Relationship between employee participation schemesand performance of State Corporations in Kenya

Simon ThiaineKubaison

A thesis submitted in partial fulfillment for the degree of Doctor Of Philosophy in Human Resource Management in the Jomo Kenyatta University of Agriculture and Technology

2015

DECLARATION

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

Signature: ……..……. Date: …….

Simon ThiaineKubaison

This thesis has been submitted for examination with our approval as the university supervisors:

Signature: ……..…….. Date: ……

Dr. Hazel G. Gachunga

JKUAT, Kenya.

Signature ……..……. Date ……..

Prof. Romanus Odhiambo

JKUAT, Kenya.

DEDICATION

To my father, the late MzeeSebastianoNtoikiaoNtonabea for all the sacrifice he made for my sake.

To the rest of my family for their support and patience: JulietaBaibaku and our children:Carlpeters, Rogers, Gloria, Chichi and Innocent.

ACKNOWLEDGEMENT

I wish to convey my gratitude to my supervisors: Dr. Hazel Gachunga and Prof. Romanus Odhiambo for their guidance, support and encouragement during the preparation of this thesis. I also feel indebted to Dr. Anthony Waititu and DrGuyoWario for their assistance and guidance.

I further wish to thank Jomo Kenyatta University of Agriculture and Technology for accepting to admit me into the PhD programme.

TABLE OF CONTENTS

DECLARATION ii

DEDICATION iii

ACKNOWLEDGEMENT ivv

TABLE OF CONTENTS v

LIST OF TABLES viii

LIST OF FIGURES xii

ACRONYMS xiv

DEFINITION OF TERMS xvi

ABSTRACT xix

CHAPTER ONE 1

1.0 INTRODUCTION 1

1.1 Background of the study 1

1.2 Statement of the Problem 7

1.3 General Objective 8

1.4 Research Hypotheses 9

1.5 Justification of the study 10

1.6 Scope of the study 11

1.7 Limitation of the study 11

CHAPTER TWO 13

LITERATURE REVIEW 13

2.1 Introduction 13

2.2 Theoretical Review and Conceptual Framework 13

2.3 Review of Theoretical Literature 26

2.4 Empirical Literature Review and Critique 44

2.5 Summary of literature 53

2.6 Research Gaps 54

CHAPTER THREE 57

RESEARCH METHODOLOGY 57

3.0 Introduction 57

3.1 Research Philosophy 57

3.2 Research Design 57

3.3 Population 58

3.4 Sampling Frame 59

3.5 Sample Size and Sampling Technique 59

3.6 Data Collection instrument 62

3.7 Procedure for data collection 65

3.8 Pilot Test 66

3.9 Data Processing and Analysis.....68

CHAPTER FOUR.....74

DATA ANALYSIS, FINDINGS AND DISCUSSION.....74

4.1 Introduction.....74

4.2 Preliminary Study/Background Information.....74

4.3 Descriptive Statistics.....77

4.3.4 Use of Financial Participation Schemes.....97

4.4 Employee Attitude.....103

4.5 Organizational Performance.....110

4.6 Reliability Test.....115

4.7 Factor Analysis: Construct Validity Test.....116

4.8 Correlation Coefficient Test.....121

4.9 Regression Analysis.....133

4.10 Overall Regression Models.....147

4.11 ANOVA Tests on Significant Fit of the Data.....156

CHAPTER FIVE.....158

SUMMARY, CONCLUSION AND RECOMMENDATIONS.....158

5.1 Introduction.....158

5.2 Summary of Findings.....159

5.3 Conclusion.....164

5.4 Recommendations.....166

REFERENCES 169

APPENDICES.....183

APPENDIX 1.....183

APPENDIX II: LIST OF STATE CORPORATIONS PARTICIPATING IN THE STUDY.....191

APPENDIX III: LIST OF STATE CORPORATIONS BY CATEGORIES (2011).....192

APPENDIX IV: TABLES FOR FINDING A BASE SAMPLE SIZE 199

APPENDIX V: TIPS FOR INTERPRETING CORRELATION SIZE 201

APPENDIX VI: CORRELATION TABLES 202

APPENDIX VII: T-TEST TABLES.....203

APPENDIX VIII: ANALYSIS OF VARIANCE FOR CATEGORIES OF STAFF 205

APPENDIX IX: VARIATION IN PERFORMANCE BY CATEGORY OF STATE CORPORATIONS 207

LIST OF TABLES

Table 3.1: Sampling frame &sample size for state corporations 61

Table 4.1: Response by category of state corporation 76

Table 4.2: Summary Of Responses To Items On Use Of Direct Individual-Based Participation 83

Table 4.3: Summary Table on Response Items of Team-Based Participation. 89

Table 4.4: Summary Table on use of indirect participation schemes in state corporations 96

Table 4.5: Summary of responses on financial participation.....102

Table 4.6: Summary of Response Items of Employee Attitude 109

Table 4.7: Summary of items in organizational performance 114

Table 4.8: Summary of Reliability Test Results.....116

Table 4.9: Summary of Factor Analysis Test Results 118

Table 4.10: Correlation Results Matrix 128

Table 4.11: Intervening Effect of Employee Attitude on the Relationship between Individual-Based Participation and Performance of State Corporations.....129

Table 4.12: Intervening Effect Of Employee Attitude On The Relationship Between Team-Based Participation And Performance Of State Corporations.....130

Table 4.13: Effect of Employee Attitude on the Relationship of Indirect Participation and Dependent Variable.....131

Table 4.14: Effect of Employee Attitude on the Relationship Between Financial Participation And The Dependent Variable 132

Table 4.15: Coefficients of the use of direct individual-based schemes to enhance performance of state corporations 134

Table 4.16: Analysis Of Variance between Direct Individual Based Participation and Organizational Performance 134

Table 4.17: Goodness of Fit for Use of Direct Individual Based Participation versus Performance of State Corporations 135

Table 4.18: Coefficients' of the Use of Direct Team-Based Schemes to Enhance Performance of State Corporations 136

Table 4.19: Analysis Of Variance between Direct Team-Based Participation and Organizational Performance 137

Table 4.20: Goodness of Fit for use of direct team based participation versus performance of state corporations 138

Table 4.21: Coefficientsa Of The Use of Indirect Participation Schemes To Enhance Performance Of State Corporations 139

Table 4.22: ANOVA between Indirect Participation And Organizational Performance 139

Table 4.23: Goodness Of Fit For Use Of Indirect Participation Versus Performance Of State Corporations 140

Table 4.24: Coefficients of the Use of Financial Schemes to Enhance Performance of State Corporations 141

Table 4.25: ANOVA 142

Table 4.26: Goodness of Fit for use of financial participation versus performance of state corporations 143

Table 4.28: Analysis of Variance between Employee Attitude and Organizational Performance. 145

Table 4.29: Overall Regression Model Summaries without Employee Attitude 149

Table 4.30: Overall regression model summary with employee attitude 150

Table 4.31: ANOVA[c,d] test results for the regression model without influence of employee attitude 150

Table 4.32: ANOVA[c,d] test results for the regression model with influence of employee attitude.....151

Table 4.33: Coefficient of study variables without mediator (intervening) variable.....152

Table 4.34: Coefficients of Study Variables with Effect of Employee Attitude 153

Table 4.35: Pearson Correlation Coefficient Of Financial Participation And Employee Attitude.....155

Table 4.36: Regression Model Without Financial Participation.....156

Table 4.37: ANOVA Test On Significant of the Data.....156

Table 4.38: Coefficients of Variables Without Financial Participation.....157

LIST OF FIGURES

Figure 2.1: Participation model 16

Figure 2.2: Conceptual Framework 26

Figure 3.1: Equation for determining Final sample size.....62

Figure 3.2: Research statistical model with the intervening variable. 73

Figure 3.3: Regression Model without the intervening/Mediator Variable.....73

Figure4.1: Response by gender.....75

Figure 4.2: Response by Category of staff 77

Figure4.3: Direct Individual Based Participation and Organizational Performance 122

Figure 4.4: Scatter graph showing relationship between direct team based participation and organization's performance 123

Figure 4.5: Scatter Plot Showing Relationship between Indirect Participation and Organization's Performance 124

Figure 4.6: Scatter Plot Showing Relationships between Financial Participation and Organization's Performance.....125

Figure 4.7: Normal Q-Q plot of Performance of State Corporations 133

Figure 4.8 scatter plot with regression line showing direct individual-based participation vs performance of state corporations. 135

Figure 4.9: Regression line of the use of direct team-based participation versus performance of state corporations 137

Figure 4.10: Regression Line Of Indirect Participation Versus Performance Of State Corporations (Scatter Plot).....140

Figure 4.10: Regression Line of the Use of Financial Participation versus Performance Of State Corporations 142

Figure 4.11: Scatter graph showing regression line for employee attitude versus organizational performance 144

ACRONYMS

BOD	:	Board of Directors
BPR	:	Business Process re-Engineering
CDF	:	Constituency Development Fund
CEO	:	Chief Executive Officer
CI	:	Chief Investigator
ECSGD	:	Empowering Communities for Self-governance and Development
EWCS	:	European Working Conditions Survey
HR	:	Human Resources
ID	:	International Development
IEA	:	Institute of Economic Affairs
MBO	:	Management by Objectives
NA	:	National Assembly
NCCK	:	National Council of Churches of Kenya
INGOs	:	International Non-Governmental Organizations
OCB	:	Organizational Citizenship Behavior

PCSK : Performance Contracting Secretariat of Kenya

PPP : Public Private Partnership

PSCGT : Private Sector Corporate Governance Trust

PSR&PC : Public Service Reforms &Performance Contract

ROK : Republic of Kenya

SACCOs : Savings and Credit Cooperatives

SCAC : State Corporations Advisory Committee

TQM : Total Quality Management

UASU : Universities Academic Staff Union

DEFINITION OF TERMS

Attitude: Long term inclination to perceive, interpret and evaluate events and issues in a certain manner (Bennet, 1992). It is ways in which individuals feel, view or evaluate an object. Attitudes here are measured by behavioral outcomes of self-reported job satisfaction and commitment levels(Kagaari,Munene&Ntaayi 2010)

Direct Participation Schemes: These are direct participation practices or plans whose key components include self-determination through individual empowerment or use of work teams(Juan,Thomas& Cristo, 2007)

Financial Participation Schemes: Financial participation relates to ownership financial plans, incentives and non-monetary recognition or rewards(Juan,Thomas and Cristo, 2007)

Indirect Participation Schemes: Indirect participation schemes involve various forms of employee representation in decision-making organs (Huselid,1995)

Joint Consultative Committees: A process whereby management seeks the views of employees before making a firm decision. In practice, it is rare for a JCC to have veto power over managerial decisions. Two specific types of JCCs are works councils and joint working parties (Summers & Hyman, 2005)

Organizational Citizenship Behavior: Behavior outcome where members commit themselves to the organization beyond their call of duty(Khanka,2000)

Participation: Employee involvement in management decision-making. It can occur individually via quality circles, management by objectives(MBO) and performance

appraisal exercises,or collectively through employee representation on works committees, supervisory boards, joint negotiation committees, advisory groupsetc. (Bennet, 1992)

Performance: A combination of outcomes and outputs. It is anchored on efficiency and effectiveness(Armstrong, 2009)

Performance-Related Pay: Performance-related pay is usually linked to individual effort and is sometimes connected to appraisal schemes. Pay acts as an incentive and reward for performance (Summers & Hyman, 2005)

Profit-Related Pay: Profit-related pay describes a portion of employee pay that is linked formally to the profits of the company. Companies offer cash-based profit sharing to their employees for which bonuses are triggered by attainment of stipulated profit levels (Raul et al., 2008)

Quality Circles: Quality circles consist of a group of people coming together from the same work area, performing similar work, who voluntarily meet on a regular basis to identify, analyze and solve their own work-related problems (Juan et al, 2007). The idea behind quality circles is to enable workgroup teams to assess and implement improved methods of production and delivery of services (Khanka, 2000)

Suggestion Schemes: Suggestion schemes are a procedure for submitting and evaluating ideas. Suggestion boxes, suggestion committees, or individual management can all be used as the transmission agency for ideas (Summers & Hyman, 2005)

