabile (1993).Motivational synergy: toward new conceptualizations of intrinsic and extrinsic motivation in the workplace. Human Resource Management Review, 3 (3), 185-201.

[2] Antomioni (1999).What motivates middle managers, Journal of Industrial Management

[3] Armstrong, A. (2000). Personnel Management Simplified. NRB N: A Publishers

[4] Azar &Shafighi (2013).The Effect of Work Motivation on Employees' Job Performance. International Journal of Academic Research in Business and Social Sciences, 3(9), 22-69.

[5] Baker & Dutton (2007).Enabling positive social capital in organizations. In J. E. Dutton & B. R. Ragins (Eds.). Exploring positive relationships at work: Building a theoretical and research foundation (pp. 325-345). Mahwah, NJ: Lawrence Erlbaum.

[6] Baron, R. (2000). Personnel Management. New York: Dryden Publication.

[7] Braton & Gold (2003).Human resource management: Theory and Practice (3rd ed). Basingstoke: Palwave Macmillan

[8] Buhler (2016) Perfecting the Art of Management: A Comprehensive Guide to Organizational Leadership. New York, NY: Beyond the Page Publishing.

[9] Burton (2012), A study of motivation: How to get your employees moving. SPEA Honors Thesis Spring 2012.

[10] Butkus& Green (1999). Motivation, beliefs and Organizational Quorum Books.

[11] Champoux (2011). Organizational Behavior. Integring Individuals, Groups, and Organizations (4th ed). New York, NY: Routelge

[12] Cheboi (2014). Influence of extrinsic on employee's performance

[13] Clinton and Guest (2013) Testing Universalistic and Contingency HRM assumptions across job levels. 42(5), 529-551.

[14] Cole and Kelly (2011). Management Theory and Practice (7th ed.). Hampshire, UK: South-Western Cengage Learning.

[15] Colquitt, Lepine and Wesson (2014). Organizational Behavior: Improving Performance and Commitment in the Workplace, 4th ed. Burr Ridge, IL: Mc Graw-Hill Inc.

[16] Cooper and Schindler (2011), Business Research Methods, 11th ed., USA: McGraw-Hill Irwin International Edition.

[17] Cooper & Schindler (2014), Business research methods (10 ed.), Boston, MA: McGraw-Hill.

[18] Cox and Hassard (2010). Triangulation in organizational research representation of Organizational Science. Management Science, Vol.12, 109-133.
[19] Csikszentmihalyi (1975). Intrinsic and Extrinsic Motivational Orientations in the Competitive Context: An Examination of Person–Situation Interactions. University of Chicago, Claremont Graduate University.
[20] Deci (1972). The effects of contingent and non-contingent rewards and controls on intrinsic motivation. Organizational Behaviour and Human Performance, 8, 217-229.
[21] Deci (1975). Intrinsic motivation. New York: Plenum. https://doi.org/10.1007/978-1-4613-44469
[22] Deci and Ryan (1985). Self-determination Theory: A Macrotheory Of Human Motivation, Development, And Health. Hellenic Journal of Psychology, 6, 107–124.
[23] Deci, E. L. & Ryan, R. M. (2008). Facilitating optimal motivation and psychological well-being across life's domains. Canadian Psychology , 49. 14–23
[24] Dinler (2008) Organization development techniques in relation with organization structure. Retrieved from http://sbmyo.uludag.edu.tr/08-sosyalce/mdinler-9.html (Accessed 13/02/2016).
[25] Dobre (2013), Employee motivation and organizational performance. Review of Applied Socio- Economic Research.
[26] Dutton, Dukerich, & Harquail (1994), Organizational Images and Member Identification. Administrative Science Quarterly.
[27] Fisher (2012), Fisher Transition Curve – The Process of Transition, John Fisher – (PDF)
[28] Greenberg and Baron (2000). Behavior in organization, New York: Prentice Hall.
[29] Greenslade and Paddock (2007), Working conditions of nurses: a cause for concern. Health Policy Research Bulletin. 2007; 13:13–16
[30] Griffin, R. (2012). Management. Cengage Learning.
[31] Gurland and Lam (2008) Self-determined work motivation predicts job outcomes, but what predicts self-determined work motivation? Journal of Research in Personality, 2008, 42, 11091115.
[32] Hameed, Ramzan, Zubair, Ali & Arslan (2014), Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan). International Journal of Business and Social Science. 5(2); 302-309
[33] Herzberg, F. (1959). The motivation to work. New York, NY: John Wiley and Sons.
[34] Herzberg's (1968) One More Time: How do you Motivate People? Harvard Business Review.
[35] Latham, G. P. (2012). Work motivation: History, theory, research, and practice. Sage.
[36] Latham, S. (2007). Element of Organization Behavior. Nairobi: University Press.
[37] Liden, Wayne, and Sparrowe (2000). An examination of the mediating role of psychological empowerment on the relations between the job, interpersonal relationships, and work outcomes. Journal of Applied Psychology, 85, 407-416.
[38] Luthans (2011). Organizational Behaviour. 8th ed. Boston: Irwin McGraw-Hill.
[39] Kelly and Cole (2011), Personnel and human resource management. (5th Ed.). London, UK: York Publishers.
[40] Kostova and Roth (2003). The Use of the Multinational Corporation as a Research Context. Journal of Management 2003 29(6) 883–902
[41] Kramer (1991), Inter-group relations and organizational dilemmas: The role of categorization processes. In L. L. Cummings & B. M. Staw (Eds.), Research in Organizational Behavior (Vol. 13, pp. 191–228). Greenwich, CT: JAI Press.
[42] Malone and Lepper (1987). Intrinsic motivation and instructional effectiveness in computer-based education. Aptitude, learning, and instruction, 3, 255-286.
[43] Martin and Bartol (2003). Factors influencing expatriate performance appraisal system success: an organizational perspective. Journal of International Management, 9, 115-132.
[44] Milkovich et al. (2005) Compensation (8th edn). New York: McGraw-Hill/Irwin.
[45] Miner, J. (2007). Organizational Behavior: From theory to practice. 4. M.E. Sharpe. The Impact of Remuneration on Employees' Performance: A Study of Abdul GusauPolytechnic, Talata Mafa https://www.researchgate.net/publication/318014419
[46] Müller (2011), Employee Motivation and Incentives at Apple. GRIN Verlag.
[47] Mullins, L. J. (2006), Essentials of Organisational Behaviour, Prentice Hall, Harlow, England.
[48] Moorhead (1998). Organizational Behavior: Managing People and Organizations.Houghton Mifflin College
[49] Mwanje (2010), Career development and staff motivation in the banking industry: A case study of Bank of Uganda. Makerere University, Uganda.
[50] Nelson and Quick (2013), Five components of learning organization ppt - PowerPoint Presentation presented at the Nelson Education Ltd

