THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

The Influence of Employees' Career Development on Performance of State Corporations in Kenya

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Abstract:
Development of human resource capital has been cited by various scholars as a key determinant of corporate performance. The specific objective of this this study was to determine the influence of employees' career development on the performance of State Corporations in Kenya. The results indicate employee career development is related to performance of State Corporation as demonstrated by a Pearson correlation coefficient ($r = -0.512$, $p < 0.05$). Amongst the constructs for employee career development, opportunities for coaching and mentoring has a stronger association ($r = -0.396$, $p < 0.05$) compared with opportunities for further training ($r = -0.373$, $p < 0.05$). The regression analysis showed that employee career development accounts for 50.4% of the variance in the dependent variable. Analysis of variance (ANOVA) confirms that this model has a good fit and exists ($F = 35.152$, $p < 0.05$). When individual constructs are considered, coaching and mentoring had a bigger influence on the variance in the dependent variable with a β coefficient of -0.269 compared with opportunities for further training which had a β coefficient of -0.240. The findings underscore the need to formulate policies in support of employees' career development for State Corporations in Kenya.

Keywords: *State corporation, training, coaching, mentoring, performance*

1. Introduction

1.1. Background

The emergence of State corporations globally, attests global commitment in ensuring improved service delivery in the public sector. Since independence the Kenya Government has supported the emergence and growth of these corporations to stimulate development in the various sectors of the economy. Through publication of the Session Paper No 10 on African Socialism and its Application to Planning in Kenya of 1965, the Government provided a roadmap for establishment of State Corporations in the country (Republic of Kenya, 1965). The number of State Corporations has grown since then reaching a total of 200 in 2014.These corporations are established under State Corporation Act Cap 446 of 1st November 1986. The Government has further initiated several reforms to promote the public sector performance. The Structural Adjustments Programme (SAP) was introduced in 1986(Rono, 2002). In 1993, the Government introduced the Civil Service Reform Programme (CSRP) as stated by Sawe, 1997. Results-Based Management (RBM) was initiated in 2002-2008 (Kobia & Mohammed, 2006).

1.2. Performance Contracting in Kenya

In a bid to ensure improved performance of the public sector, the Kenyan Government introduced performance contracting for all public institutions in 2004 (Obong'o, 2009). This is a negotiated contract between the Government and the management of these institutions (Ochieng, 2010). Performance contract states the annual intentions of the two parties, duties, responsibilities and milestones. It is evaluated annually for each public institution. A key limitation of this process is that, the results do not indicate the reasons for good or poor performance but focus on the annual performance score (Kobia & Mohammed, 2006). Thus there is lack of documentation of the best practices. The overall objective of this study is to document why some State Corporations perform better than others in the performance contract. The study focused on employees' career development which was pointed by current literature as a probable explanatory variable (Muraga 2015).

1.3. Statement of the Problem

In order, to motivate the public sector institutions improve performance, The Government of Kenya introduced performance contract in 2004. While performance contracting results indicate the grading score for each institution, this does not provide reasons for good or poor performance (Kobia & Mohammed, 2006). As a result, the best practices remain undocumented and nor are these disseminated. This study sought to determine why some State Corporations in Kenya perform better than others in the annual performance contract. Current literature does not fill this gap though it points at employee career development as probable factor influencing performance of corporate organizations in Kenya (Muraga, 2015). This study will examine the influence of employee career development on performance of State Corporations in Kenya.

1.4. Specific Objective

To determine the influence of employees' career development on performance of State Corporations in Kenya.

1.5. Research Hypothesis

The study undertook to test the following hypothesis to determine the influence of the independent variable of the dependent variable.

- H02: There is no significant influence of employees' career development on performance of State Corporations in Kenya.