Worker Directors: Worker directors are pulled from the employee body to represent workers' views on the Board of Directors. Worker directors may be elected or selected, and many are drawn from the trade union body (Summers & Hyman, 2005)

Works Councils: Works councils potentially involve employee representatives in strategic decision making. They may also serve as a channel for information disclosure and consultation, for instance, European works councils (Juan et al., 2007)

ABSTRACT

The purpose of the study was to explore the degree to which employee participation practices in the organization contribute to organizational performance. Global competition and declining influence of workers unions' call for the public sector organizations to embrace new work systems that identify the common worker as an important element in the decision-making process. Past studies have shown that employee participation schemes are important agents of organizational performance. The objective of the study was to investigate the extentto which direct, indirect and financial participation schemes influence performance in the public sector. Employers and workers in the public sector are expected to benefit from this study by embracing and developing participation schemes that would motivate and encourage great performance by members. The study was a descriptive survey design and utilized a correlation strategy to establish the relationship between independent and dependent variables. Multi stage sampling procedure was used for this selection, which identified a sample of 378 respondents who were expected to participate. The sampling frame was from a list of 178 state corporations that participated in performance contract in 2010/2011, with a population of 86,878 workers. Questionnaire was the primary data collection instrument. A pilot study was carried out in two organizations. In the study, data was collected from a sample of respondents categorized as managerial, supervisory and ordinary workers in state corporations. Usable and valid questionnaires from 348 respondents in 20 select state corporations in Kenya were returned and used for the study. Descriptive and inferential statistics wereutilized.Correlation was analyzed using Pearson's correlation method and with the help of SPSS tool, determined relationships between variables. All study variables had a linear(positive) relationship with organizational performance.Linear

regression analysis was utilized to test the hypotheses. Hypotheses weretested to establish whether various participation schemes had significant influence on theperformance of state corporations in Kenya. Direct team based participation had the most influence on performance, followed by direct individual-based participation. Indirect participation had little influence, while financial participation's influence was insignificant. Employee attitude had themost intervening effect on financial and indirect participation versus organizational performance, while it hadno significant influence on direct individual-based participation. Four hypotheses (H1, H2, H3 and H5) were confirmed while H4 was rejected. The study recommends privatization of non-performing state corporations and enhancement of public-private partnership (PPP) to boost financial participation. Further studies should determine factors that either inhibit or enhance implementation of participation schemes in Kenya's public service; at both county and national levels of government.

CHAPTER ONE

1.0 INTRODUCTION

This study set out to investigate the relationship between participation schemes and performance of state corporations in Kenya. The background section begins by defining the concept of employee participation and relating participation with the public sector in Kenya. Performance of state corporations in Kenya is also introduced as part of the background of the study. Statement of the problem, study objectives, significance, scope and limitation of the study are also discussed in this chapter.

1.1 Background of the study

1.1.1 Performance of Public Sector Corporations in Kenya

The public sector corporations in Kenya are organized through a board governance structure (The State Corporations Act, 1987). The governance structure may be either a unitary or two-tier board. Betts (2000) explains that a unitary board system has one main board of directors who supervise the managing director and company, and decide the overall policy and planning, as happens in the UK, France, Italy and Sweden. A two tier-board structure means there is a supervisory board and a management board. The supervisory board usually appoints the management board and makes major policy decisions. Management board controls the day to day problems, enters into official contracts and generally runs the business (Betts 2000; Republic of Kenya, 2004).

In Kenya, the introduction of performance contracting in the public sector in 2003 was to improve performance of employees and government agencies. It became mandatory for all public corporations in Kenya to support and participate in the performance contracting exercise. The success of this process was pegged on participation of all workers in the process of planning, implementation and evaluation of individual and group performance (PSCGT, 2002).

Public institutions in Kenya were required to develop strategic plans anchored on national planning instruments such as national development plans, Medium term plans and vision 2030 (ROK, 2004). Employee participation has been identified as a strong pillar for

strengthening the reform based management in the public sector (Republic of Kenya, 2010). It was believed that more enhanced employee participation would ultimately lead to high levels of performance to both the employee and the organization (Private Sector Corporate Governance Trust, 2002).

While releasing the report of the evaluation of public sector agencies performance for the 2008/2009, the Prime Minister commented that: 'Success stories in the world have leveraged largely on competitive advantage, by continuously building efficiencies in the management of their public services. This is because of the realization that performance of the public service defines and indeed forms the glass ceiling for the performance of the private and other sectors. The introduction of Performance Contracts as the national management accountability framework in Kenya was premised on this need; to build the country's competitive advantage around the performance of the Public Service. The system redefined public sector 'performance' to mean focusing on outputs and outcomes, not on inputs, processes, or preoccupation with activities, (Republic of Kenya, 2010).

Organizations in the public sector in Kenya still faced numerous challenges in an attempt to entrench employee participation schemes as important tools of improving productivity (Brunt & McCourt, 2011). The seventeenth report of the public investments committee on the accounts of state corporations (Republic of Kenya, 2010) noted that several state corporations continued to operate under financial constraints and mismanagement. Problems identified as inhibiting performance in the public service included excessive controls, outright political interference, mismanagement, employees not made accountable for results and excluding strategic plans from the organization's culture.

The auditor general audits the performance of public sector corporations and advises the government to institute disciplinary action against managements that misappropriate finances or engage in other malpractices. State corporations Advisory Committee (SCAC) on the other hand supervises and regulates the state corporations, advises the president and makes necessary recommendations in regard to governance of these public sector agencies.

The Auditor-General noted that in 2010/2011 financial year, public sector was unable to account, reconcile or explain whereabouts of eight billion shillings of funds drawn from

the exchequer for extending to public agencies. The report painted a picture of corporations that were facing a bleak future if the managements were not made more accountable.

Kenya Railways failed to pay back a loan amounting to 2,065,555,680 shillings, granted in 2009/10 financial year. The corporation was put under concession later on. The government settled obligations of Kenya Post Office savings bank and Kenya Railways state corporations amounting to 124 and 12 million shillings respectively during the same period (ROK, Auditor general's report, 2012).

Kenya Urban Roads Authority (KURA) was granted Ksh.2, 665,779,648 and later failed to account for an expenditure of Ksh.73 million. Five state agencies in the Ministry of Transport failed to properly reconcile or explain an expenditure of 2.3 billion shillings.

National Water Conservation and Pipeline Corporation, and Water services trust fund were granted Ksh.287 million and were unable to account for 45 million shillings by end of 30th June, 2011. In the energy sector, rural electrification Authority failed to account for 121 million shillings, Kenya Electrical Transmission Company and Geothermal Development Company could not account properly for 1 billion shillings granted. Kenya Generating Company and Rural Electrification Authority received a total grant of 5 billion shillings but failed to account for 757 million shillings. Kenya Power and Geothermal Development Company failed to account for 1.7 billion shillings and 9.9 billion shillings respectively granted during the year under review.

Public universities were granted ksh.2.77 billion for expenditure and failed to account for 114 million shillings. Kenya Institute of Education also failed to reconcile and explain expenditure of 79 million shillings out of the 594 million disbursed to it.

Other corporations that received grants and failed to reconcile and explain, included Kenya Film Classification Board which received 72 million but failed to reconcile 15 million, Kenya ICT Board received 1.7 billion and failed to reconcile 205 million, Sports Stadia management received 183 million and failed to reconcile and explain 14 million Shillings, Youth Development Fund received395 million shillings and failed to account for 10 million, Kenya Tourist Board received 350 million in grant and failed to reconcile

2.5 million. Kenya Medical Research Institute (KEMRI) received 149 million and could not reconcile or explain expenditure of 74.5 million. Kenya Industrial Research and Development Institute (KIRDI) received 316 million but failed to explain and reconcile ksh.83.5 million by 30th June, 2011.

Kenya Forestry Research Institute received 819 million and did not properly account for expenditure of 2.5 million, while Kenya Forest Service received 1.7 billion and failed to reconcile and explain 79 Million shillings by end of 30th June, 2011.

Lack of proper accountability by public sector managers, and failure to involve other members of the organization in the decision making process was informed by a general belief that public sector was different, did not have an obligation to produce outputs, did not have customers, and that state owned enterprises (SOEs) were not established to make profits (ROK, 2009).

1.1.2 Employee Participation and Performance

Participation is framed as a human right in the United Nations 1986 declaration of Right to Development (Hamm, 2001). Kobia and Mohammed (2006) noted that for managers, a culture that empowers staff to embrace and manage change is necessary. They further argued that management instruments, focusing on performance and cost in the field of human resources and financial management should be developed in an integrated manner.

According to Gupta (2011), organizations all around the world are constantly facing new challenges. The global world is today characterized by intense competition, diverse work force, continuously changing customers' needs and new technological changes. Modern managements can no longer afford to sideline the worker in strategic decision making process.

According to Sharkie (2009), pressures of the marketplace and introduction of new management practices like downsizing, benchmarking and use of work teams, have had a great effect on the traditional employment relationship. The traditional employment relationship has been largely replaced by a new psychological relationship with fewer implicit guarantees by employers to employees such as security and internal promotion

(Biswas&Varma, 2007). This situation in turn has greatly increased the need to understand how employees can be supported to engage in discretionary extra-role behaviour under the new psychological contract.

The liberalization of the business world has seen penetration of the Kenyan market by multinational companies and other forms of organizations from other countries, thus exposing local organizations to stiff competition that demands possession and maintenance of highly motivated workforce in order to succeed (Brunt & McCourt, 2011).

Employee participation is a Human Resource Management (HRM) strategy used in organizations where power is shared, and the subordinate is given an opportunity to participate in the decision making process. In employee participation, work is conducted by consensus and multidisciplinary teams are utilized to implement effectively the planned activities (Summers & Hyman, 2005). It entails democratization of the workplace (Brunt & McCourt, 2011). Employee participation allows employees to exert some influence over their work and the conditions under which they work (Markey, Hodgkinson&Kowalczky, 2002).

Juan, Thomas and Cristo (2007) identify participation in two main forms: work-related and financial participation. Employee participation can also be categorized as direct, indirect or financial participation (Wasike, 2007; Ton, 2005). Direct participation may take place in self-determination, and goal-setting plans by individuals, while at departmental level employees are formed into quality circles, and work groups. At the organizational level, use of dialogue conference where all employees are invited to offer their input to the planning and realization of the company's strategy is widely used. Indirect participation involves use of employee's chosen representatives or shop stewards (Juan,Thomas& Cristo, 2007).

The benefit of participatory management or giving employees a greater decision-making voice was first articulated by Edwards Deming, who advocated granting employee's authority to disrupt work processes for purposes of making corrections if defects were detected (Khanka, 2000). Employee empowerment provides an extension to employee authority by allowing workers to take decisions that were previously the preserve of their

line managers and to assume responsibility for their consequences (Hyman & Cunningham, 1998).

Since the time of industrial revolution, trade unionism has been the most visible form of employee participation in management decisions. The diminishing trade union membership is accompanied by reduced importance of collective bargaining (Cully,Woodland,O'Reilly & Dix, 1999). Due to this trend, management-led efforts in most organizations are encouraged through teamwork, cooperation and shareholding (Summers &Hyman, 2005). Employees in some cases have been forced to accept whatever set of rewards the employer sees fit to offer (Morris,,Bakan& Wood,2006). Others have mobilized members and started non-union organizations that are making demands on the traditional union activities (Eidelson, 2013). The decline in the number of union members therefore calls for the need to examine other forms of participation (Kristi, 2002; Ratnam, 2006), and determine whether they play a role in the performance of organizations. The challenges unions face have been attributed to diverse factors, including changes in employment environment and employee attitudes (Hyman & Cunningham, 1998). Even trade unions now seem to support participation as a new approach that can help restore industrial harmony in troubled organizations (Betts, 2000; Bryson & Freeman, 2012; Eidelson, 2013). The decline of trade unionism and collective bargaining as the dominant voice of employees in organizations has given rise to new forms of employee voice mechanisms. These are management-initiated employee participation schemes. Participation schemes are aimed at improving the corporate performance of the organization while unionism has over the years been used as an advocacy mechanism for the welfare of employees (Gonzalez, 2009).