[51] Pınar Gungor (2011), The Relationship between Reward Management System and Employee Performance with the Mediating Role of Motivation: A Quantitative Study on Global Banks. Procedia Social and Behavioral Sciences, 24 (2011) 1510–1520
[52] Pratheepkanth (2011), Reward System and Its Impact on Employee Motivation in Commercial Bank of Sri Lanka Plc, In Jaffna District. Global Journal of Management and Business Research 11 (4), 86-92.
[53] Ramlall, (2008). Enhancing Employee Performance through Positive Organizational Behavior, Journal of Applied Social Psychology. 38(6), 1580-1600.
[54] Re'em (2011), Motivating public sector employees: An application-oriented analysis of possibilities and practical tools. Hertie School of Governance Working Papers, 60, 1-17.
[55] Robbins, G. (2000). Personnel Management: Theory and Practice. London: Aldine Place
[56] Robbins, S. P. (2009). Organisational behaviour in Southern Africa, 2nd edition. Durban: Pearson South Africa.
[57] Ryan (2012), Motivation and the organization of human behavior: Three reasons for the reemergence of a field. In R. M. Ryan (Ed.), Oxford handbook of human motivation (pp. 3-10). Oxford, England: Oxford University Press
[58] Sajuyigbe, Olaoye & Adeyemi (2013), Impact of Reward on Employees Performance in a Selected Manufacturing Companies in Ibadan, Oyo State, Nigeria. International Journal of Arts and Commerce. 2(2); 27-32
[59] Scott et al. (2000), A factor influencing employee benefits beliefs that pay is tied to performance. Journal of Business and Psychology.
[60] Seligman's (2002), Authentic happiness: Using the new positive psychology to realize your potential for lasting fulfilment. New York: Free Press.
[61] Shadare et al., (2009), Influence of work motivation, leadership effectiveness and time management on employees' performance in some selected industries in Ibadan, Oyo State, Nigeria. European Journal of Economics, Finance and Administrative Sciences, 16, 7-17.
[62] Shanks (2012) Management and motivation. As cited in Jones and Barlett, 23-35. Retrieved from http:www.Skill2lead.com/Southwest-airlines-employee (Accessed 13/02/2016).
[63] Society for Human Resource Management (2010). Motivation in todays' Workplace: The Link to Performance. SHRM Research Quarterly, 2.
[64] Surbhi (2015). Differences between Salaries and Wages. Retrieved on 24th August, 2016 from .http://keydifferences.com/difference-between-salary-and wages.
[65] Tan &Waheed (2011). Herzberg's Motivation-Hygiene Theory and Job Satisfaction in the Malaysian Retail Sector: The Mediating Effect of Love of Money. Asian Academy of Management Journal, 16(1), 73-94.
[66] Tara and Sandy (2011). Observing aggression at work. Presented the Society of Industrial and Organizational Psychology, Chicago, IL.
[67] Uzona (2013). Impact of motivation on employees' performance: A case study of Credit West Bank Cyprus. Journal of Economics and International Finance, 5(5), 119–221.
[68] Vroom (1964). Work and motivation. New York: Wiley.
[69] Wood, F. & Sangster, A. (2002) Business accounting 11th Ed. Pearson Education.
[70] Yazıcı (2008), The Effect of Reward System Applications on Employee Performance in Service Sector. Unpublished MBA, Thesis. Marmara University, Institute of Social Sciences.

Effect of Public Transport SACCO Management on Financial Performance of Matatu Investors in Kenya: A Case of Matatu SACCOS in Kajiado North Sub- County, Kenya

James Gathungu[1], Susan Wasike[2], and Gilbert Bor[3]
[1,2,3]The Catholic University of
Eastern Africa

ABSTRACT

Matatu business plays two very vital roles to the public, one in provision of transport services and two, a source of economic income to the many in the country. Despite the glaring evidence of the immense challenges facing this lucrative business, there is little attention on the public transport SACCO management and financial performance of Matatu investors in Kenya with a special focus on Matatu SACCOs in Kajiado North Sub-County. The main purpose of this study was to examine the effect of public transport SACCO management on financial performance of matatu investors in Kenya. The specific objectives of this study were: to assess the influence of savings on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County; to determine the role of customer care on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County; to establish the influence of discipline and professionalism on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County; and o explore the influence of management of assets on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County. The study adopted a descriptive research design. The target population was drawn from investors registered in the 17 SACCOs operating within the Sub-County of Kajiado North comprising of 700 investors (matatu owners). This study used a research questionnaire for data collection. Results from the study revealed that there was a positive and significant relationship between the independent variables – savings, customer care, discipline and professionalism and management of assets. Savings was ranked as the first and highest significant variable predicting financial performance, followed by customer care. Discipline and professionalism were ranked as the third significant variable predicting financial performance while management of assets was ranked as the fourth and least significant variable predicting financial performance. The study recommends that the management of matatu SACCOs should come up with diverse products to entice the investors to save more with them. Another recommendation is that the management of the matatu SACCOs should improve its customer care to eliminate customer complaints. It is also recommended that the matatu SACCO management should promote professionalism among its employees as this will eliminate cases of indiscipline. It is further recommended that the matatu SACCO management should organize for regular servicing of the matatus.

Keywords: Sacco Management, Savings, Customer care, Discipline and Professionalism, Management of Assets, Financial Performance

I. INTRODUCTION

Transport is critical for economic development and it is one of the industries that has significant effect on the economic growth and development of a nation (Todd, 2013). Many countries in the world face challenges in the management of transport services. According to Bajracharya (2014), with rapid growing economies and population typically seen in developing countries, there is an increasing trend of expansion of urban transport and auto mobilization. The Kenyan transport sector contributes between 5 to 15% of the Gross Domestic Product (GDP) of the country. However, the impact of the transport sector is not limited to the economic growth of the country but is of great importance that the sector provides the society with adequate, effective and efficient services (Hall & Pally, 2018).

Globally, Monzon, Alonso and Lopez-Lambas (2013) sought to establish key factors affecting the efficiency of transport interchanges through a meta-analysis of long/short distance passenger interconnectivity within the European context. The study identified a number of barriers to efficiency such as lack of internal coordination among operators, poor decision making by managers and decision makers and poor signage especially among connecting services. Singh (2013) examined urban transport in India by looking at the issues, challenges, and the way forward. The study identified a number of factors affecting performance of the Public Service Vehicles (PSVs) industry as including: increase in commercial and industrial activities, increase inhousehold income, constrained public transport system, and availability of motorized transport. There were long waiting periods especially during peak hours as passengers were overcrowded. Rajeshwari and Tamilchelvi (2014) study on factors influencing the passengers to prefer rail transport identified growth in infrastructure as an important factor in the performance of PSVs.

Regionally, a number of studies have examined the factors affecting performance of PSVs, Onatere (2014) in Nigeria identified cost of maintenance, organization structure and high urban population as factors affecting the government owned transport sector. Renata, Paulo and Marcio (2013) studied crisis of public transport by bus in developing countries, and identified a significant relationship inverse between prohibitive prices of petroleum products and spare-parts and PSVs vehicle performance. Agunloye and Oduwaye (2014) study identified key factors of concern to the public in Nigeria as management, arrival time of trains at stations, smoothness of ride, level of cleanliness in the trains and weekly trip frequency. Bickford (2013) study on public transport and mobility in municipalities in South African Cities pointed that South African metropolitan municipalities created sustainable transport solutions and argued that neither the political focus nor the required capability was evident for them to do so. Further, Luke and Heyns (2013) in their study also on public transport policy and performance in South Africa, established that the current public transport policy was relatively strongly aligned with the public transport needs of the South African population, however, concerns regarding public transport such as mobility, accessibility, affordability and safety were not addressed satisfactorily.

Mensah (2015) conducted a study in Ghana on the financial challenges of state mass transport companies and established that performance of Metro Mass Transit (MMT) was abysmal over the years and most of the financial management practices or decisions had a negative impact on the profitability of the company. Msigwa (2013) studied the challenges facing urban transportation in Tanzania and established that urban transport in the city was mainly dominated by private individuals who own second-hand mini buses and that the provision of urban transport was mainly dominated by bus owners who lacked knowledge, skills and experience in transport management.

Kenya's transport system integrates the various production and population centres and facilitates mobility in both rural and urban areas. The sector facilitates the export of goods, promotes trade with the neighboring countries and provides these countries with transit facilities. Kenya's transport sector comprises of five major modes, namely railway, marine, air, pipeline and roads (Republic of Kenya, 2012). Road transport is the predominant mode of transport and carries about 93% of all cargo and passenger traffic in the country. The transport sector in Kenya comprises a road network with 160,886 km long and over 500,000 vehicles on the Kenyan roads most of which are Matatus. The PSVs commonly referred to as “matatu” is the commonly used form of public transport in Kenya, estimated to be used by 80% of the commuting public (Mwaura, 2014).