2. Literature Review

2.1. Motivation to Work Theory

This theory states that individual motivation to perform can be understood through an analysis of the factors that motivate or demotivate workers (Herzberg, Mauser & Snyderman, 2010). Constructed in 1959, this theory argues that factors which motivate workers also referred to as motivators are independent of those factors whose absence demotivates workers. Motivator factors include advancement, achievement, personal growth, work itself and responsibility Hygiene factors include supervision, relationship with supervisors, relationship with subordinate, work conditions, salary, relationship with peers, personal life, status, and security. It further clarifies that motivators or intrinsic factors are not the opposite of hygiene or extrinsic factors. Basset-Jones & Lloyd (2005) support this theory stating that even though it swings like a pendulum, it is still relevant 50 years after it was initially developed. Dartey-Baah & Amoako (2011) when studying Ghanian workers, established that this theory does not hold in that context. Their results showed that some hygiene factors according to motivation theory such as salary and job security served as motivation factors. Ghazi, Shahzada & Khan (2013) tested whether the principles of motivation theory apply in Pakistan. The study proved that one part of the theory was applicable while another part was not applicable.

Similar results were obtained by Nanayakkara & Dayarathria (2016) in their study of supermarkets in Sri Lanka. They concluded that both hygiene and motivator factors positively influence retention of employees. Smerek & Peterson (2007) are of the opinion that Herzberg theory of motivation delineation of two set of factors was based on an event and therefore does not apply when tested in measurement of stable attitude. They dismiss the theory as simplistic and general. Similarly, Mitrabasu (2013) study of health care system in Delhi showed that the delineation of the two factor theory ignores a third factor. Accordingly, the study identified a third quality factor meaning there are hygiene factors, motivators as well as factors that serve both as hygiene and motivators. It has also been argued that the theory ignores situational factors that motivate or demotivate individuals to work (Sapru, 2013). In spite of these shortcomings, this theory has been credited for providing managers with guidelines on how to motivate employees (Condrey, 2010).

2.2. The Balanced Scorecard Card Theory

Kaplan (2010) highlights the conceptual foundation of the balanced scorecard and further states this approach was formulated to ensure that all aspects of the organization are assessed. The four perspectives of the balanced score card are customer, learning and growth, internal business process and financial perspective. Muiruri and Kilika (2015) concluded that BSC for performance measurement is relevant to the public sector in Kenya even though it has not been well understood. These findings are similar to those of Marete (2015) study where she established that application of balanced scorecard in these institutions had a positive impact on performance. According to Kairu et al (2013), non-financial measures are as important as financial measures but when the two are combined, they produce better results. This view is supported by Gitonga and Nyambegera (2015) who found that implementation of the customer perspective was hindered by lack of appropriate internal systems and procedures. Chimwani and Nyamwange (2013) found that the financial measure was the most commonly used in small and medium enterprises. Internal business process, customer as well as learning and growth were least applied.

2.3. Performance Measurement in Public Institutions

Globally, there has been a growing concern that public institutions should demonstrate impact as well as increased efficiency and effectiveness (André, 2010). However, the process of measurement has encountered several challenges. The indices used in performance measurement are mainly borrowed from the private sector and as a result do not accurately reflect the public sector environment (Walker, 2008).The public sector differs from private sector with unique characteristics such as infrastructure, state regulated resources and huge labour force (Anjula, 2009).There has also been a concern that more focus has been on measurement of processes and not outcomes indicators. Results are more important than process compliance (Aldin, Rahim & Athmay, 2008) a position supported by Evansand Bellamy (1995)

Some scholars have measured firms' performance using the economic position (Berg, Grift & Witteloostuijn, 2011).Others have used product and process performance (Gestel, Voets & Verhoest, 2012). Fritzen (2007) has stated that in some instances, units appropriate for measurement of formal processes and outcomes have been used to measure informal process and outcomes. Theil and Leeuw (2002) have stated that performance assessment motivates managers' to focus on parameters that are subjected to measurement. Further, it has been argued that performance measurement has not improved performance since it is more external driven initiative

(Karen, Jiju & Susan, 2009). Performance measurement of public sector institutions in Kenya is done using the balanced score card (BSC). This approach embraces several measures including financial and non-financial parameters. For performance measurement, Kirkman, Lowe and Young (1999) have recommended this approach.According to the performance contract guidelines (Republic of Kenya, 2013), key areas of assessment include finance stewardship, service delivery, non-financial issues, operations, dynamic/ qualitative issues and corruption eradication. Northcott & Taulapapa, (2012) state that the use of BSC in measurement of performance of public institutions is widely recognized even though the rate of adoption is low.