Gordard and Frege (2013) noted that the management-established non-union participation does not seem to fill the void left by unions, but it is more popular with employees compared to unions. In the US, for instance, Alt-labor movement is gaining a lot of popularity among workers at the expense of labor unions.

1.1.3 Employee Participation in Kenya

The most visible employee participation in Kenya's public sector is the collective bargaining between employer and employees through trade unions. However, although

trade unionism has been the most visible form of indirect employee participation, it is also quite low in Kenya. Out of 16.5 million workers only 1.5 million or 9.2% of the labour force in Kenya are members of a union (Ulandssekretariatet; Worldbank, 2008). Brunt & McCourt (2011) in a study on seven international NGOs in Kenya noted that none of the agencies recognized a trade union and only 4.3% of employees were unionized. The Union of Academic Staff Union (UASU) Report of 2013, noted that out of 11, 313 potential members of UASU, only 6, 223 academicians in Kenya subscribed to the union (55%), (UASU, 2013). Still, collective bargaining between the government and unions does not seem to satisfy modern workers fully, resulting into a number of industrial unrests and therefore other forms of employee participation may need to be pursued.

The Kenya Constitution, reviewed in 2010, called for increased access and facilitation of citizen participation in decision making processes for both the central and county governments. It has been noted that since 2004, the public sector reform program in Kenya has been strengthened through performance contracting, which involves plenty of employee-employer engagement, and the performance improvement levels of participating institutions have been remarkable.Kwame and Karanja (2012) noted that the new county government system in Kenya required strict fiscal discipline and embracing public participation as a central feature of governance was necessary. Thus, citizens have an obligation to participate and demand accountability from the county governments.

1.2 Statement of the Problem

Performance of public agencies defines and indeed forms the glass ceilings for the performance of the private and other sectors (Republic of Kenya, 2010). The evaluation of state owned agencies by the performance contracting secretariat for 2009, 2010 and 2011 rated the performance of state owned enterprises in Kenya as extremely good. In 2010/2011 financial year, 95% of the participating state corporations were rated as either good, very good or excellent performers. According to the performance contracting secretariat, entrenchment of employee participation schemes in the work processes within the public sector organizations was aimed at improving their performance. Success in state agencies was attributed to improved cooperation between workers and

management(Republic ofKenya, 2012). This cooperation is exemplified by use of various employee participation schemes. Studies by Summers and Hyman (2005), Juan et al. (2007), Bhatti and Qureshi (2007), Adel (2010), Cheril and Redfern (2010), Baek and Shim (2010) and Mueller (2012) among others have indicated that engagement of employees as a major stakeholder in the decision making process improves performance of the organization.

The Auditor-General's report for 2008/2009, 2010/2011, and 2011/2012 financial years however indicated unsatisfactory performance by state-owned-enterprises (SOEs)characterized by declining performance, and exemplified by substandard service delivery (Republic of Kenya, 2012). On the appropriation of accounts covering 2010/2011, the report indicated poor performance in the public sector, partly due to the accounting officer's failure to disclose in full the receipt and expenditure of their organizations, unexplained discrepancies and lack of proper documentation. This led to a total of Ksh.8 billion being unaccounted for; a clear indication of ineffectiveness, inefficiency and poor financial management. The seventeenth report of the parliamentary public investments committee on the accounts of state corporations also identified problems inhibiting performance in the public service as being excessive controls, outright political interference, mismanagement, employees not made accountable for results and excluding strategic plans from the organization's culture(Republic of Kenya, 2010).Other reports indicated that managements could be leaving out major stakeholders such as members of the organization in the decision making process (Republic of Kenya, 2009; Njiru, 2008).This therefore formed the focus of this study.The study intended to test whether engaging employees through employee participation schemes improved the performance of state corporations in Kenya, because state corporations should set pace for other entities in terms of performance; as opposed to being loss making organizations.

1.3 General Objective

The main objective of the study was to investigate the relationship between use of employee participation schemes and the performance of the state corporations in Kenya.

1.3.1 Specific Objectives

The specific objectives of the study were:

1. To establish the influence of direct individual-based participation schemes on performance of state corporations in Kenya.
2. To determine the influence of direct team-based participation schemes on performance of state corporations in Kenya.
3. To find out the effect of indirect participation schemes on performance of state corporations in Kenya.
4. To establish the influence of financial participation schemes on performance of state corporations in Kenya.
5. To determine the influence of employee attitude as a mediator in the participation-performance relationship in state corporations in Kenya.

1.4 Research Hypotheses

The study sought to test the following research hypotheses:

1. H_1: Use of direct individual-based participation schemes has a significant influence on performance of state corporations in Kenya.
2. H_1: Use of direct team-based participation schemes has a significant influence on performance of state corporations in Kenya.
3. .H_1: Use of indirect participation schemes has a significant influence on performance of state corporations in Kenya.
4. H_1: Use of financial participation schemes has a significant influence on performance of state corporations in Kenya.
5. H_1: Employee attitude has a significant intervening effect on the relationship between employee participation and performance of state corporations in Kenya

1.5 Justification of the study

The growing emphasis on all forms of flexibility in industry in response to competitive pressures, subsequent changes in work organization and the current political climate is reflected in the emerging models of participatory management practice. Demand for transparency and accountability in public sector is now increasing in Kenya, especially after the promulgation of a new constitution in August 2010. The Kenya Constitution of 2010 in Chapter 8 (cap 118) and Chapter 11 (cap 196) calls for increased access and facilitation of citizen participation in decision making processes for the central and county governments. This study is particularly significant to the following parties.

Organizational leadership

Managers and group leaders of organized groups in the public sector are expected to adopt or develop human resource management policies and strategies that will utilize the vast untapped potential in their subordinates. The study hopes to sensitize managers on the need to embrace and design suitable participatory management practices as a business strategy in order to cope with competition.

Government

The country has witnessed industrial disharmony through workers strikes in the recent past. This adversely affected health personnel, air transport and the education sector between 2011 and 2013. The government has not satisfactorily resolved the problem of such public servants agitating for better working conditions. Enhanced employee participation could be tested as a remedy for such agitation in the future.

Policy Makers

The study will encourage policy making organs in the public sector to develop organizational structures that will promote healthy competition, facilitate faster decision making and inculcate the culture of innovation and creativity among public sector employees.

Workers

It will encourage workers in the public sector to start thinking business-like, and at the same time challenge them to unleash their full potential, and increase their commitment to their jobs as they make individual and collective contribution in their organizations. It is important for them to appreciate that 'Public servants of the future will earn for what they do, not what they are'.

1.6 Scopeof the study

The study focused on investigating direct,indirect and financial participation schemes among three levels of workers of state corporations in Kenya. It confined itself to the study of use of various participation schemes as key components of employee engagement. Survey feedback, suggestive system, semi-autonomous work teams, joint consultative forums, use of worker representatives, performanse related pay and profit sharing schemes are the common participation schemes used.

State corporations are national institutions (organizations) which are established and supported through public financing and given guidance by the responsible parent government ministries. There were 192 state corporations in Kenya affiliated to various parent ministries during the start of the study (List provided by State Corporations Advisory Committee in 2012). The state corporations are divided into 8 functional categories. State corporations are governed under the State Corporations Act (Cap 446). The study restricted itself tothe 178 state corporations that participated in the performance contract in financial year 2010/2011 and they form the scope of this study.

1.7 Limitation of the study

This study was carried out at a time the government was conducting a nationwide restructuring program where several services earlier on held by national government were being devolved to the counties. Workers in the public sector, and particularly those in Nairobi and who had been earmarked to be transferred to other counties, were experiencing a lot of anxiety. It therefore became difficult to get the required number of respondents from Nairobi County only, as had been envisaged. As a mitigation strategy, the researcher requested managements of the select state corporations to grant authority in

order to collect data from their members in other counties. This ended up using data from five counties as opposed to an earlier proposition to concentrate on Nairobi County only.

Data was also being collected at a time members of state corporations were busy working on performance contract plans for the year 2013/2014. The data collection instrument therefore took longer to be returned than anticipated. Two organizations that had been sampled for the study declined to participate, leading to replacements which inconvenienced the research team, hence, delaying the data analysis program.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews several studies on theoretical and empirical literature to identify matters relating to employee participation and organizational performance. The study is guided by the conceptual framework which identifiesthe independent, mediating and dependent variables.The discussion reviews past studies on employee participation schemes which included direct participation schemes, indirect participation schemes and financial participation schemes as the independent variables,employee attitude as the mediating (intervening) variable and State Corporation's performance as the dependent variable. It further provides acritique and research gaps.

2.2 Theoretical Review and Conceptual Framework

The participatory approach to management is replacing the old command-and-control method. This method of management involves everyone in defining objectives, decision making and accountability (Kagaari,Munene&Ntaayi, 2010). The implementation of participatory management requires the sharing of written goals, strategies, financial and production or performance information. This section was guided by a number of theories and models. A study by Juan, et al., (2007) identifies participation in two main forms: work-related and financial participation. Work-related participation include suggestion scheme, employee survey feedback, job enrichment, quality circles, union-management committees, self-managing work teams, mini-business units and employee strategic committees. Financial participation activities include fixed salary, skill or knowledge based pay, individual incentives, profit-sharing schemes, gain-sharing, flexible benefits (cafeteria style), employment security, non-monetary recognition awards and stock option plans. These participation activities influence the performance of organizations differently depending on the level and form of influence employed. A few select participation schemes were utilized to guide this study.

2.2.1 Empowerment Theories:

Empowerment theories concern how institutions and leaders move power down the pay scale. Workers need to feel some control over their work, and empowerment, or transfer of authority makes this possible. The worker develops some belief that his decisions will be best for the organization. The manager can reinforce this belief by showing confidence in the employee preparation to make independent decisions.

Theory X,Theory Y

One of the popular neo-classical organizational theories is Douglas McGregor's 1957 participation management theory, otherwise known as Theory X and Theory Y. Douglas McGregor proposed two distinct views of human beings based on the participation of workers (Khanka, 2000). The negative view was labeled Theory X and the positive one, labeled Theory Y. He viewed the way managers dealt with employees and concluded that managers tend to mould their behaviors according to these two assumptions (Robbins & Judge, 2009). Under Theory X, managers believe that employees inherently dislike work and must therefore be forced to work in order to achieve organizational goals. They try to avoid responsibility and have no intention of seeking achievements. Their interest in the organization is individualistic; job security at the expense of support for organizational achievements. On the other hand, under Theory Y, managers assume that employees view work as being as natural as a rest or play. Employees can further learn to accept and even seek responsibility.

This study supported the assumptions of theory Y, where, if given an opportunity, employees are able to exercise self-determination in the work and tasks they undertake in the organization. Employees can exercise self-direction and self-control. An average person can learn to accept and seek responsibility and creativity. Subordinates have the ability to make good decisions, which is not necessarily the sole province of those in managerial functions (Bhatt &Qureshi, 2007). McGregor advocates that managers need to follow Theory Y assumptions (Khanka, 2000). The theory encourages managements to accord their employee's freedom to make important decisions that concern them. Further, the act of the authorities consulting employees before making important decisions is important. It motivates employees; making them more productive in the long run and make organizations gain excellent performance.

McGregor's theory Y goes against Marx Weber's concept of bureaucracy, where management or authority exerts too much power over employee, leaving them with little room for creativity. He calls for a balancing act between theory X and Theory Y assumptions in the management of productive workers. The theory encourages managers to entrench in their organizations a culture of cooperation between employer and labour. In examining various instruments of organizational culture, Xenikou and Simosi (2010) note that organizations with constructive organizational cultures have group norms that promote achievement, participation in decision making, teamwork, social support, interpersonal relations and self-actualization. Lund (2003) further notes that an organizational culture can hinder or foster a management's goal for the organization. For instance, in a clan culture, members exhibit high sense of pride in fraternity and inter-dependence as opposed to independence and individualism. Lewis et al. (2003) opine that the right organizational culture will lead to improved performance. Lakomski (2001) noted that one of the key reasons why employees resist change in organizations is due to lack of dynamism in the organization's culture.