In the early 1960s, the total number of Matatus operating in the country was less than 400 and did so in the form of taxis. In 1973, President Jomo Kenyatta, responding to lobbying from Matatu operators declared that Matatus were a legal mode of transport and could carry fare paying passengers without obtaining special licenses to do so but had to comply with existing insurance and traffic regulations. They were operating illegally in the city until 1973, when they were issued a decree officially recognizing matatus as a legal mode of public transport. The decree allowed matatus to operate without obtaining any form of licensing (Graeff, 2014). The main idea was to increase and make mobility of people move efficiently and create more jobs in the informal sector” (Kimani et al, 2014). Due to high demand, the number of matatus increased, provided employment to nearly 160,000 persons and generated vast revenue for the government in the form of charges for licenses, duty, and taxes. In addition, the industry plays a leading part in transportation of both persons and goods in both rural and urban areas.

It is also estimated to have an annual turnover of Kshs 73 billion. The sector has been undergoing re-organization in the past 10 to 15 years which saw among other things: the defacing of the 14-seater matatus in most routes in the Country's capital City, Nairobi; the introduction of the Transport Licensing Board (TLB) and the National Transport and Safety Authority which check compliance with regulatory requirements; and more recently the introduction of TV screens and Wi-Fi internet access in some of the matatus. Matatus are the informal paratransit industry in Kenya that provide service to millions of people a day and are essentially the backbone of the transportation system in Kenya (Graeff, 2014).

Owino (2015) assessed the effect of management competence, competition and working environment on performance of PSV SACCOs in Nairobi County and established that as management competence rises, SACCO performance rises and falls when management competence falls. Muriungi (2013) identified business management and entrepreneurial skills, policy framework, working conditions and SACCO security issues to affect the performance of SACCOs. Another study by Chumba (2015) also established that there is a significant relationship between management style, entrepreneurship culture, financial access and technology adoption.

Daniel (2013) defined financial performance as a composite of an organization's financial health, its ability and willingness to meet its long term financial obligations and its commitments to provide services in the foreseeable future. In a broader term, financial performance refers to the degree to which financial objectives has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetaryterms. It is also the rate at which an enterprise is satisfied with profit or the way they rank their performance in comparison to main competitors (Kusemererwa, 2010). Financial performance is a subjective measure of how well an organization can use assets from its primary mode of business and generate revenues (Issac & Picker, 2015). Financial performance is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used as well as total unit sales (Walsh, 2010). The primary objective of transportation is to carry people and goods from an origin to a destination within the shortest time and at the lowest cost possible. The principle aim of the business and investors in the transport business is to run the business sustainably (Issac & Picker, 2015). Sustainability requires business to run both effectively and efficiently and generate sufficient profit to enhance their wealth.

Public transport earns billions in returns for the investors. Although the industry has been competitively fragmented and structurally stable for over a century, public transport has been aggressively pursuing global industry dominance, in the belief that the industry has been radically transformed into a "winner-take-all" market. The Matatu industry has played a central role in mobility, politics and economics, solidifying its role and importance in Kenya's cultural fabric. Kenya's transport has become dependent upon Matatus to transport people to and from various destinations, their numbers have increased from 400 in 1973 (Mwaura, 2014) to an estimated 15,000 Matatus in the Nairobi Metropolitan Area today.

SACCO stands for Savings and Credit Cooperative organizations which offer financial services with major focus on resource mobilization and provision of affordable credit to members who are both the owners and users. The primary purpose of the SACCO is to encourage savings among members from which they can borrow at affordable terms decided by them collectively or through the elected directors. Other services SACCOs offer include asset management, mobile money transfer and custody of valuable documents. The SACCO generates income by providing these services which it uses to meet the related costs. Any income that remains after these costs is paid out to members as dividends and interest based on their shares or deposits (Ndegwa, 2014).

According to Mwangi (2015) SACCOs are managed by staff employed by the Board on behalf of the members and the Chief Executive Officer is responsible for the day-to-day running of the SACCO business. The Board reports to the members on the management of the SACCO at least once a year during the annual general meeting (AGM) or annual delegates meeting (ADM). During the AGM or ADM, the members also get a chance to assess the performance of a SACCO and make decisions concerning their SACCO. SACCO Membership is open to all Kenyans regardless of race, tribe, gender, political affiliation, religion or job status. The common bond that unites all members of a SACCO is what all the members share in common. The members decide on what unites them this could be their occupation like employment, church, farming or where they live. SACCOs are categorized into financial and non-financial cooperatives. Non-financial cooperatives deal with the marketing of members' produce and services such as dairy, livestock coffee, tea, handicrafts and many more similar cooperatives. On the other hand financial cooperatives comprise SACCOs, housing and investment cooperatives. A member of the SACCO is a person admitted to membership after registration in accordance with the SACCO's by-laws.

KUSSCO (2018) states the objectives of SACCOs are mainly to organize, promote welfare and economic interests of its members, provide source of fair loans and reasonable rates of interest, and ensure progress of members through continuous education programs, reduction of poverty, human dignity and cooperation and promote personal growth through introduction of new products and services which promote economic base of its members. Another objective is also affiliation to the relevant National Co-operative Credit Union and the Apex Society. The SACCO industry is part of the cooperative sector in Kenya, which has impacted on lives of many disadvantaged Kenyans over the years. Top best SACCOs listed are Unitas SACCO, Kenya Police SACCO, Waumini SACCO, Stima SACCO, Hazina SACCO, Harambee SACCO. Among the listed top best SACCOs none of the Matatu SACCOs has been listed. This study focused on Matatu SACCOs in Kajiado North sub-county (Mwangi, 2015).

According to the Legal notice issued on 23rd December, 2010, there was a directive from the government, through the Ministry of transport that all the Matatus should join SACCOs or limited liability companies by the end of the year 2010. This was to enhance management of public transport on behalf of individual investors providing a range of services (McCormick, 2011). The idea behind this directive was to enable the government to effectively regulate the public transport sector through the newly formed institutions. This directive received a lot of resistance from operators as well as stakeholders, but a significant majority of matatu owners have since joined SACCOs and Transport Management companies.

The SACCO organizational structures are largely dictated by the Cooperative Societies Act, which stipulates basic operating rules and procedures. The governing body of every SACCO is made-up of a Committee, which has between five and nine members, from which the members elect a chairperson and a vice-chairperson. It is mandatory for all SACCOs to organize annual general meeting, prepare annual estimates of income and expenditure, and keep accounts which must be audited. Members make contributions to the SACCO's 'share capital' on per trip, daily, weekly or monthly basis. An important role of paratransit SACCOs is the advancing of loans to acquire (or at least finance a bank's down-payment requirements) and repair vehicles, with the prior monthly 'share' contributions approximating a form of vehicle depreciation costing. The SACCOs which have less 'share capital' are only capable of providing loans for vehicle repair and maintenance. The loan amount is determined by three factors: the 'share capital' available; the loan ceiling; and the applicant's accumulated 'share' contribution. The SACCOs typically set the loan ceiling as double the applicant's accumulated 'share' contribution, subject to maximums.

The Matatu SACCOs facilitate orderly operations and accountability of the PSVs owners. In Kenya Matatu operators, who constitute 80 per cent of the public transport system, are estimated to have an annual turnover of Kshs73 billion. The Matatu sector buys Kshs 4 billion insurance premiums every year and remits Kshs 1 billion taxes annually. Kajiado North sub-county is one of the five sub-counties in Kajiado County. It is the most populated with a population of 202,651 which represents 29.5 percent of total county's population. The high population in Kajiado North is attributed to its proximity to Nairobi city whereby many people working in the city reside in Ngong. The sub-county is made up of five wards – Olkeri, Ongata Rongai, Nkaimurunya, Oloolua and Ngong (www.kajiado.go.ke). Matatus and buses to Kajiado North are found at the Nairobi Railways station. Matatus number 111 goes to Ngong, 126 to Kiserian and 125 to Rongai. The Sub-county boasts of some of the most famous Matatu SACCOs plying Kiserian – Nairobi Route through the famous Ongata Rongai Town. This study sought to investigate the influence of public transport SACCO management and its financial performance to matatu investors in Kenya with a special focus on Matatu SACCOs in Kajiado North Sub-County, Kenya.