2.4. Employees Career Development and Performance of State Corporations

Staff training and career development are key practices that influence organization performance (Jordan, Lindsay & Schraeder, 2012). This is more so in public sector organizations where in most cases, salaries and other benefits are lower compared with the private sector. In this case, employees have a high expectation on career development (Jordan et al, 2012). Saifalislam, Osman & Alqudah (2014) study revealed that there is a strong correlation between training and development and organization performance ($r = 0.688$, $p < 0.05$). Similarly the study established a causal relationship between training and development as the predictor variable and organization performance as the dependent variable ($\beta = 0.371$, $p < 0.05$). In support of these findings, Muraga (2015) study established that training influences corporate performance positively. He has argued that a unit change in training results to 61.3% change in performance of parastatals in Kenya. The relationship between training, career development and organization performance is not direct but mediated by job satisfaction (Were, Gakure, Kiraithe, & Waititu, 2012; Giauque et al, 2013). According to Panagiotakopoulos (2013), there exists a positive relationship between job satisfaction and learning opportunities. Odukah (2016) studied staff motivation and concluded that training and development has a positive influence on staff motivation and consequently organization performance. On the contrary, Tan & Nasurdin (2011) are of the opinion that career development practices do not influence innovation contradicting the popular position that employees career management practice influence motivation and hence performance.

2. Methodology

2.1. Research Design

Cross-sectional approach was used in this study where data was collected at one point in time. This covered both quantitative and qualitative data from primary and secondary sources to facilitate triangulation.

2.2. Target Population

The target population was all State Corporations in Kenya while the accessible population was the 200 State Corporations that were evaluated during the financial years 2014/2015. This list comprised the sampling frame.

2.3. Sample and Sampling Technique

Using simple random sampling method, a representative sample of 132 State Corporations was selected for the study. Two self-administered questionnaires were developed to facilitate data collection. One questionnaire was filled by the staff in-charge of human resource management and the other one by the officer in-charge of performance contract. This method is not new and has previously been used successfully to collect data from State Corporations (Koech & Namusonge, 2012; Kago, 2014).

2.4. Data Collection

Pretesting of the questionnaires before was done before this was adopted for the study. It achieved a Cronbach's alpha of 0.767 on reliability. Validity of the questionnaire was attained through engagement of a team of 3 experts who reviewed the questionnaire before and after the pretest. This method is recommended by Mugenda and Mugenda, (2003). The questionnaires were distributed to the sampled state Corporations to be filled by officers in-charge of human resource management and those in-charge of performance contract. The study also gathered information from secondary sources.

2.5. Data Analysis

Characteristics of State Corporations and study data were done using descriptive statistics. Correlation was used to compute the relationship between the predictor and independent variable while multiple regression was applied for computation of the influence of independent variables on the dependent variables.

4. Results

4.1. Response Rate

There were 102 State Corporations that responded in this study representing 77% of the sampled Corporations. This number is sufficient as argued by Mugenda (2003) and Kothari (2012) who have stated that a response rate of 70% and above is adequate. Babbie and Mouton (2002) share a similar opinion

4.2. Characteristics of the Study Population

69 (67.7%) of the questionnaires were filled by the human resource manager and the officer responsible for performance contract. In 25 (24.5%) cases, the officer in-charge of human resources filled both questionnaires. In 8 (7.8%) cases, the officer responsible for performance contract filled both questionnaires. Most of the State Corporations 69 (67.6%) were Non-commercial. Commercial corporations were 18(17.6%) while public universities and tertiary institution constituted 10(9.8%) and 5(4.9%) respectively. Most 86 (%) of the State Corporations are located in Nairobi. The corporations had a mean of 470 staff members. The mean number of men was 316 and for women 155.The State Corporations had been in existence for a mean period of 24.63 years.