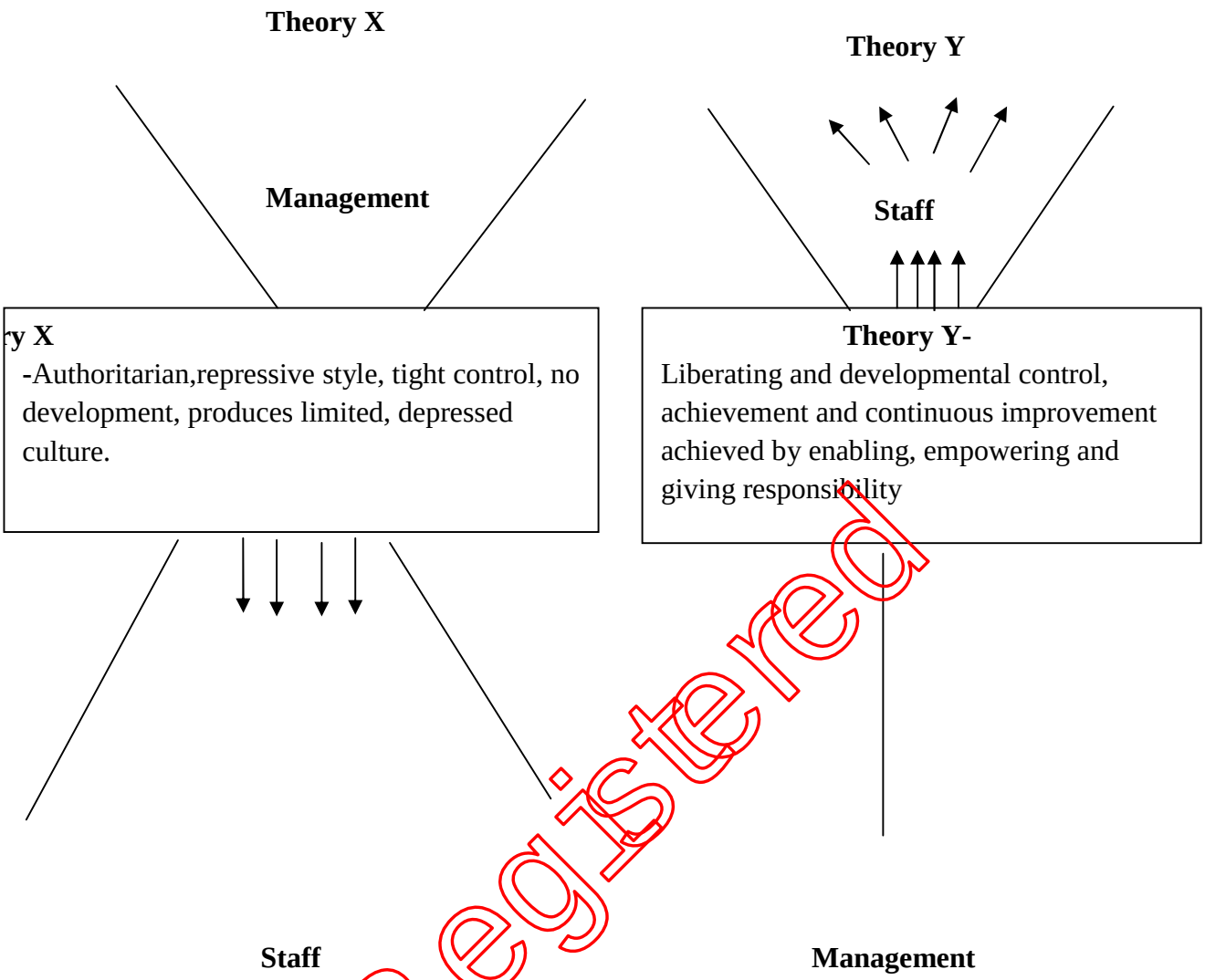

Figure 2.1: Participation model

Source: Adapted from Chapman, 2002.

Self-Determination Theory

Self-determination theory (SDT) represents a framework for the study of human motivation and personality. SDT propositions focus on how social and cultural factors facilitate or undermine people's volition and initiative in addition to their wellbeing and quality of their performance (Ryan &Deci, 2000). Conditions supporting an individual's experience of autonomy, competence and relatedness are said to foster the most volitional and high quality forms of motivation and engagement of activities, including enhanced

performance, persistence and creativity. The degree of support for these three psychological needs determines the level of wellness in that setting. In this study, the theory supports direct participation schemes that give employees autonomy and responsibility in determining their job outcomes.

Goal Setting theory

Goal setting theory was proposed by Edwin Locke in the 1960s. This theory proposes that goals tell an employee what is to be done and how much effort is required to be expended. Specific goals increase performance. Locke and Latham (2002) argue that setting a goal is a great way to encourage achievement and motivation. A specific goal has higher level of output than generalized goals. The more difficult the goal is, the higher the level of performance. People think more when tackling difficult tasks. People even do better when they get feedback on how well they are progressing towards their goals. Feedback guides behavior. Medlin and Green (2009) found that goal setting positively impacts on employee engagement, employee engagement positively impacts optimism and optimism impacts individual performance. There is therefore need for managers to enhance levels of employee optimism about their work and organization (Kagaari et al., 2010). When people participate in setting their own goals, they seem to perform better (Summers& Hyman, 2005). Participation, alongside task characteristic and national culture are said to influence goal-performance relationship. A major advantage of participation in goal setting is the acceptance of the goal as a desirable one towards work. Goal commitment is most likely to occur when goals are made public, when individuals have an internal locus of control and when goals are self-set, rather than assigned (Robbins & Judge, 2009).

According to Kagaari et al. (2010), goal clarity and participation have been shown to contribute to higher levels of motivation to achieve managed performance provided managers accept those targets. Management by objectives (MBO) is a method that managers utilize as a product of goal setting, and where employees are allowed to participate in setting their goals. Goals specificity, participation in decision-making, and explicit time period and performance feedback are common ingredients of MBO programs. MBO therefore strongly advocates employee participation in setting goals of

organizational activities and programs. Kagaari et al. (2010) citing Latham (2001) indicate that recent empirical studies have established that participative setting of goals leads to better accomplishment of complex tasks and development of effective task strategies.

Self –Efficacy Theory

The concept of self-determination may well be explained through self–efficacy theory**.** The theory was developed by Albert Bandura. It refers to a person's belief that he can perform a certain task. The more a person's self- efficacy, the more confidence one has in their ability to succeed in a task.Individuals who believe strongly in their own talents frequently desire to create something of their own. They want more individual expression, responsibility and freedom in their work environment. When this freedom is not availed, they get frustrated and sometimes quit (Hisrich,Peters & Shepherd, 2009).

When a manager sets a challenging goal for employees, the employee develops higher level of self-efficacy in order to achieve this goal. The employee feels that he is valued and the management has confidence that he can manage it. He therefore puts more effort to meet the challenge. This obviously leads to better performance (Robbins & Judge, 2009).

The Supportive Model

The supportive model of human behavior has its origin in the principle of supportive relationships as stated by Likert (1967). The supportive model is also called the human resource approach. This model was ignited by a series of studies at Hawthorne plant of Western Electric. The studies were led by Elton Mayo and Roethlisberger in the 1920s and 1930s. The experiments concluded that the worker is the most important element in the organization. They also concluded that the worker is not a simple tool but a complex personality requiring careful handling. The approach is closely related with the theory Y ideals of management, concerned with growth and development of people towards higher levels of competency, creativity and fulfillment (Newsrom, 2011).

The managers' primary role changes from control of employees to active support of their growth and performance. It advocates that managements need to help employees become

better, more responsible, and create a climate that is conducive for the employee to contribute to the highest level of his/her capabilities. It assumes that expanded capabilities and opportunities for people will directly lead to improvement on effectiveness. Maximum use of a person's capabilities also leads to higher levels of job satisfaction and commitment to the job and organization.

Managers assume that workers are not passive and resistant to organizational needs by nature but are made so by inappropriate supportive climate at work (Biswas&Varma, 2007). Workers will take responsibility, develop a drive to contribute and improve their performance if given a chance. Managers therefore need to support the employee's job performance (Cohen, 2006). The psychological effect of this support is a feeling of participation and task involvement in the organization. The manager's role is one of helping employees solve their problems and accomplish their work. The supportive model works well with employees as well as managements.

The empowerment theories thus guided in developing hypothesis number one: Use of direct individualized participation schemes influences organizational performance.

2.2.3 Team working Theories

Theory Z

This is a theory that was proposed in reaction to theory x and theory y. It offers a positive view of employee motivation,but one that emphasizes social rather than individual motives. Employees co-operate,work together in teams,make group decisions,commit to an organization for the long term and value the wisdom that comes from experience. It is associated with collectivist societies like in Japan, but it has spread to the western societies.

The systems theory

A system is a collection of parts unified to accomplish an overall goal. Chester Barnard was instrumental in developing the systems theory in 1938. According to the theory, if one part of the system is removed, the nature of the system is altered as well. The theory is based on an assumption that everything is part of the larger, interdependent

arrangement. Nobody should work in isolation in a corporate. Managers in organizations must recognize various parts of the organization and be aware of the need for interrelation of these parts. For instance, it can be useful in explainingthe coordination of administration by bringing together supervisors and workers to interact and work. Such cooperation is essential for excellent performance.

The Collegial Model

The term 'collegial' relates to a body of people working together cooperatively (Newsrom, 2011). This model embodies a team concept. It seems to be more useful or successful in an intellectual environment, creative work, and considerable job freedom. It requires the management to build a feeling of partnership with employees (Summers & Hyman, 2005). In such a situation, employees feel needed and useful. Managers are seen as joint contributors rather than as bosses (Juan et al., 2007). Management develops a sense of teamwork, while employees respond by showing a heightened sense of responsibility. Employees strive to produce quality work not because they fear authority, but because they believe it is their obligation to give customers quality products or service. In this environment, employees normally feel some degree of fulfillment, worthwhile contribution, and self-actualization (Betts, 2000). This self actualization leads to moderate enthusiasm in performance. Employees develop self discipline which in turn improves team performance. The model supports this study in participation, behavioral outcomes of job satisfaction and commitment, and performance relationships.

The team working theories may be used to explain hypothesis number two: Use of team-based participation schemes influences performance of state corporations in Kenya.

2.2.4 Indirect participation or use of representatives

Delegate theory of representation

According to this theory, the idea of the elected representative as an instructed delegate exercises a powerful appeal to the democratic imagination.Delegate theory of representation posits that the representative ought to reflect purposively the preferences of his constituents. The constituents should also state clearly their preferences to the

delegate. In the work environment the management team identifies some delegates to engage with the workers' delegates to mutually solve problems or make decisions. These delegates represent views of their constituents (either body of workers or the employer) and not necessarily their own preferences.

Agency Theory

Agency theory explains that one party(principal) delegates work to another(agent).This creates an agency relationship(Jensen & Meckling,1976). In an organization,agency relationship is explicitly addressed by employer-employee relations. Relationship arises whenever one or more individuals called principals hire one or more other individuals called agents to perform some service and then delegate decision making authority to the agents. In this relationship, the principal wants the employee to act on the principal's interest.

Agency theory suggests that the firm can be viewed as a nexus of contracts closely defined between resource holders. An agency relationship is a contract under which one or more engage another to perform some service on their behalf which involves delegating some decision making authority to the agent. The relationship between employee and representatives in the decision making organs may explain the agency theory concept. In this study the workers union and other workers' representatives may be considered as agents of the workers, while workers act as the principal. However, agency theory suggests that if both parties to the relationship aremaximisers,there is good reason to believe that the agent will not always act in the best interests of the principal (Kagaari et al.,2010)

Stakeholder Theory

Stakeholder theory argues that every legitimate person or group participating in the activities of the firm do so to obtain benefits. All stakeholder interests should be considered intrinsically valuable. Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business. According toFreeman, Wicks, &Parmar (2004).This theory encourages managers to articulatethe shared sense of the value they create, and what brings its core stakeholders together. This propels the firm

forwardand allows it to generate outstanding performance,determined both in terms of its purpose and marketplace financial metrics. It further pushes managers to articulate how they want to do business—specifically, what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose.