Statement of the Problem

Kenyan government has made it mandatory for the public transport owners to belong to cooperative society. The SACCOs have proved to be the most viable way to manage large public transport fleets and also pioneered in changing the image of public transport which was dominated by rogue drivers and touts with little regard for traffic rules. The Public Transport savings Cooperative societies are primarily geared towards the promotion of the welfare and economic interests of their members in the public service vehicles industry. However previous studies done on the performance of public transport, Onatere (2014) examined the performance of public transport company in Niger State, Nigeria investigated management and operations cost. Owino (2015) assessed the effect of management competence, competition and working environment on performance of PSV SACCOs in Nairobi County. These studies did not reflect on the management of the SACCO and how Matatu investors were treated in their SACCOs. Despite the glaring evidence of the immense challenges facing this lucrative transport business little attention has been given to the public transport SACCO management and financial performance. These PSV owners face many problems of joining SACCOs which are poorly managed and risk losing business and income as a result of how their SACCOs are managed. This study focused on Matatu investors in Kajiado North Sub-county to investigate the public transport SACCO management and financial performance of Matatu investors in Kenya.

Objectives of the Study

The general objective of the study was to examine the influence of public transport SACCO management on financial performance to the Matatu investors in Kenya: A case of Matatu SACCOs in Kajiado North Sub-County, whereas its specific objectives were:

1. To assess the influence of savings on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.
2. To determine the role of customer care on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.
3. To establish the effect of discipline and professionalism on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.
4. To explore the influence of management of assets on financial performance of investors in Matatu SACCOs within Kajiado North Sub-County.

Significance of the Study

The study would be valuable to the investors in the Matatu SACCOs in Kajiado County, other public transport operators as well as other stakeholders in the transport sector in Kenya. This study would provide a deeper understanding of effects of SACCO management on financial performance of Matatu investors in Kenya's Matatu businesses thus enabling optimal adaptation and also enabling it to constructively engage in various approaches of SACCO management that would influence the financial performance of Matatu investors business in Kenya. This study would also be important to all those stakeholders that would like to understand and venture into public transport as they would be equipped with the necessary knowledge for the operations.

The findings of the study would benefit the industry players who would bench mark with Matatu SACCOs especially in the area of policy formulation. Transport businesses that have never carried out researchon dynamics of financial performance of the industry would appreciate this study as they would use it to benchmark themselves with Matatu SACCOs in Kajiado North Sub County as they formulate and adopt competitive approaches that will give them competitive advantage.

This study would provide valuable insights to the government and policy makers on the need for an enabling business environment for attracting and retaining effective public transport businesses thus allowing Kenya to reap the full benefits that this form of transport brings with it. It would also provide guidelines to other developing countries in developing friendly strategies and policies for Matatu transport mode of transport. The study would be a source of reference material for future researchers on the topic and other related topics; it would help other academicians who undertake the same topic in their studies. The study would also highlight other important areas in the study that require further research.

Conceptual Framework

The study was guided by the following conceptual framework.

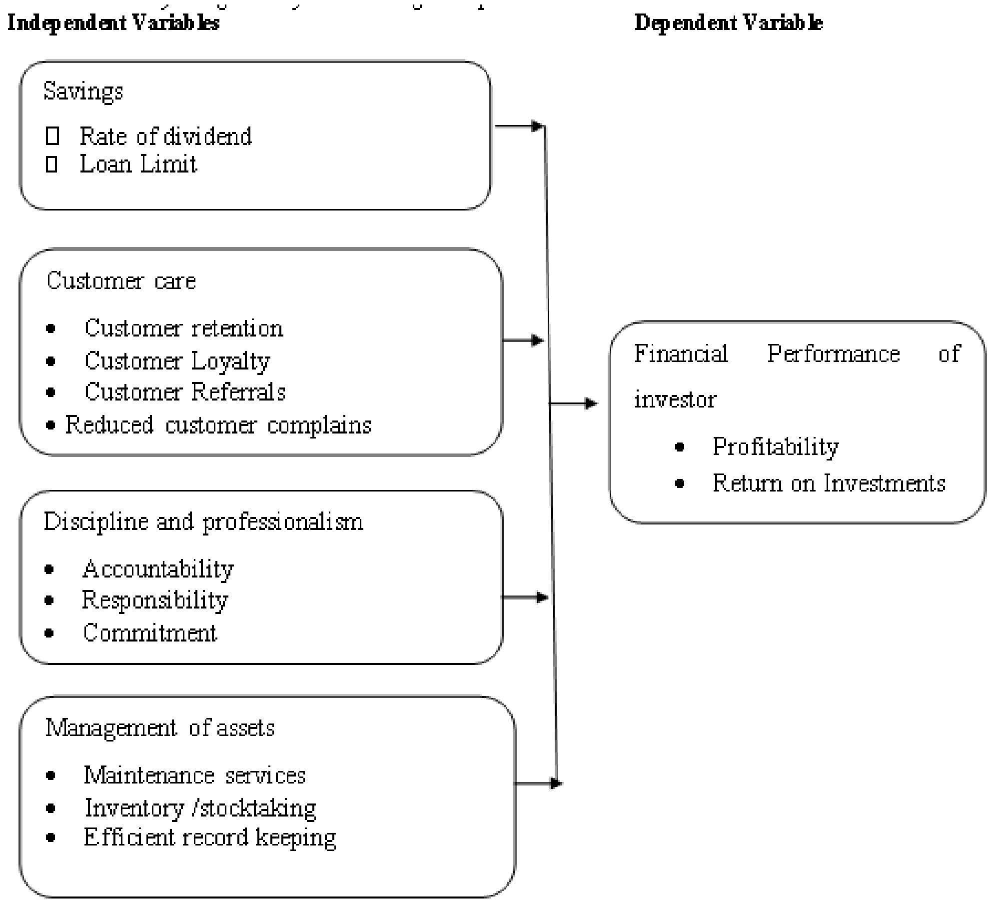


Figure 1: Conceptual Framework
Source: Adopted from literature review

SACCOs' primary goal is to offer deposits services, providing a financial savings platform and loan services to its members (Wanyama, 2009). They mobilize the savings from members which they offer as credit to members who repay later depending on agreed terms and conditions set up during specific general meetings. Through enhancing a savings culture, SACCOs encourage the investors to consolidate their resources for investment in income generating activities. These affect their financial performance by generating profits. Customer service is the provision of service to customers before, during and after a purchase (Cook, 2008). Matatu SACCOs have set some guidelines spelling out how customers should be served to realize good returns in the competitive industry. Management of investments is the professional management of various assets (e.g., real estate) in order to meet specified investment goals for the benefit of the investors (Khayesi, 2009). Matatu SACCOs have sought for experts in planning, management and ensuring that the shareholders engage in strategic investments such as in real estates, enterprises and corporate businesses. This management of investment assets has led to expertise and increment of ROA invested by the investors.

Professionalism refers to the strict adherence to courtesy, honesty and responsibility when dealing with individuals or other companies in the business environment (Kelly, Mullan & Gruppen, 2016). The professional approach of doing business in the matatu SACCOs demand that the shareholders uphold some values, norms and conduct their activities in adherence to some set guidelines. These aspects ensure that there is coherence and consistence in the running of the investments by the SACCOs hence realizing financial benefits to the Matatu investors.