4.3. Descriptive Analysis Results

Most corporations 91(89.2%) had opportunities for further training. There were 11(10.8%) corporations that did not have such opportunities. Majority 90(88.2%) of the opportunities were short term training followed by long term training 31(30.4%) and international training 12(11.8%) respectively. The least opportunities available were benchmarking 3(2.9%) and study leave 8(7.8%) respectively. Majority 59(57.8%) of the respondents gave a rating of good on opportunities for further training in their corporations. A substantial number 20(19.6%) rated the opportunities as excellent while 18 (17.6%) rated these as fair. There were very few respondents 2(2%) who rated these as very poor. Only 3(2.9%) respondents said that such opportunities were nonexistent in their corporation. Most corporation's 65(63.7%) had coaching and mentoring opportunities. There were 37(36.3%) corporations that did not have these opportunities. Most of these opportunities were working under supervision 29(28.4%) followed by internship 26(25.5%) and orientation programme 25(24.5%) respectively. Few corporations 9(8.8%) stated that they identify coaching and mentoring needs and respond appropriately. The opportunities for coaching and mentoring were rated fair in 37 (36.3%) corporations. The same were rated good and excellent in 30(29.4%) and 15(14.7%) corporations respectively. In 6(5.9%) corporations, these were rated very poor and the same were nonexistent in 13(12.7%) corporations.

4.4. Diagnostic Test for Study Variables

4.4.1. Reliability

Cronbach's alpha was computed to assess reliability of the data. Employees career development achieved an alpha value of 0.7508while performance of State Corporation achieved an alpha value of 0.9680. This value is statistically acceptable as it exceeds the 0.7 threshold (Fraenkel and Wallen, 2006).

4.4.2. Validity

In testing validity of the data, factor analysis was applied and specifically the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity. The results of the KMO test show a value of 0.779. Similarly, Bartlett's test of sphericity shows that the approximate Chi-Square was significant for all the variables. The two tests confirm construct validity of the data. Dayan (2011) has stated that the values for the Kaiser-Meyer-Olkin (KMO) test should be ≥ 0.5 while the Bartlett's test of sphericity should be significant.

4.4.3. Multicollinearity

Variance inflation factor (VIF) for the predictor variable was1.108. This rule out multicollinearity problem as stated by Bryman (2012) that multicollinearity becomes a problem if the VIF exceeds 10.

4.4.4. Normality

The predictor variable had a skewness of 0.123 and kurtosis 0.946. The dependent variable had a skewness of -0.816 and kurtosis 0.333.Since none of the values exceed +1 or -1, this therefore confirms the normality of the data (Aluja, Blancha and Garcia, 2005).

4.4.5. Autocorrelation

Durbin Watson statistic was computed to determine autocorrelation. Gujarati (2003) states that, coefficients ranging from 1.5 to 2.5 signify absence of autocorrelation. The value obtained in this study was 1.958 signifying absence of autocorrelation.

4.4.6. Linearity

The Pearson correlation coefficient showed a negative association between the predictor variable and the dependent variable ($r=-.512$, $p< 0.01$ confirming linearity of the data.

4.5. Correlation Analysis Results

The correlation results shows that employees career development is significantly associated with performance of State Corporation ($r = -0.512$, $p < 0.05$). The correlation coefficient shows an inverse relationship meaning that as the values of the one variable increase, the values of the other variables decreases. This is in line with performance contract scoring where low composite scores are more desirable. Hence, improvements on employee career development will reduce the composite score and vice versa.