Stakeholder theory argues that the organization has relationships with many constituent groups and that managements can engender and maintain the support of these groups by considering and balancing their relevant interests (Reynolds, Schultz &Hekman, 2006). Employers therefore need to consider workers as very pertinent components of the decision making process in the organization. There is need to balance stakeholder interests in order to realize improved performance (Friedman, & Miles, 2002).Traditionally, firms only address the needs and wishes of four parties: investors, employees, suppliers, and customers. However, stakeholder theory argues that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, associated corporations, prospective employees, prospective customers, and the public at large. Sometimes even competitors are counted as stakeholders (Donaldson, & Preston, 1995).

These theories may therefore explain hypothesis number three: use of indirect participation schemes has a significant influence on the performance of state corporations in Kenya.

2.2.5 Theories on financial participation

ExpectancyTheory

According to Wang (2012), expectancy theory proposes that high performance, at the individual level, depends on high motivation. It also involves possession of the necessary skills and abilities, as well as an appropriate role and understanding of that role (Guest, 1997). This theory was developed by Victor H. Vroom in 1964 and later improved by Porter and Lawler. According to Vroom, employee motivation is a product of three factors: valence, expectancy and instrumentality **(**Newsrom, 2011).

Valence is the value that one attaches to a reward or how much one wants a reward. It refers to the strength of a person's preference for receiving a reward. It is an expression of the amount of one's desire to reach a goal. If an employee intensely desires a promotion, then promotion is his valence. Managers need to gather some specific information about an individual employee's preferences among a set of rewards and then continue to monitor any changes in those preferences, since preferences in an individual changes over time. Expectancy is a person's estimate of the probability that effort will result in successful performance. It is the strength of a person's belief that his work-related effort will result in completion of a task. Therefore it is a belief that performance is determined by the amount of effort expended. If the employee sees no chance that effort will lead to the desired performance, the expectancy is nil. This is mostly determined by a person's self-efficacy (Newsrom, 2011).

Instrumentality is one's estimate that performance will result in receiving the reward, and reward will be received once the task is accomplished. The employee assumes that the organization will reward performance on a contingent basis. If the employee sees that rewards are based on performance data, then instrumentality is rated high. The three factors need to be present in order to motivate employees to perform highly. If one is missing, then the motivation to perform becomes weak. If the employee's perception about the value of the reward expected is low, he will avoid expending a lot of effort in his performance. If on the other hand the employee regards the expected reward highly, he will expend a lot of effort to accomplish a task.

Equity Theory

Equity theory posits that an employee in an organisation expects to be rewarded like other employees for similar levels of input, this makes the distribution of reward important. This theory implies that it is not necessarily the level or type of reward that is important but, the extent of equity among the employees. If they feel that the rewards are not equitable, they can reduce their effort, increase absenteeism or have minimal involvement in certain activities. Reward schemes provided in the organization ought to be linked with the current or expected performance outcomes. A feeling of fairness in reward

distribution increases employee job satisfaction, which in turn may lead to improved performance.

Closely related to the equity theory is the reinforcement theory. The theory suggests that behaviour can be modified if individuals receive the reward at the time they exhibit the desired behaviours. One important assumption of this theory is that the rewards offered can become an acquired right if they are delivered on a regular basis.

These theories explain the need to test hypothesis number 4: use of financial participation schemes significantly influences performance of state corporations in Kenya.

2.2.6 Theories on employee attitude

A number of theories attempt to account for the formation and change of attitudes.One theory suggests that cognition,affect and behavior determine attitude and attitude in turn determine cognition,affect and behavior. Cognition is basically what individuals know about themselves and their environment. It implies a conscious process of acquiring knowledge. Affect is the emotional component of the attitude;often learned from parents,teachers and peergroup members. It is associated with feeling a certain way towards a person,group or situation. The behavioral component refers to the tendencyof a person to act in a certain way toward someone or something;thus one may act in a warm,friendly,aggressive, hostile, apathetic or a number of other ways.Managers are often faced with the task of changing their employees' attitudes in order to get them to work harder and achieve higher job performance.

The theory of cognition,affect and behavior implies that the manager must be able to demonstrate that the positive aspects of contributing to the organization outweigh any negative aspects of a situation. It is through attempts to develop favorable attitudes towards the organization and the job among employees that many managers achieve effectiveness.(Ivangevich,Konopaske& Matteson,2008)

The theories indicate that relationship between job satisfaction and job performance may have three outcomes;job satisfaction causes job performance, job performance causes job satisfaction and job satisfaction-job performance relationship is moderated by other variables like employee participation,pay,promotion opportunities and job security.

Psychological Contract Theory

Psychological contract is the understanding people have, whether written or unwritten regarding the commitments made between themselves. This may influence the overall levels of motivation and commitment of employees. The psychological contract theory can manifest in two distinct employment relationships; the transactional relationship and the relational relationship. The transactional relationship is based on a clear statement of the expectations of both parties to the employment relationship, the exact requirement may be specified in a written contract with a finite end. The relational relationship is based on a long term relationship between the employer and the employee and the organisations requirements of the employee are more open-ended and continually negotiated.These relationships are essential in the development of work attitudes. Psychological contract provides greater flexibility and make the contribution of individual workers to the organisations performance to be more explicit.

The theories guided this study in developing hypothesis number Five:Employee attitude mediates the employee participation- organizational performance relationship in the state corporations in Kenya.

2.2.7 Conceptual Framework

This study examined the use of employee participation practices in enhancing employee performance in the public sector. These included direct participation or self-determination, indirect participation (use of representatives) and financial participation. The three forms of participation therefore served as the independent variables. Employee attitude mediated the participation-performance relationship. The main indicators of employee attitude in the study were levels of job satisfaction and commitment to the organization. Performance outcomes, level of output in relation to set goals, efficiency and effectiveness of an organization's workforce depicted an organization's performance. Performance is the outcome of individual or team's planned goals, and formed the dependent variable. The performance was also dependent on both the in-role and extra-role performance of employees.

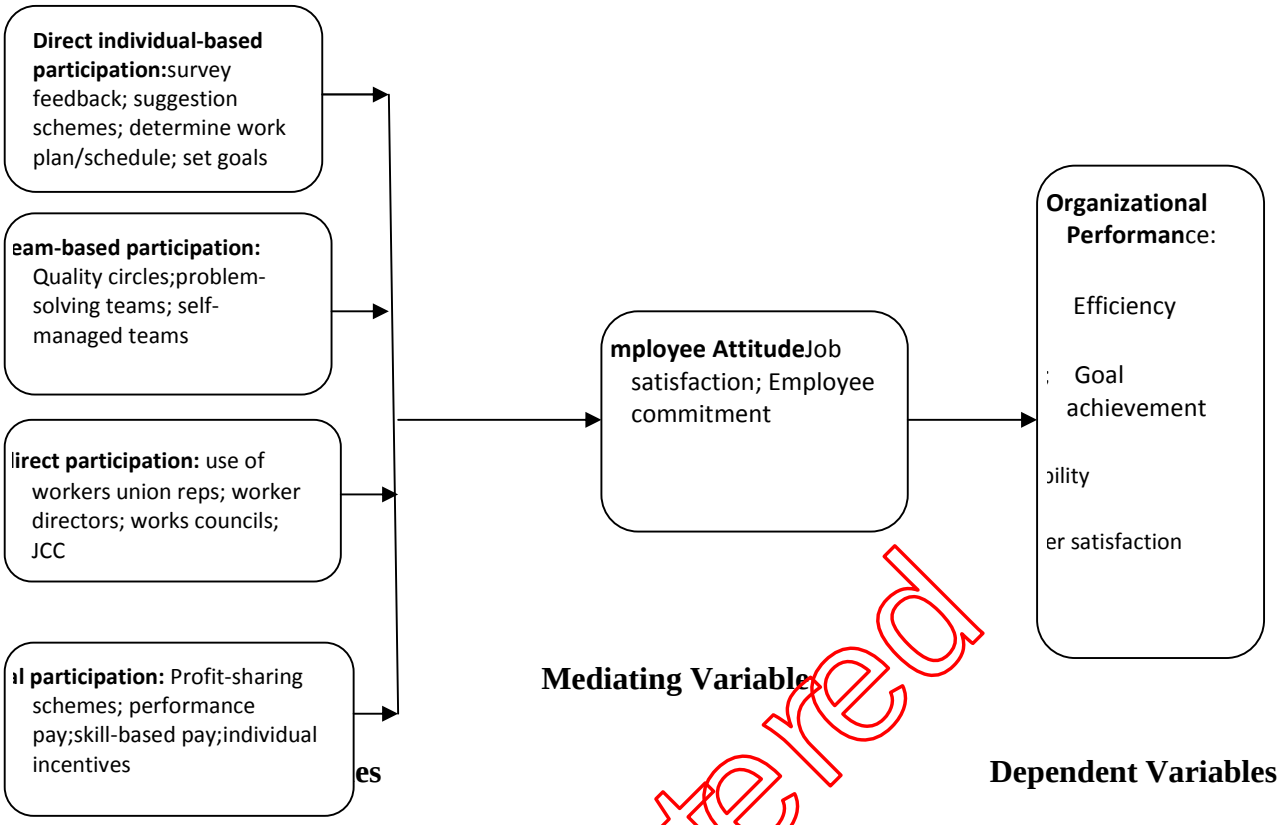

Figure 2.2: Conceptual Framework

2.3 Review of Theoretical Literature

Due to the competitive nature of the business world, organizations must employ strategies that engage skills and competencies of employees more in order to gain competitive advantage (O'brien, 1995). This assertion is supported by Markey,Hodgikinson&Kowalczyk, 2002; Graham &Nafukho, 2007; and Hodgetts&Hegar, 2008 who argued that employee participation is linked to intensified competition in a globalized environment and the need to respond to market forces. Participatory management therefore is considered as an important competitive business strategy in modern organizations (Adel, 2010).

Owing to decline in traditional sectors of the economy where collective bargaining flourished, the proportion of companies using new forms of employee participation has been growing in the U.K. Employers have continued to be encouraged to adopt employee participation (Summers & Hyman, 2005). Medlin and Green (2009) suggest that with the current economic challenges facing organizations, it is critical that managements be made

more aware than ever regarding avenues to improve the performance of employees. In the US, a new face of labor movement has emerged. Alt-labor is a concept that is emerging as an alternative to workers unions. In these new face workers who are not members of organized traditional workers unions are mobilizing members to enable them make various demands to employers (Eidelson, 2013). While the membership of unions has plummeted to 7%, these non-union organizations have grown from five (5), twenty years ago, to 214 currently. Strong unions such as AFL-CIO have even started funding these alt-labour movements to win against the employers (Eidelson, 2013).

An analysis by the British Labour Council indicated that Japanese workers had a strong tradition of cooperating with management. They are said to be less mobile and less individualistic, and this tended to make them more productive than their American and British counterparts (Labovitz, 1982). This was attributed to involvement of employees at all levels, including the problem solving and planning goals of the company. It is the involvement of a modern worker that has been the single most outstanding accomplishment of Japanese business management (O'brien, 1995). Employee participation induces motivation among employees, which in turn lead to increased level of performance. Some behavior indicators that lead to improvement of employee performance are job satisfaction, commitment to the organization and productivity (Bhatti&Qureshi, 2007).

However, some years later the U.S. tried to use the Japanese system of cooperation using innovative work teams and quality circles, but as a way of modifying their own system of cooperation to counter competition from the Japanese. Unfortunately, it did not yield much success since the success of this system relies on developing it as a whole model, not piecemeal modifications (Kristi, 2002). Similar studies have concluded that for employees to become committed to quality or process improvement over a long period of time, it may require a higher level of personal involvement.

Petrescu and Simmons (2008) have argued that certain human resource practices like working in teams, greater discretion and autonomy in the work place motivate workers and hence generate higher labour productivity. Other arguments that support this view

include studies by Thomas (2008); Bryson and Freeman (2012); Kristi (2002); and Stewart, Danford, Richardson, &Pulignano, (2010).

Analyses by Rottenberry and Moberg (2007) indicated that higher levels of job involvement are associated with increased performance and Organizational Citizenship Behavior (OCB). Besides seeking alternatives to unionization, the unions of the future may become fragmented due to diverse interests in the industry. In the UK, Beardwell& Holden (1997) noted that the future had a likelihood of having unionized private sector, unionized public sector and non-unionized private sector, each representing a third of the workforce in the UK. In modern organizations, professionals in HR are increasingly challenged to take a more strategic perspective regarding their role in the organization and measuring their contribution to the firm's performance consistently emerges as a key theme (Bhatti&Qureshi, 2007). Employee participation calls for increased sharing of authority and responsibilities between the management and employees (Juan et al, 2007). Employees just desire to feel that they had some input in the decision made. This, however, does not remove the responsibility of the manager as the final decision maker. The final decision lies with managers.