II. LITERATURE REVIEW

Theoretical Framework

Institutional Theory

According to Saebo (2017), institutional theory is about the stability and change of institutions. It also brings in the social context. Institutional theorists stress that the institutional environment can influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as irrational and negligent. Meyer and Rowan (1977), institutional myths are accepted ceremoniously in order for the organization to gain or maintain legitimacy in the institutional environment. However, these formal structures of legitimacy can reduce efficiency and hinder the organization's competitive position in their technical environment. To reduce this negative effect, organizations will minimize and neglect program implementation to maintain external (and internal) confidence in formal structures while reducing their efficiency impact. DiMaggio and Powell (1983) conclude that the net effect of institutional pressures is to increase the homogeneity of organizational structures in an institutional environment. Firms will adopt similar structures as a result of three types of pressures. Coercive pressures come from legal mandates or influence from organizations they are dependent upon. Mimetic pressures to copy successful forms arise during high uncertainty. Finally, normative pressures to homogeneity come from the similar attitudes and approaches of professional groups and associations brought into the firm through hiring practices.

Based on the above framework, it was notable perhaps that in the Kenyan context on transport industry if the government draws policies to regulate the sector and build capacity to enforce the rules in all its facets, more investors' would be attracted to invest in the industry thus driving quality in service provision and reducing the cost.

Stewardship Theory

Stewardship theory emphasizes on the role of management being as stewards, integrating their goals as part of the organization (Davis et al., 1997). The stewardship perspective suggests that stewards are satisfied and motivated when organizational success is attained. The theory recognizes the importance of governance structures that empower the steward and offers maximum autonomy built on trust (Donaldson & Davis, 1991). It stresses on the position of employee to act more autonomously so that the shareholders' returns are maximized. Indeed, this can minimize the costs aimed at monitoring and controlling employee behaviour (Davis et al., 1997). Daily et al. (2003) assert that in order to protect their reputations as decision makers in organizations, managers are inclined to operate the firm to maximize financial performance as well as shareholders' profits. In this sense, it is believed that the firm's performance can directly impact perceptions of their individual performance. This theory was relevant to this study because it showed the importance of the investors of transport SACCOs in Kajiado North Sub-County being stewards and ensuring that they have good structures in place so as to motivate their employees to offer their best and in turn get more profits.

Social-Cultural Approach Theory of Entrepreneurship

This theory is based on the assumption that every individual is possesses social and cultural power. According to Hoselitz, entrepreneurs hail from certain socio-economic class. He further postulates that the culturally marginal people in society are considered as culturally developed and belong to a well developed society and are thus eligible to be entrepreneurs. The theory indicates that entrepreneurs must possess extraordinary leadership and managerial skills which would drive them to yield profits (Lounsbury & Glynn, 2001). Further the entrepreneurial talents are prevalent in every country but the persons having socio-economic backgrounds are the ones that shine in the entrepreneurial skill (Hofstede, 1993). Hoselitz explained that marginal men are the pools of the development of entrepreneurs as they have the potential to adjust in variable situations in spite of their ambiguous social and cultural position. In the process of the adjustment, they innovate their social behavior (Chetty, 2016). This theory was relevant to the study because it provided more information on entrepreneurial culture and how managers can adopt it to ensure that they are successful entrepreneurs in the matatu industry. It also showed that potential entrepreneurs need models and can adjust to be more innovative.

Resource Based View Theory

The resource based theory was first conceptualized by Barney in 1991. It is meant for used by managers especially in strategic planning to help them determine the strategic resources that have the potential to deliver competitive advantage (Barney, 1991). The theory emphasizes that organizations are diverse as they possess diverse resources which can have different strategies as they have different resource mixes. Organizations therefore seed to develop distinctive competencies and resources as they try to produce superior value goods and services. An organization that strives to have these capabilities kept extraordinary can utilize them to build up an upper hand in business (Munge, 2014).

The resource based theory recognizes six types of resources: physical, reputation, organizational, financial, intellectual and technological. These can also be called the profit factors. These types are broadly drawn and include all assets, capabilities, organizational process, firm attributes, information and knowledge. Physical resources such things like land, energy resources (oil resources, water etc), raw materials (minerals etc). Physical resources can be a source of Sustainable Competitive Advantage, if they have the four attributes described above: Rare, Hard to copy, Non-substitutable and valuable. Reputational resources are mainly the perceptions that people in the firm‘s environment have of the company. Reputation can exist at the product level as a brand loyalty or at the corporate level as a global image. This theory was relevant to study topic because it informed financial access variable. Based on the resource-based theory, it was plausible to argue that previous entrepreneurial experience was a valuable resource to the family business. Research shows that an entrepreneur‘s management skills contribute to venture performance and financial performance. The propensity of the entrepreneur to employ and apply a variety of skills has been recognized. However, according to Priem & Butler (2001), the resource-based view misses managerial implications or operational validity. The resource- based view explains that managers have to develop and obtain strategic resources that meet the criteria valuable, rareness, non-imitable and non-substitutional (VRIN criteria) and how an appropriate organization can be developed.

Empirical Studies

Savings and Financial Performance

Wagereka (2013) highlights that performance of Saccos in terms of efficient and prompt disbursement of loans is quite wanting. The study recommends that the Ministry of Co-operative Development should mobilize resources to educate the members and management committees of the societies for better performance, and adherence to the regulations laid down by the government. In addition, Jayantilal (2017) postulates that the financial literacy positively affects personal finance management. Further, Oira (2015) highlights that access to finance contributed significantly and positively to investment in public transport.

Customer Care and Financial Performance

According to Wijaja (2009) the dimensions of service quality can be classified into five dimensions: reliability, responsiveness, assurance, empathy and tangibles. On top of this, Charbatzadeh, Ojiako, Chipulu and Alasdair (2016) highlight that managerial attention to service user experiences does not only hold the key to ongoing competitive success in transportation services but also that those services can be significantly enriched through greater managerial attention to the interface between risk of financial loss and service quality. Further, Wei and Nair (2006) postulate that there is a positive relationship between customer service management and perceived business performance. In addition, Ampoful (2012) highlights that the bases of customer satisfaction and long-term relationship could be attributed to innovative products and services coupled with competent and caring staff.

Discipline and Professionalism and Financial Performance

Okwako (2017) postulates that a prescribed code of conduct for their staff, engaged qualified members in its management, persons entrusted with managing the SACCOs had wide experience in public transport management, well educated, always informed of key changes affecting the business, motivate staff and always strived to train the crew on customer service leads to better coordination of services. Further, Mrope (2017) highlights that there is a significant relationship between professionalism and performance. The study recommends that the departments must be staffed with adequate and professionally qualified personnel. In addition, Darwani, Saputra and Kartini (2016) postulate that professionalism, competence, knowledge of financial management and intensity guidance apparatus jointly affect the quality of financial reporting area and that professionalism partially affects the quality of financial reporting area.

Management of Assets and Financial Performance

According to Mwaniki and Omagwa (2017) asset structure has a significant statistical effect on the financial performance. In particular, the study found that: property, plants and equipment, and long-term investments and funds had a statistically significant effect on financial performance, while current assets and intangible assets did not have statistical significance on financial performance. Further, Chiarello, Pletsch, Da Silva and Da Silva (2014) highlight that the higher the financial performance, the greater the value creation, and the greater the intangible assets disclosure within companies. On top of this, Ani (2014) shows that only the fixed assets have impact on ROE unlike ROA.