Variable	Type	Coefficient	Performance
Performance	Dependent	Pearson Correlation	1
		Sig. (2-tailed)	.000
		N	102
Employees career development	Predictor	Pearson Correlation	-.512**
		Sig. (2-tailed)	.000
		N	101
Opportunities for further training	Construct	Pearson Correlation	-.373**
		Sig. (2-tailed)	.000
		N	102
Opportunities for coaching and mentoring	Construct	Pearson Correlation	-.396**
		Sig. (2-tailed)	.000
		N	102

Table 1: Correlation of employees' career development and corporate performance
***. Correlation is significant at the 0.01 level (2-tailed)*

Similarly, the constructs for employees' career development are associated with the dependent variable. They show correlation coefficient of $r = -0.373$, $p < 0.05$ for opportunities for further training and $r = -0.396$, $p < 0.05$ for opportunities for coaching and mentoring. The implication is that any improvements on the constructs will reduce the performance score meaning better performance as low scores are preferred. This observation is in agreement with the study by Saifalislam, Osman & Alqudah (2014) that established a correlation of 0.688 between training and development with organization performance.

4.6. Regression Analysis Results

The specific objective of this study was to determine the influence of employees' career development on the performance of State Corporations in Kenya. The study hypothesized that:

- **H02:** There is no significant influence of employees' career development on performance of State Corporations in Kenya.

The model $Y = \beta 0 + \beta 1X1 + e$ was applied in order to test this hypothesis. The ability of employees career development to explain the variance in performance of State Corporation is explained by the constant ($\beta 0 = 0.310$, $p < 0.05$) and coefficient of employee career development ($\beta 1 = -0.504$, $p < 0.05$ as shown in table 2. Thus the causal relationship for the two variables is depicted as follows:

$P = 0.310 - 0.504ECD + e$

Where P = Performance of State Corporation

ECD = Employees career development

e = error term

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.512	0.262	0.255	0.81439	1.956

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.315	1	23.315	35.154	.000
	Residual	65.660	99	0.663		
	Total	88.975	100			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.310	0.081		3.831	.000
	Employees career development	-0.504	0.085	-0.512	-5.929	.000

Table 2: Regression of employees' career development and corporate performance

The prediction power of this model is significant since both the constant and employees career development have $p < 0.05$. Based on these results the null hypothesis is rejected and alternative hypothesis accepted that, there is statistically significant influence of employees' career development on performance of State Corporations in Kenya. In the model, employees' career development explains approximately 26.2% of the variance in performance of State Corporations. The model is a good fit as shown through analysis of variance (ANOVA) since the F value equals 35.154 and $p < 0.05$.

When individual constructs are considered, coaching and mentoring had a bigger influence on the change in the dependent variable with a β coefficient of -0.269 compared with training opportunities which had a β coefficient of -0.240.This observation is in agreement with the study by Saifalislam, Osman & Alqudah (2014) that established a causal relationship between training and development with organization performance ($\beta = 0.371$, $p<0.05$). In this study increasing performance scores were most preferred. The findings are also in support of Muraga (2015) study which established that a unit increase in training increases performance by 61.3% among the parastatals in Kenya.

5. Conclusion and Recommendations

This study has established that employees' career development and performance of State Corporations are related. Amongst the constructs for employees' career development, opportunities for coaching and mentoring has a stronger association with the dependent variable compared with opportunities for further training. Employees' career development has a positive influence on performance of State Corporation. Among the constructs of the predictor variable, coaching and mentoring has a bigger influence on the variance in the dependent variable compared with opportunities for further training.

Based on these findings, it is recommended that State Corporations should emphasize employee career development in order to achieve performance improvement. Specifically effort should be directed to coaching and mentoring as well as expansion of training opportunities in that order in order to maximize the resultant benefits. Further, the study recommends that policies be formulated to support coaching and mentoring in State Corporations. This is essential as coaching and mentoring has a greater influence of performance in spite of the low attention this has been accorded.

6. Suggestions for Further Study

This study has established that employees career development explain 26.2% of the variance in performance of State Corporations. It however remains unclear what variables explain the remaining 75.8% of the variance. This requires further research to fill this gap. Secondly, since the study focused on State Corporations, it is important to conduct a similar study covering the County Governments, private sector and the not for profit organizations.

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