A study by Juan et al (2007) noted that employee knowledge sharing, which is an aspect of participatory management, has a strong effect on employee performance. There is therefore a strong need to entrench it in strategic planning process. As O'Brien (1995) noted, entrenching employee participation in organizations would make employee performance excellent even in the absence of perfect work environment.

2.3.1 Direct Individual-based Employee Participation

Direct participation involves employees in jobs or task-oriented decision making in the production process at the shop or office floor level (Markey et al., 2002). Summers and Hyman (2005) referred to this type of participation as direct individual-based employee participation. Gonzalez (2009) identifies three forms of direct participation: informative, consultative and delegative participation. Informative participation is mainly downward communication of instructions and other forms of communication by superiors, consultative participation includes employee attitude survey and suggestion systems, while delegative participation include semi-autonomous or problem-solving groups.

Ton(2005)recommended employee participation in innovation at different company levels both directly and indirectly. Direct participation may therefore take place at the three levels. At the individual level, self – determination (individuals making improvement without asking or involving others) is popular with employees. It could also be done through proposing change in improvement through management or staff – line of command, and people getting involved in specific task or job, and focuses on planning of specific jobs. O'Brien (1995) argued that all cadre of employees in an organization are enthusiastic and willing to participate in the process improvement. The management needs to provide them with the opportunity to participate in this, but more important is involving employees in activities which they understand best.

The most common forms of direct participation include employee attitude surveys, problem solving groups, quality circles, and decision making work teams, or semi-autonomous workgroups. Semi-autonomous work teams make recommendations to management. The study tested individual-based direct participation separate from team based direct participation as a way of checking possible effects of social loafing. Social loafing is a practice where an individual may expend less effort in performance due to working in a group. According to Summers and Hyman (2005), there are the 'new' forms of participation, which are predominantly direct, such as briefings groups, and individual in nature, such as attitude surveys or suggestion schemes. Most of these forms are conflated into the term employee involvement, or employee empowerment, and most of them can be included under HRM strategies or approaches. These forms of direct participation have become more important to managers seeking to gain voluntary commitment from employees to organizational goals.

Survey Feedback

The most common individual empowerment schemes in Kenya's public sector include training and development programs and employee feedback survey. According to Summers and Hyman (2005), survey involves the collection of information, mostly by interviews or questionnaires, from a sample of the target population. Attitude surveys examine a variety of attitudes and behaviours, such as beliefs, opinions, values, expectations and satisfaction (Bartlet, 1994).

Survey feedback is a system of reporting employee attitude or opinion survey results to employees. Workers may receive these results through bulletins or meetings. In a workgroup, the supervisor and subordinate may also discuss the survey feedback outcomes with intentions of working out improvements in work methods and procedures, attraction, and retention of employees, higher quantity and quality of output, enhanced decision making and smoother group processes and problem solving (Adsit,London,Crom& Jones, 1996).

The effects of the survey feedback process depend on the principles of participative management. Employees may feel more involved in the organization when their input is requested. A study by Juan et al. (2007) concluded that survey feedback is the most widely used method of direct participation scheme in US organizations.

Employee participation throughout the survey feedback process is important for acceptance of the results. Adsit et al. (1996) suggested that the upward survey feedback results may be used to evaluate managers' performances and make pay or placement decisions about the managers. Members of an organization can alternatively use this system to defend their performance.

Suggestion schemes

Suggestion schemes are a procedure for submitting and evaluating ideas (Summers & Hyman, 2005). Suggestion boxes, suggestion committees, or individual management can all be used as the transmission agency for ideas. It is wrong to assume that managers know everything and have ready solutions to all problems. Inviting the contribution of employees helps create effective and efficient managers (Juan et al., 2007). It is important that employees get to know what is going on in an organization so that they can use the knowledge that resides in the organization to its fullest potential (Bhatti&Qureshi, 2007). Management further needs to create a conducive environment for employees to feel free to make their contributions (Tonnessen, 2005; Joensson, 2008)). A participatory style of management can be bolstered by a view of staff relations; which assumes that management and employees are working to the same goal of the organization's success (Walters, 1995; Sheehan, 2009).

2.3.2 Direct Team-Based Participation Schemes

Summers and Hyman (2005) referred to this participation as direct collective participation. Barbara and Fleming (2006) have indicated that progressive organizations have moved from glorifying hierarchy and moved to self-managed teams. These teams have heightened the level of employee job satisfaction, productivity, improved quality, company image and career development. Every employee including the top managers should belong to various work teams.

Teams, while not necessarily offering a high level of employee participation in organizational decision making, are an important consideration given the often uncritically assumed link between team working and attitudinal change in favour of management/organizational goals (Summers & Hyman, 2005). Team working is suggested to have a positive impact on employees (Peters & Waterman, 1982).

Quality Management Teams or Quality Circles

The concept of quality circles (QC) originally emerged in Japan. It is a workgroup of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions and take corrective measures (Khanka, 2000). This strategy enhances participation at the shop floor level, giving groups of workers responsibility for the regulation, organization and control of their jobs and an influence on their immediate environment. Quality circles are intended to be a form of information sharing about how to improve the quality of production (Lee, 1991). These are voluntary groups focused on specific techniques or products. The group makes decisions on issues such as scheduling of work allocation and rotation of jobs, quality acceptability, organizing breaks, selecting and training new members, and providing maintenance, for pay purposes (Betts, 2000). Quality circles are aimed at improving quality of products, and methods of production (Adel, 2010). They are also used in development of employees, promoting employee morale and creating a happy workplace (Summers & Hyman, 2005). The idea behind quality circles is to enable workgroup teams to assess and implement improved methods of production and delivery of services.

Decision making and Problem Solving Teams

Decision-making by consensus has been the subject of a great deal of research in Europe and the United States over the past two decades, and the evidence strongly suggests that a consensus approach yields more creative decisions and more effective implementation than does individual decision-making (Sheehan, 2009). Decision making work teams enjoy great discretion in organizing their own work within broad guidelines with minimal direct supervision (Lee, 1991). They require re-organization of technology and workflow, multi skilling and training. These participatory management practices have a positive and significant impact on employee/employer relations, employee productivity and organizational performance, indicating too that employees' participation in decision making leads an employee to perform much better (Juan et al., 2007). Quality circles and problem-solving teams consist of a group of people coming together from the same work area, performing similar work, who voluntarily meet on a regular basis to identify, analyze and solve their own work- related problems (Summers & Hyman, 2005).

2.3.3 Indirect or representative participation

Indirect forms of participation include: joint consultative committees, workers councils, and employee representatives in the board of directors or management. Ton (2005) noted that in Norway, indirect employee participation was deeply rooted in the rules, regulations and agreements in force between employers and employee associations and also Norwegian legislation.

Employee representation in management boardsor use of worker Directors

Worker directors are pulled from the employee body to represent workers' views on the Board of Directors. One or two seats may be reserved for worker directors in the organization's BOD. They may be elected or selected, and many are drawn from the trade union body (Summers & Hyman, 2005). They could also be representatives of other relevant employee organizations such as a professional body (Lee, 1991).

Alper (2008) opines that managers need to build trust by formulating human resource practices that promote open and honest communication and create opportunities for

employees to participate in decision making process that might affect their work. Brunt & McCourt (2011) noted that INGOs in Kenya find co-determination and employee control to be unrealistic due to pressure or directives from donors and management environments. Consultation is preferred, especially where the management uses works councils or handpicks workers representatives into the management boards. The intention of individuals or group participation goes beyond democratic purpose. Apart from serving as an expansion of democratic space, it also includes bringing efficiency, and the right to influence decisions (Grant & Jordan, 2004).

Joint consultation committees (JCCs) and Works councils

This is a process or system whereby management seeks the views of employees before making a firm decision. In practice, it is rare for a JCC to have veto power over managerial decisions (Summers & Hyman, 2005). Two specific types of JCCs are works councils and joint working parties. An alternative to JCC could therefore be a workers' or works council. Workers council in the socialist economies involves employee representative groups taking decisions which are assigned to the managements in the western economies (Lee, 1991). Works councils are typically a European phenomenon, whereas joint consultation committees are the most common form of representative participation in pre-dominantly English-speaking countries (Juan et al., 2007).

Works councils potentially involve employee representatives in strategic decision making. Works council is said to improve productivity (Mueller, 2012). They may also serve as a channel for information disclosure and consultation, as happens with European works councils (Summers & Hyman, 2005).

A typical joint working party (JWP) will consist of between six and ten members, drawn from management and employee representatives. In contrast to collective bargaining, JWPs will often involve joint problem-solving techniques, such as 'brainstorming' sessions (Lee, 1991).

Workers' Unions and organization's management partnerships

Stiff competition in the business world and continued decline of union membership has rekindled interest in the importance of employee participation (Biswas&Varma, 2007; Budd 2004; Summers & Hyman, 2005). In Kenya, out of 16.5 million workers, only 1.5 million or 9.2% of the labour force are members of a union (Ulandssekretariatet; Worldbank, 2008). Brunt and McCourt (2011), in a study on seven International NGOs in Kenya, noted that none of the agencies recognized a trade union and only 4.3% of employees were unionized.

The 19th and 20th century labour unions helped establish a middle class. They helped establish professional standards for some industries and secured access to all workers to benefits such as weekend, minimum wages, eight-hour day and maternity leave. Labour unions further helped workers to learn, share and turn out to vote (Kamenetz, 2013). Unions act as intermediary institutions, which by providing a channel of employee grievances and collective participation, serve as positive contributors to organizational performance (Freeman &Merdoff, 1984). However, internationally, the role of trade unions has been weakened. In the US for instance, by end of 2006, union membership declined to 7.4% and 36.3% in the private and public sector respectively. In the manufacturing sector union membership fell by 11.7% by end of 2006. Only 15.4 million workers were members of the union, and only 1 out of 8 workers were represented in collective bargaining (Sweeney, 2007). During Margaret Thatcher's tenure as UK's prime minister in the 1980s, union membership shrunk by half and in India's 400 million workforce, the number of unionized members was 4% in 2001 (Ratnam, 2006).

Empirical evidence for the effects of unions on company performance is mixed. Fernie and Mitcalf (1995) indicated a largely negative relationship between unionism and organizational economic performance. However, results from an equivalent survey (Curly et al., 1999) indicate a positive relationship between union and high productivity growth. Evidence presented strongly suggests that combinations of representative and direct forms of participation have the greatest success in securing positive attitude and behavioral changes in employees (Poole et al, 2000). Guest and Pecci (2001) concluded that to apply some forms of partnership in isolation would not have a positive attitudinal effect. They

found that representative participation alone had no significant effect on attitudes and thus on performance, and suggested that this could be because representative participation on its own will fail to overcome low levels of trust.

Kamenetz (2013) opines that unions are unpopular today because modern work schedules are changing to flexi-time, global markets, ever changing job roles and telecommuting. Flat hierarchies and use of work teams have on the other hand become popular alternatives among workers. Sherk (2012) indicates that union membership has fallen because traditional collective bargaining does not appeal to most workers, but workers still want a voice in the workplace. The decline in unionism has prompted a strong need to examine emerging forms of participation or employee voice that are being adopted in modern organizations, the forms of participation that employees want (Kristi, 2002; Ratnam, 2006; Freeman & Rogers, 2006; Freeman, Boxall, & Haynes, 2007) and what public policy reforms are necessary to support these forms of participation (Befort& Budd, 2009). One of the issues causing acrimony in modern organizations is the employee-employer conflicts. Frequent agitation for more voice and better terms of service in the public sector is causing increased anxiety among employees as well as the management. These industrial actions in Kenya are mostly union initiatives. During the period covering 2011 and 2012, various groups of workers in the Kenyan public sector had been involved in industrial disputes with their employers (Kimutai, 2012). Notably, doctors, nurses, university dons, teachers and airport workers participated in industrial strikes. These were caused by alleged managements' high handedness, and employers' unilateral decisions besides demand for better terms and conditions of work in the employment relationship. This is an indication of dissatisfaction and the anxiety it causes may affect the level of employee commitment and productivity. Besides lowering the morale of employees, it may also cause some form of industrial disharmony in a country (Poole, 1992; Spector et al., 1997).