III. RESEARCH METHODOLOGY

The study adopted a descriptive survey design of how various Matatu SACCOs were evaluated to establish the financial performance to investors in Kenya, based on various management practices. In this study the population under consideration was the investors in the Matatu SACCOs plying various routes within the Kajiado North Sub-county. According to the Ministry of Co-operatives, Kajiado County, there are 17 Matatu SACCOs registered in Kajiado North sub-county and plying three major routes to Nairobi (that is Kiserian- Rongai-Nairobi Kiserian/Ngong-Nairobi and Kitengela-Nairobi routes). As such the study involved the SACCO investors (matatu owners) in Kajiado North Sub-County and the population comprised of 700. The study used simple random sampling method as the data to be obtained was homogeneous as all SACCOs have similar operations. In this regard, the PSV SACCOs were grouped in 17 main stratums of the Matatu SACCO, comprising of 140 sampling units who are the owners of the PSV vehicles which was 20% of the target population.

This study utilized a structured questionnaire as the main data collection instrument for primary data while secondary data was collected from published reports of the financial performance of Matatu SACCOs. With the permission from the departmental head of Human Resources at Ministry of Co-operatives, Kajiado County, the researcher distributed the structured questionnaire to the employees.

Data analysis involved the descriptive statistical tools such as Statistical Package for Social Sciences (SPSS) helped the researcher to describe the data and determine the extent used. In addition, to quantify the strength of the relationship between the variables, the researcher conducted inferential analysis (involving a multiple regression analysis) to establish the relationship between public transport SACCO management and financial performance to matatu investors in Kajiado North Sub-County.

IV. RESULTS AND DISCUSSION OF FINDINGS

In order to establish the relationship between public transport management and financial performance of matatu investors, a number of questions were drawn from the variable, savings. The results are as presented in table 1 below.

Table 1: Influence of Savings on Financial Performance

Items	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
I regularly save with my SACCO to enhance my chance of getting more credit to enhance my economic status	-	-	-	38.4	61.6
The SACCO has friendly and sympathetic savings mechanism to us as members	-	-	-	70.7	29.3
My savings are secure as I am often briefed on my account status supported by documents	-	-	11.1	61.6	27.3
My living standard has improved as a result from saving and advice given from my SACCO	-	-	7.1	77.8	15.2
I am able to access a bigger loan thanks to my SACCO savings	-	-	4	70.7	25.3
The rate of dividend received annually has increased as a result of my savings	-	-	-	50.5	49.5

Table 1 shows that majority of the respondents 61.6% strongly agreed that they regularly save with their SACCO to enhance their chance of getting more credit to enhance their economic status while 70.7% agreed that the SACCO has friendly and sympathetic saving mechanisms to the members. In addition, majority of the respondents 61.6% agreed that their savings are secure as they are often briefed on their account status supported by documents while 77.8% agreed that their living standard has improved as a result from saving and advice given from their SACCO. Further, the respondents 70.7% agreed that they are able to access a bigger loan thanks to their SACCO savings while 50.5% agreed that the rate of dividend received annually had increased as a result of their savings. This shows that the matatu investors have embraced the culture of saving in their SACCOs. These results are supported by those of Jayantilal (2017) who recommended that organization should encourage saving habits. They are also supported by those of Osano (2013) who noted that investment literacy and capability programs need to be incorporated in investment sector's innovation strategies.

Statistical Analysis for Multiple Regressions

To help in determining the relationship between savings, customer care, discipline and professionalism and management of assets as independent variables and financial performance as dependent variable, the studycarried out regression analysis. The results are presented in the form of model of summary and regression coefficients. The findings are shown in the subsequent sections.

Table 2: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.273[a]	0.074	0.035	0.33941
a. Predictors: (Constant), savings, customer care, discipline and professionalism, management of assets				

The summary results given in Table 2 indicate that the regression model provided a correlation R value of 0.273 and an R squared value of 0.074. This indicates that the independent variables (savings, customer care, discipline and professionalism and management of assets) jointly can explain 7.4% of the financial performance of the SACCO.

Table 3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.041	0.28		7.28	0
	Savings	0.465	0.061	0.521	7.663	0

a Dependent Variable: Financial Performance

The coefficient results in Table 3 above shows that a unit increase in savings would lead to improvement in financial performance by a factor of 0.521 having a p-value of 0.000 which is less than the confidence level of 0.05. At 5% level of significance and 95% level of confidence.

Summary of Findings

Effect of Savings on Financial Performance

Based on the result, savings was the most significant independent variable, thus significant to predict perceived financial performance at (t=7.663; p<0.000; Beta 0.521). Majority of the respondents 61.6% strongly agreed that they regularly save with their SACCO to enhance their chance of getting more credit to enhance their economic status while 70.7% agreed that the SACCO has friendly and sympathetic saving mechanisms to the members. Majority of the respondents 61.6% agreed that their savings are secure as they are often briefed on their account status supported by documents while 77.8% agreed that their living standard has improved as a result from saving and advice given from their SACCO. Majority of the respondents 70.7% agreed that they are able to access a bigger loan thanks to their SACCO savings while 50.5% agreed that the rate of dividend received annually had increased as a result of their savings.

V. CONCLUSION

The study concluded that the respondents agreed that they regularly save with their SACCO to enhance their chance of getting more credit to enhance their economic status and that the SACCO has friendly and sympathetic saving mechanisms to the members. The respondents also agreed that their savings are secure as they are often briefed on their account status supported by documents and that their living standard has improved as a result from saving and advice given from their SACCO. The respondents further agreed that they are able to access a bigger loan thanks to their SACCO savings and that the rate of dividend received annually had increased as a result of their savings.

Recommendations

The study recommends that the management of matatu SACCOs should come up with diverse products to entice the investors to save more with them. This will encourage the growth of the saving culture among the matatu investors and see them benefit from better dividends.

VI. REFERENCES

[1] Agunloye, O.O and Oduwaye. L. (2016). Factors Influencing the Quality of Rail Transport Services in Metropolitan Lagos. Department of Urban and Regional Planning, University of Lagos, Akoka, Yaba, Lagos State, Nigeria.

[2] Ampoful, A. (2012). The Effect of Customer Relationship Management (CRM) on the Profitability of Financial Institutions - A Case Study of Barclays Bank Limited, Takoradi Branches. Institute of Distance Learning, Kwame Nkrumah University of Science and Technology Thesis

[3] Anjichi D. (2014). Effects of Asset and Liability Management on the Financial Performance of Commercial Banks in Kenya. University of Nairobi Repository

[4] Bajracharya.A and Sajeda.A. (2012). Poverty, Marriage Timing, and Transitions to Adulthood in Nepal: A Longitudinal Analysis Using the Nepal Living Standards Survey.

[5] Bardi, E.J. (2018), Carrier Selection from One Mode, Transportation Journal, Vol. 13 No.1, pp.23-9.

[6] Center for Climate and Energy Solutions, (2013). Transportation in Developing Countries. An Overview of Greenhouse Gas Reduction Strategies. Retrieved from http://www. c2es.org/ publications/transportation-developing-countries-overview- greenhouse-gas-reduction-strategies.

[7] Charbatzadek, O., Chipulu, M., & Marshall, A., (2016). Determinants of Satisfaction with Campus Transportation Services: Implication for Service Quality.

[8] Chetty, P., (2016). Cultural Theories of Entrepreneurship. www.projectguru.in

[9] Chiarello,. T., Pletsch, C., Da Silva, S. & Da Silva, T., (2014). Financial Performance, Intangible Assets and Value Creation in Brazilian and Chilean Information Technology Companies. Revista Galega de Economia / Economic Review of Galicia 23(4)

[10] Chitere, P. O. and Kibua, T. N. (2012), Efforts to Improve Road Safety in Kenya: Achievements and Limitations of Reforms in the Matatu Industry, Institute Of Policy Analysis and Research (IPAR)

[11] Chitere, P., McCormick, D., Orero, R., Mitullah, W. V., & Ommeh, M. S. (2013). Paratransit operations in Nairobi: development of their routes and termini. SATC 2011.