Generation Y employees, who are the majority in the workforce have also come up with diverse demands in the workplace, making it difficult for managers to understand which practices to use in order to retain them in the organization. Generation Y workers demand to be individually in control of whatever they do in the organization. Their characteristics include being restless, demanding high wages, resenting being micro-managed, and bored

by long stay in one job, among others. If the management does not give them adequate attention, they quit (Kimutai, 2012). These incidents point an accusing finger at the management of public sector organizations for making important decisions that affect employees without consulting or involving them or their representatives such as workers unions. Alternative indirect participation schemes could help improve industrial relations in Kenya (Kimutai, 2012).

2.3.4 Financial Participation/Financial Reward Schemes

Financial participation schemes take two main dimensions and both are important from a policy perspective. The first approach involves distribution of shares to employees, based on the assumption that share ownership induces positive attitudinal and behavioural responses (Summers & Hyman, 2005). Financial participation thus involves giving employees a chance to have shareholder status. Shareholder status is believed to positively influence the behavior of individual employees towards the organization.

A second dimension of financial participation according to the duo of Summers and Hyman (2005) concerns flexibility of pay, where an element of remuneration varies with profitability or other appropriate performance measures. An example is cash-based profit-related pay (PRP) or profit sharing programs.According to Brown et al (2008), profit sharing programs are more effective when combined with employee participation in management. Employee share ownership and stake in company profitability produce a feeling of ownership. This can lead to positive employee orientations and high levels of commitment (Petri et al., 2011).Employee Share Ownership Plan (ESOP) is a scheme designed to allow all employees to become shareholders in their company. ESOPs can offer majority shareholding to employees. Profit sharing and share ownership schemes are common types of financial schemes (Juan et al., 2007)

Under company-inspired financial participation schemes, organizational performance may benefit without the scheme posing any obvious threat to management (Summers & Hyman, 2005) Cost savings may result from reductions in absenteeism rates. Furthermore, a harmonious labour relations climate also reduces costs to the company. Past studies have shown existence of positive links between share schemes and company

performance. Companies in this case may allow employees to buy shares in their company at favorable rates (Morris et al., 2006).

Results show that support for the profit sharing schemes and SAYE was most clearly explained by the perceived link between performance and rewards and there was very little difference between managers and non-managers in this respect. For non-managers support for profit sharing was also dependent on perceived greater pay equity. A company may distribute shares according to a stipulated formula to all full–time employees who satisfy eligibility criteria (Summers & Hyman, 2005). Raul,Neils& Natalia(2008) found the level of development of financial participation of employees to be low because government policy aims were opposed to the idea of participation by employees, especially that of financial participation. The government instead favored free reign in the economy and in the process protected national elites. The employee ownership schemes that had been started initially started declining in number soon after workers cooperatives also declined. Employee-owned companies paid low wages (due to inability to attract high bank loans for business). The managements who knew the value of shares bought more shares at low prices and ended up becoming owners of the enterprises.

On individual incentive plans, the boards that hire company CEOs may provide varying wages to their managers based on mutual agreement with those individuals (Poole, 1992; Roberts,McNulty& Stiles, 2005). In Kenya, top managers in state corporations are privileged to negotiate within a stipulated compensation bracket their salaries, allowances and several privileges which have financial implications (ROK, 2006). Voluntary cooperative schemes (such as housing and savings SACCOs), pension schemes and group insurance schemes are common forms of financial participation in Kenya.

Performance Related Pay

Individual payment schemes available in many organizations include payment by results, piece rate and bonuses (Juan et al, 2007). It may also involve work measurement system; including measured day work, appraisal and performance related pay. Performance-related pay is usually linked to individual effort and is sometimes connected to appraisal schemes. Pay acts as an incentive and reward for performance (Summers & Hyman, 2005).There are other individual types of scheme such as market-based pay, which links

to what is available outside the organization and competency or skills-based pay, which offers an opportunity for higher rewards based on acquisition and making use of additional skills and competencies (Bhatti&Qureshi, 2007). Many sectors of employment use pay systems that contain direct links to individual performance and results (Summers & Hyman, 2005). On an individual basis this may be through payment by results (PBR) such as bonus, piecework, and commission. Others include work-measured schemes and pre-determined motion time systems, measured day work (MDW), appraisal/performance related pay, market-based pay, and competency and skills based pay. Group pay schemes include those based on the performance of the team, plant or whole organization (Jones, 1987). They also include 'gain sharing', which is a form of added-value scheme which links pay to the achievement of organizational goals. Share incentive plans involve the provision of shares to employees (Lee, 1991).

Profit-Sharing schemes

Profit sharing is an employee incentive scheme tied directly to the financial performance of the firm (Lee, 1991). One common form of profit sharing is payment of bonus. A bonus is paid to employees on top of salary. Profit-related pay describes a portion of employee pay that is linked formally to the profits of the company. Companies offer cash-based profit sharing to their employees for which bonuses are triggered by attainment of stipulated profit levels (Summers & Hyman, 2005).Some organizations utilize pay systems based on the performance of the team, or group. Sometimes it may be the performance of the whole plant or enterprise that triggers the performance elements of pay. Some corporations provide this reward system in form of bonus schemes, where employees share the surplus or profitability generated during the year (Juan et al.2007). This is either by giving them direct or allowing them to be bought, and these can as well be related to performance.

Bhati and Qureshi (2007*)* suggest that managements might be able to increase the level of commitment in the organization by increasing satisfaction with compensation policies besides other work conditions, like increasing staff meetings, guided discussion and other interactions. Most share incentive schemes involve the provision of shares to employees - either by giving to them direct or allowing them to buy. The aim is to encourage staff

involvement in the organization's performance and therefore improve motivation and commitment. This suggests that the schemes may be indirect triggers of performance. Most studies have however linked financial participation schemes like ESOPs and profit sharing to one's income than performance (Lee, 1991). It has been noted that not all management led initiatives have direct economic gains as their sole or primary focus. Managers and employers can introduce financial participation in order to improve working conditions (Osterman, 1994).

2.3.5 Employee attitudes

An attitude is a learned predisposition to respond in a consistently favorable or unfavorable way to some aspect of the individual's environment (Burns & Burns, 2008). Adsit et al. (1996) evaluated employee attitudes by use of their satisfaction measures and Kagaari et al. (2010) by satisfaction and commitment. Patterson et al. (1997) found out that there was a significant positive relationship between employee attitudes (job satisfaction and commitment) and performance with a recommendation that organizations should focus more on human resources than on competitor strategy, quality and research. Adsit et al. (1996) found out that there was a significant positive relationship between employee attitudes and performance. An employee with a positive attitude towards their job or career as well as company vision will likely prove to be more productive, motivated and reliable employee than one harboring negative attitudes (Burns & Burns, 2008).

Job satisfaction

According to Lawler et al (1992) job satisfaction is a pleasurable or an emotional state emanating from appraisal of a person's performance or experience in a job. Salgado,Varela and Lasio. (2010) explained job satisfaction as feelings or affective responses to facets of the situation. For decades, job satisfaction has been viewed as the degree of an employee's affective orientation toward the work role occupied in the organization (Cook & Wall, 1980). A study on the influence of job satisfaction on employee performance by Organ (1988) revealed that job satisfaction had a better influence on employee performance, comprising job performance and OCB. A study by Organ and Ryan (1995) indicated that when subjected to job performance only (in-role),

the influence of job satisfaction in the relationship was found to be trivial. The study observed that job satisfaction had more impact on the OCB (extra-role) aspect of performance, and less influence on job performance (in-role).

A study by Biswas and Varma (2007) found job satisfaction to be a *quasi* mediator between psychological climate and transformational leadership which acted as predictors and employee performance which was treated as the criterion.

Employee commitment

Bhatti and Qureshi (2007) equate employee commitment to congruence between the goals of the individual and the organization whereby the individual identifies with and extends effort on behalf of the general goals of the organization. Kagaari et al (2010) cited Marchington (2000) and Lynch, Eisenberger&Armeli et al (1999) as having established that people with high attitudinal commitment generally exhibited specific behaviors like high attendance rates and increased job related effort.

Employee attitude in this study served as an intervening or mediating variable. The function of a mediator variable is to explain the relationship between a predictor and a criterion (Luna-A & Camps, 2008). Mediators should explain why such an effect might occur (Baron and Kenny, 1986).Increased commitment influences behaviors such as turnover, performance, and perhaps citizenship (Cohen, 2006).

2.3.6 Performance in the state corporations

Performance is defined as a combination of outcomes and outputs. It emphasizes on efficiency and effectiveness (Armstrong, 2009). Efficiency is the ability to accomplish a task within a minimum expenditure of time, effort and other resources. Effectiveness involves producing the intended or expected results. Output is the quantity of units produced (Hair,Black, Babin& Anderson, 2010). The rise of non-union voice mechanisms has sparked debates over the usefulness and legitimacy of alternative forms of participation (Beardwell, 1997; Gollan, 2006; Eidelson, 2013) and determine whether they play a role in employee performance. There is a general view that happy workers are productive workers. Stretching back to the 1930-40s, after the Hawthorne studies at the

Western Electric in U.S., the relationship between job satisfaction and employee performance was said to be low. However, several years later, over 300 studies conducted have contrasted this view by concluding that the relationship is moderately strong. The correlation is even higher for complex jobs that provide employees with more discretion to act on their attitudes (Hair,Black,Anderson &Tatham, 1992). Studies have further noted that reverse causality could also be true; that productive workers are likely to be happy workers, or productivity might lead to higher levels of satisfaction (Robbins & Judge, 2009).

Biswas and Varma (2007)and Salgado, Varela, and Lasio (2010) categorize job performance into two; in-role (directly related to tasks) and extra-role (OCB). The term OCB refers to the array of non-prescribed (extra-role) actions that collaborate in maintaining the social fabric in organization's behaviors. Rather than acting on core-production activities, OCB boosts organizational goals by creating an environment that catalyzescore tasks, thus facilitating separations between task (in-role) and citizenship (extra-role) behaviors (Monte, 2007). More recent evidence suggests that satisfaction influences organizational citizenship behavior (OCB) through perceptions of fairness. OCB is a behaviour displayed by satisfied employees who are committed to the organization such that they go beyond their call of duty as a way of reciprocating their positive experiences with the organization (Robbins & Judge, 2009). Increased effort comes from sources like loyalty, commitment and incentives like profit sharing (Lee, 1991). Brunt and McCourt (2011) noted that efficiency was the predominant rationale for participation in the organizational literature. Huselid (1995) found out that organizations with high performance work practices (HPWP) had higher levels of productivity and financial performance, and organizations with High Performance Work Practices in the employee skills and organizational structure category had lower employee turnover. A common argument for any form of employee participation is a purported increase in labour productivity and operational efficiency (Lee, 1991).

According to Biswas and Varma (2007), in-role performance refers to an employee's action to fulfill the requirements of his/her job description. Extra role performance refers to actions outside the formal role requirements and is at the employee's discretion. The study therefore suggests that participatory management practices such as open

communication and participatory leadership style would be positively associated in the higher levels of employee performance on both in-role and extra-role counts (performance). Such practices would enhance an employee's level of job satisfaction leading to better performance. Biswas and Varma (2007) also found out that job satisfaction had a significant impact on employee performance. According to Alper (2008*)*, participation encourages employees to participate in the process of making those decisions which directly affect their working environments. Satisfied employees tend to be more productive, creative and committed to their employers.

O'brien (1995) proposes two areas of performance for an employee: cognitive and affective. Cognitive performance is an understanding of the process. It involves understanding one's personal role in the corporate strategy or potential for intrinsic alignment. Affective performance involves support for corporate goals, based on the potential for building new forms of mutuality or trust (Ichniowski,Kochan,Levin,Olsen&Strauss, 1996).