[12] Cooper, D.R., & Schindler, P.S. (201). Business Research Methods, 11th, edition. McGraw-Hill Publishing, Co. Ltd. New Delhi- India.

[13] Croswell, M., & Plano, B. (2013): Research Methods Dictionary, Nairobi, ARTs Press

[14] Darwani, D., Saputra, M., & Kartini, K., (2016). Effect of Professionalism, Competence, Knowledge of Financial Management, and Intensity Guidance Apparatus Inspectorate for Quality of Financial Statements (Study on Inspectorate Regencies/Cities in Aceh, BRAND. Broad Research in Accounting, Negotiation, and Distribution, EduSoft Publishing, vol. 6(1), pages 32-40

[15] Department of Environment, Transport and the Regions (DETR) (2010) Tomorrow's Roads – Safer for Everyone: The Government's Road Safety Strategy and Casualty Reduction Targets for 2010. DETR Report. London: HMSO.

[16] DiMaggio, Paul J. and Walter W. Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." American Sociological Review 48:147–160

[17] Eren, S., Eren, S., Ayas, N. & Hacioglu, G. (2013). The Effect of Service Orientation on Financial Performance: The Mediating Role of Job Satisfaction and Customer Satisfaction. Procedia – Social and Behavioural Sciences, 99, pp 665-672|

[18] Fan, J. P., Wong, T. J., & Zhang, T. (2013). Institutions and Organizational Structure: The Case of State-owned Corporate Pyramids. Journal of Law, Economics, and Organization, 29(6), 1217-1252.
[19] Gicheru, E.N. (2009). An Analysis of the Socio-economic Impacts of the New Integrated National Transport Policy; The Case of 14 Seat Transport SACCOs in Kenya. A Research Paper First presented at the ICA Global Conference held at Mikkeli in Finland, August 2011.
[20] Gamayuni, R. (2015). The Effect Of Intangible Asset, Financial Performance And Financial Policies On The Firm Value. International Journal of Scientific & Technology Research 4(1).
[21] Government of Kenya [GoK], (2004). Transformation of Road Transport Report, Ministry of Transport and Communications, Nairobi
[22] Government of Kenya, (2015). Policy Framework for the Ministry of Transport and Infrastructure. http://www.transport.go.ke/
[23] Graeff., J. (2014). The Organizational and Future of the Matatu Industry in Nairobi, Kenya.
[24] Hall. S., & Pally. P. (2018). Modelling Services Liberation: The Case of Kenya
[25] Hofstede, G., (1993). Constraints in Cultural Theories Management. Academy of Management, 7(1), pp.81-94
[26] Hogg, T., & Tanis. S. (2017). Probability & Statistical Inference, 7 Edition
[27] IPAR (2004). The Institutional and Organizational Structure of Public Road Transport in Kenya. IPAR Nairobi
[28] Jayantilal, D., (2017). The Effect of Financial Literacy on Personal Financial Management: A Case Study on Employees of Bank of Baroda (Kenya) Limited. United States International University Repository
[29] Jinca, M. Y. (2014). The Satisfaction Analysis for the Performance of Public Transport Urban Areas.
[30] Juma, C. & Moronge, M. (2015). Influence of Progressive Discipline on Employee Performance In Kenya: A Case of Mukurwe- Ini Wakulima Dairy Ltd, Strategic Journals, 2(105), pp 1549 – 1594
[31] Kyalo (2006): An analysis of factors affecting performance of Matatu enterprises sector: A case study of selected routes in Nairobi.
[32] Kelly, A. M., Mullan, P. B., & Gruppen, L. D., (2016). The Evolution of Professionalism in Medicine and Radiology
[33] Litman. Todd (2013). Critical Analysis of Conventional Transport Economic Evaluation. Victoria Transport Policy Institute.
[34] Lubisak, M. N. (2013). Important Role of Policy Review and Institutional Set up in Transport Infrastructure. Zambia Institute of Policy and Research.
[35] Lounsbury, M. & Glynn, M. A., (2001). Cultural Entrepreneurship: Stories, Legitimacy, and the Acquisitions of Resources, Strategic Management Journal, 22(6), pp.545-564
[36] Meyer, J. W., & Rowan, B. 1977. Institutionalized Organizations: Formal Structure as Myth and Ceremony. American Journal of Sociology, 83 (2): 40–363.
[37] Mrope, N. P., (2017). The Effect of Professionalism on Performance of Procurement Function in the Public Sector: Experience from the Tanzanian Public Entities. International Journal of Business and Management Review, 5(6), pp. 48-59
[38] Mwangi, E. (2015). Factors Influencing Performance of SACCOS In Kenya: A Case Of UNAITAS SACCO. (Executive Master of Business Administration of Management University of Africa).
[39] Mwaniki, G., & Omagwa, J., (2017). Asset Structure and Financial Performance: A Case of Firms Quoted Under Commercial and Services Sector at the Nairobi Securities Exchange, Kenya. Research Journal of Finance and Accounting, 8(4), 192.
[40] Mwaura, R.N. (2014). Determinants of Financial Performance of Public Transport Businesses in Kenya, Case of Kiambu County.
[41] Monzon. A, Lopez. L and Alonso. Z. (2016). Urban Built Environment Analysis: Evidence from a Mobility Survey in Madrid
[42] Ndegwa, K. D. (2014) The Effects Of SACCO Societies Regulatory Authority's Regulations On Financial Performance Of SACCOs In Nairobi County. (Masters Project, University of Nairobi).
[43] Ngui, S. K. (2014). Strategies for the Implementation of Traffic Regulations within the Public Transport Sector in Nairobi City County, Kenya (Doctoral Dissertation, University of Nairobi).
[44] Njiru, R. N. (2012). Strategies Used by Matatus in Nairobi to Gain Competitive Advantage (Doctoral dissertation).
[45] Njoroge, R. W. (2015). Quality Management and Safety in Public Transport SACCO's in Nairobi City County (Doctoral Dissertation, University of Nairobi).
[46] Odero, W., Khayesi, M. and Heda, P. M. (2003), Road Traffic Injuries in Kenya: Magnitude, Causes and Status, Injury Control and Safety Promotion, 10(1-2).

[47] Oira, A., (2015). Challenges Affecting Investment in Public Transport (Matatu) Industry in Nairobi-Kenya. Strategic Journal of Business and Change Management, 2(2).
[48] Onatere, J.O, (2014). Performance of Public Transport Company in Niger State, Nigeria.
[49] Owino, S. A. (2015). The Effect of Management Competence, Competition and Working Environment on Performance of Public Service Vehicle SACCOs in Nairobi County (Doctoral dissertation, University of Nairobi).
[50] Rajeshwari, G., & Tamilchelvi, N. (2014). Passengers' Attitude towards Retention Strategies Adopted By the Indian Railways: A Study in Salem Division of Southern Railways.
[51] Renata, S., Paulo, T., & Marcio, P. (2013). Crisis of Public Transport by Bus in Developing Countries, a Case Study of Brazil.
[52] Remi, A. J., Adegoke, A. A. I., & Olaogun, O. B. (2009). A Study of the Performance of Public Transport Company in Niger State, Nigeria. International Journal of Business and Management, 4(11), 73.
[53] Republic of Kenya (2010): Ministry of Cooperative Development and Marketing, Annual Report. Government Printer
[54] Rulandari, N., (2017). The Effect of Supervision and Professionalism on Staff Performance at the Office of Social Affairs in East Jakarta Administrative City. International Journal of Humanities and Social Science, 7(2), 184
[55] Rutherfold, Thomas. F and David. G. Tarr, (2012). "Services Liberation in the Regions of
[56] Russia under WTO Accession. Regional Household and Poverty Effects," International Journal of Services Technology and Management, 17(2, 3, 4), 181-204.
[57] SACCO Society Regulatory Authority. (2012).Circular No. 9, Kenya's Financial Sector
[58] Stability Report
[59] Sadek, H., Youssef, A., Ghoneim, A. & Tantawy, P. (2012). Measuring the Effect of Customer Relationship Management Components on the Non Financial Performance of Commercial Banks: Egypt Case. European, Mediterranean & Middle Eastern Conference on Information Systems (EMCIS 11), Athens, Greece, 2011
[60] Saebo, J. (2017). Institutional Theory. IN520 Lecture. www.uio.no
[61] Shi, J., Tao, L., Li, X., Xiao, Y., & Atchley, P. (2014). A Survey of Taxi Drivers' Aberrant Driving Behavior in Beijing. Journal of Transportation Safety & Security, 6(1), 34-43.
[62] Singh, S. K. (2013). Urban Transport in India: Issues, Challenges, and the Way Forward. European Transport/Trasporti Europei (2012) Issue, 52.
[63] Sithebo, A. (2014). South African Household Savings and the Influence of Financial Liberation. University of Pretoria MBA Thesis
[64] Suchánek P., Králová M. (2015). Effect of Customer Satisfaction on Company Performance. Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis, 63(3): 1013–1021.
[65] Vasconcellos, E. A. (2014). Urban Transport Environment and Equity: The Case for Developing Countries. Routledge.
[66] Verma, S.K. (2004): Cooperative Centenary in India. New Sector Magazine, Issue No. 61, April/May 2004.
[67] Wagereka, P., (2013). The Effect of Regulations on Enhancing Investment in Public Transport SACCOs in Nairobi County. University of Nairobi Repository
[68] Wei, K. & Nair, M (2006). The Effects of Customer Service Management on Business Performance in Malaysian Banking Industry: an Empirical Analysis, Asia Pacific Journal of Marketing and Logistics, Vol. 18 Issue: 2, pp.111-128
[69] Wijaja, D., (2009). Study of Service Quality in the Public Business Transport: Customer Complaint Handling and Service Standards Design Case Study: Transjakarta Busway and Varmlandstrafik AB Bus. Karlstads Universitet thesis
[70] World Health Organization, (2018). Road Safety Injuries Report.
[71] Standard Media, (2018). How Technology is Modernizing Kenya's Matatu Industry. www.Standard Media .Co.Ke/business/article/2000095123
[72] Zhou, R., Fox, B., Lee, H.P., Nee, A.Y.C. (2004), "Bus Maintenance Scheduling using Multi-agent Systems", Engineering Applications of Artificial Intelligence, Vol. 17 pp.623-30.

Professional articles:

1. Professional paper (contribution offering experience useful for improvement of professional practice but not necessarily based on scientific methods);
2. Informative contribution (editorial, commentary, etc.);
3. Review (of a book, software, case study, scientific event, etc.)

Language

The article should be in English. The grammar and style of the article should be of good quality. The systematized text should be without abbreviations (except standard ones). All measurements must be in SI units. The sequence of formulae is denoted in Arabic numerals in parentheses on the right-hand side.

Abstract and Summary

An abstract is a concise informative presentation of the article content for fast and accurate Evaluation of its relevance. It is both in the Editorial Office's and the author's best interest for an abstract to contain terms often used for indexing and article search. The abstract describes the purpose of the study and the methods, outlines the findings and state the conclusions. A 100- to 250-Word abstract should be placed between the title and the keywords with the body text to follow. Besides an abstract are advised to have a summary in English, at the end of the article, after the Reference list. The summary should be structured and long up to 1/10 of the article length (it is more extensive than the abstract).

Keywords

Keywords are terms or phrases showing adequately the article content for indexing and search purposes. They should be allocated heaving in mind widely accepted international sources (index, dictionary or thesaurus), such as the Web of Science keyword list for science in general. The higher their usage frequency is the better. Up to 10 keywords immediately follow the abstract and the summary, in respective languages.

Acknowledgements

The name and the number of the project or programmed within which the article was realized is given in a separate note at the bottom of the first page together with the name of the institution which financially supported the project or programmed.

Tables and Illustrations

All the captions should be in the original language as well as in English, together with the texts in illustrations if possible. Tables are typed in the same style as the text and are denoted by numerals at the top. Photographs and drawings, placed appropriately in the text, should be clear, precise and suitable for reproduction. Drawings should be created in Word or Corel.

Citation in the Text

Citation in the text must be uniform. When citing references in the text, use the reference number set in square brackets from the Reference list at the end of the article.

Footnotes

Footnotes are given at the bottom of the page with the text they refer to. They can contain less relevant details, additional explanations or used sources (e.g. scientific material, manuals). They cannot replace the cited literature.
The article should be accompanied with a cover letter with the information about the author(s): surname, middle initial, first name, and citizen personal number, rank, title, e-mail address, and affiliation address, home address including municipality, phone number in the office and at home (or a mobile phone number). The cover letter should state the type of the article and tell which illustrations are original and which are not.

Address of the Editorial Office:

Enriched Publications Pvt. Ltd.
S-9,IInd FLOOR, MLU POCKET,
MANISH ABHINAV PLAZA-II, ABOVE FEDERAL BANK,
PLOT NO-5, SECTOR -5, DWARKA, NEW DELHI, INDIA-110075,
PHONE: - + (91)-(11)-45525005

Instructions for Authors

Essentials for Publishing in this Journal

1 Submitted articles should not have been previously published or be currently under consideration for publication elsewhere.

2 Conference papers may only be submitted if the paper has been completely re-written (taken to mean more than 50%) and the author has cleared any necessary permission with the copyright owner if it has been previously copyrighted.

3 All our articles are refereed through a double-blind process.

4 All authors must declare they have read and agreed to the content of the submitted article and must sign a declaration correspond to the originality of the article.

Submission Process

All articles for this journal must be submitted using our online submissions system. http://enrichedpub.com/ . Please use the Submit Your Article link in the Author Service area.

Manuscript Guidelines

The instructions to authors about the article preparation for publication in the Manuscripts are submitted online, through the e-Ur (Electronic editing) system, developed by **Enriched Publications Pvt. Ltd**. The article should contain the abstract with keywords, introduction, body, conclusion, references and the summary in English language (without heading and subheading enumeration). The article length should not exceed 16 pages of A4 paper format.

Title

The title should be informative. It is in both Journal's and author's best interest to use terms suitable. For indexing and word search. If there are no such terms in the title, the author is strongly advised to add a subtitle. The title should be given in English as well. The titles precede the abstract and the summary in an appropriate language.

Letterhead Title

The letterhead title is given at a top of each page for easier identification of article copies in an Electronic form in particular. It contains the author's surname and first name initial .article title, journal title and collation (year, volume, and issue, first and last page). The journal and article titles can be given in a shortened form.

Author's Name

Full name(s) of author(s) should be used. It is advisable to give the middle initial. Names are given in their original form.

Contact Details

The postal address or the e-mail address of the author (usually of the first one if there are more Authors) is given in the footnote at the bottom of the first page.

Type of Articles

Classification of articles is a duty of the editorial staff and is of special importance. Referees and the members of the editorial staff, or section editors, can propose a category, but the editor-in-chief has the sole responsibility for their classification. Journal articles are classified as follows:

Scientific articles:

1. Original scientific paper (giving the previously unpublished results of the author's own research based on management methods).
2. Survey paper (giving an original, detailed and critical view of a research problem or an area to which the author has made a contribution visible through his self-citation);
3. Short or preliminary communication (original management paper of full format but of a smaller extent or of a preliminary character);
4. Scientific critique or forum (discussion on a particular scientific topic, based exclusively on management argumentation) and commentaries. Exceptionally, in particular areas, a scientific paper in the Journal can be in a form of a monograph or a critical edition of scientific data (historical, archival, lexicographic, bibliographic, data survey, etc.) which were unknown or hardly accessible for scientific research.