Human resource policies that encourage employer involvement aim at providing employees with opportunities to have an input in decisions, incentives to expand discretionary efforts and the means to acquire the appropriate skills. These combined effects are expected to increase efficiency and productivity (Blinder, 1990). There is evidence that both financial and work related participation can deter or delay quits from the company and lower absenteeism rates. Pendleton,Mcdonald,Robinson& Wilson, (1996) found that share schemes reduce labour turnover (Summers & Hyman, 2005). Not all the literature agrees on the universal, positive effects of participation. Some suggest that participation may have no effect or even negative effects on performance. However, it is difficult to discern a definitive pattern. Lack of consistency in the outcomes of participatory measures suggests that schemes are not isolated from the effects of the external economic, political and social environment (Summers & Hyman, 2005). Attitude control and alignment is assumed to reduce the need for managerial supervision of teams, thus reducing the direct stabling costs of the organization. Team working is assumed to influence organizational employee discretion and empowerment in decision making (Lawler et al. 1992; Marchington, 2000). Kagaari et al. (2010) indicated that

managed performance is reflected in the framework of service delivery, service quality and cost reduction.

Most of the literature on employee participation take the economic outcome as its main focus; little attention is paid and many assumptions are made, about the social outcome, for employees (Summers & Hyman, 2005).

Measurement of State Corporation's performance

The parameters of measuring corporate performance in state corporations can be borrowed from various past researchers. Kagaari et al. (2010) indicated service delivery, service quality and cost reduction as important parameters of measuring organizational performance. Martins (2000) identified several performance characteristics. Managements should ensure that members of their organizations are congruent with competitive strategy; both financial and non financial strategies, and provide direction and support for continuous improvement (Ben Ner& Jones, 1995).Organizations should also provide support in order to identify tendencies and progress in performance; be intelligible to majority of employees; communicate level of performance real time and regularly; be dynamic; induce employee performance; induce attitude and evaluate group performance instead of individual performance (Ichniowski, Shaw & Prennushi,1997). Managers should allow performance to be compared against competitive benchmarks and performance should contain effectiveness and efficiency measures. Employees should have linkage with processes, and also be part of individual and organizational learning. Allen et al. (2008) considered firm performance in relation to the competition from multiple organizational perspectives including quality, productivity, market share, profitability, return on equity, and overall firm performance.Combs et al (2006) divided organizational performance measures into five dimensions: productivity, retention, accounting returns, growth, and market returns. Levesque (1993) identified results, quantity, diversity and proficiency as the major performance measurement dimensions and explained that these dimensions are measured through efficiency and economy; timeliness, accuracy and amount; quality; and work habits consecutively.

The performance contracting secretariat in Kenya developed standard performance outcomes including resource utilization, cost cutting measures, financial performance,

customer satisfaction, employee satisfaction, adherence to set budgets, and continuous improvement among others. Summers and Hyman (2005) used levels of productivity, reduction in company costs, customer satisfaction and equality in decision making as performance variables or parameters. Beitelspacher, Richey and Reynolds (2011) described quality performance in threefold: quality service to customer, product quality to customer and image or reputation of the company.The performance contracting secretariat in Kenya on the other hand categorized the overall performance of each participating public agency as follows: Excellent, Very good, Good, Fair and Poor.

2.4Empirical Literature Review and Critique

Direct Participation schemes and performance

Juan, A. M., Thomas, B., & Cristo, M. (2007). The Use of Employee Participation In USA And Spanish Companies, *International Journal Of Management Science.*

Juan et al. (2007) carried out a study that compared employee participation in USA and Spain. The study concluded that survey feedback was the most widely used method of direct participation scheme in USA organizations, with over 60 percent using it.

A similar comparative study was done by Wasike (2007) who carried out a case study and found that direct participation was more preferred in Kenya compared with indirect and financial participation. Jnanet al. (2007) explain that employee involvement consists of four initial factors which were identified as information sharing (degree of downward and upward flow of information), training (expertise and knowledge of specific operations and the organization in general), decision making (type of decision and areas in which decisions are made) and rewards (type of compensation used within the organization).

Critique:This comparison is replicated in the current study. However, direct participation in the current study separates individual empowerment from work team empowerment. The impact of direct participation involving use of self-managed work teams at departmental level could influence the individual as well as the organizational performance differently from that of self-determination at individual task level. This informs the desire by the current study to test the two forms of direct participation and

determine any variations. These studies compare well with the current study except that training is not considered separately from individual empowerment programmes in the current one.

Kay, G., Alan, B., & Andrew, D., (2005). Employee perceptions of Empowerment.*Employee Relations journal, 27*(4), 354-368.

Kay et al. (2005)carried out a study *Employee perceptions on empowerment* which aimed to examine how empowerment is perceived by individuals employed on a construction project. In contrast with previous research which had been predominantly conducted from a management perspective, this paper dealt with employee perceptions. The study found out that the strict health and safety regulations under which construction workers operated limited their freedom to influence the work that they undertook.The study noted that in order to ensure that employees have and maintain the necessary skills to perform their duties, it is important that continued education and training be an ongoing part of the employee management and maintenance package. It is therefore important that employees should be rewarded for a job well done and be encouraged to explore and learn new and more efficient ways to perform their jobs.

Critique: Training of workers is an important empowerment tool in organizations and can be used to complement participation schemes identified in the current study.

Sukirno, D. S., &Sununta, S. T. (2011). Does Participative Decision Making Affect Lecturer Performance In Higher Education? *International Journal of Educational Management,* 25(5) 2011.

In the study *Does participative decision making affect lecturer performance in higher education?*Sukirno and Sununta (2011) used a mail survey to collect their data. Open-ended questionnaires were distributed to the lecturers in Yogyakarta Province in Indonesia. A total of 347 usable questionnaires were obtained which was about 46.3 percent rate of return. Factor analysis was used to identify the constructs. All Cronbach's alpha values were more than 0.7 and factor loading was more than 0.50. Regression analysis was employed to test research hypotheses. In addition, t-test and ANOVA test were also conducted to investigate the different impact of demographic data on the job

performance of the lecturers. This study found that participative decision making and academic rank had significant effect on lecturer performance. The higher the level of lecturer's participation in decision making the higher was the lecturer's commitment to the organization's vision and the higher the lecturer's performance. The study thus assumes that the level of employee as well as work experience play a vital role in their performance. Further the study recommended that in investigating participation levels and performance, a study needs to take into account other personal and organization factors, such as recruitment system, performance appraisal system and reward system into the research model.

Critique:There is a likelihood that whereas the studies compare members of different ranks, they fail to consider levels of opportunities accorded to these different levels.For instance, members of management teams are exposed to workshops and other forms of training more regularly. This definitely increases their level of empowerment. A study in this field needs to consider the organization's culture as playing some role in the contribution of participation levels. For instance, constant direct supervision where employees are seen all the time by a supervisor or manager has a significant negative impact on job satisfaction, but employees would like some feedback or limited control by supervision, otherwise very close supervision may be inappropriate.

Indirect participation and performance

Freeman, R.B., & Rogers, J. (2006).*What workers want*, updated edn. Ithaca, NY: Cornell University Press.

Freeman and Rogers (2006) in this survey (WRPS), noted that American workers wanted more involvement and greater say in their jobs, and they wanted this involvement to take the form of joint committees with management. They preferred to elect members of those committees rather than have managers select them. Employees also would prefer cooperative committees to potentially conflict-like organized relationships. A sizable minority of workers wanted to be represented by unions or union-like organizations.

Mueller, S. (2012).Works councils and establishment productivity.*Industrial and Labor Relations Review.* Cornell University.

Mueller (2012) carried out a study: *Councils and Establishment Productivity* on works councils in Germany and found out that establishments that used works council were 6.4% more productive than those that did not. While noting that the density of union membership fell in America to 11.8% in public and 6.9% in the private sector respectively, Sherk (2012) noted that the alternative that employees in America wanted was increased employee participation; which includes self-directed work teams, production committees, safety committees, workers councils and suggestion systems.

Gordard, J., &Frege, C. (2013).Labor Unions, alternative forms of representation and the exercise of authority in US workplaces.*ILR review journal, 66*(1).

Gordard and Frege (2013) carried out a study entitled *Labour unions, alternative form of representation and the exercise of authority in US workplaces* aimed at finding out if non-union forms of participation are filling the gaps left by the unions' decline. They found out that non-union associations do not seem to be filling the gap; but that management-established, non-union representation systems were one and half times as widespread as is union representation and were rated more favourably by workers.

Brunt, C., & McCourt, W. (2011). Employee Participation in INGOs in Kenya: A Middle Way? Organizations in Development working paper No.6/2011. *Centre for Organizations in Development. http://www.manchester.ac.uk/cod*

Brunt and McCourt (2011) conducted a study *Employee Participation in INGOs in Kenya*: *A Middle Way?* which was on international NGOs in Kenya and found that contrary to the normative aspirations of both the HR and International Development (ID) literatures, codetermination and employee control are undesirable as well as unrealistic goals. On the other hand, a consultation style of participation was appropriate to the INGOs studied, and suggested that this could as well apply in other sectors.

Critique: The above studies on workers union are an important eye opener for the workers and leaders in the private sector.The autonomy to determine work processes and

strategic decisions in this sector remains a preserve of the owners or directors of the organization. It could be interesting to seek the opinion of workers in the public sector to find out if the private and public sectors compare.

Financial participation and performance

Morris, D., Bakan, I., & Wood, G. (2006). Employee Financial Participation: Evidence From Major U.K Retailer. *Employee Relations journal, 28*(4), 326 – 341.

Morris et al. (2006) found thatindividualized financial schemes on one hand encourage individuals to put extra effort to earn individualized rewards while it also discourages group solidarity on employee. This may make the dissatisfied to quit the organization. The study found that there was increasing inequities between managers and non-managers in regard to pay .The gap was growing wide between the two groups in the Anglo – American model economics for a period of two decades. Conditions of service for managers had improved while that of non- management staff had stagnated and security of tenure had greatly declined. Morris et al. (2006*)* point out that there existed feelings of inequity which had been more experienced by part time and less educated employees. Financial participation was viewed as intended to undermine the group solidarity of employees. The union members were unenthusiastic about financial participation schemes, especially the profit sharing scheme.

It was also found that members who were working with the company for two to five years and were union members were less likely to participate. The study further indicated that managers and non- managers may hold differing views – managers hold a more positive view of the organization than do non- managers in all the variables reported. The highest participative rates were shown by full time middle managers in the 31-35 years brackets. The study concluded that since majority of organizations in UK were owned by large shareholders, the employees could not exhibit high organizational citizenship behavior (commitment) because they did not feel part of the organization.

Critique:The current study compares well with the study by Morris et al.(2006) by comparing three categories of workers in relation to financial participation levels as well

as organizational performance. Managers were more inclined to participate in financial participation schemes while non-managers were reluctant to join these financial schemes. It would be interesting to find out whether the same results can be replicated in the public sector in Kenya.

Raul, E., Niels, M., &Natalia, S.(2008). The Development of Employee Financial Participation in Estonia.*Baltic Journal of management, 3*(2), 218-231.

Raul et al. (2008) in this study noted that the government of Estonia was more concerned with other social problems such as unemployment and this relegated participation rights of employees to second place. The government hoped the trade union would address the issue but they too did not take the initiative. The industries in which part time employment was significant were less likely to practice any form of employee involvement (participation) than those where full time workers were dominant in the work force (Markey et al., 2002). Bhati and Qureshi (2007) suggested that managements might be able to increase the level of commitment in the organization by increasing satisfaction with compensation policies and work conditions for all workers.

Critique: Members of the management team have higher chances of financial participation. This is probably because they enjoy more financial benefits, and an opportunity to negotiate their incentive plans. If ordinary employees were provided with this opportunity, they would equally increase their satisfaction levels on financial participation. The current study intended to find out if different levels of workers enjoyed different levels of financial participation.

Role of employee attitude

Castro, B.C., Perinan, M.V., &Buerno J.C. (2008). Transformational leadership and followers attitudes: The mediating role of psychological empowerment. I*nternational journal of Human Resource Management, 19*(10).

In the study *Transformational Leadership and Followers' Attitude*, Castro et al. (2008) studied the mediating role of psychological empowerment and concluded that there is a powerful positive relationship between psychological empowerment and job satisfaction.

Workers overall job participation and their satisfaction with pay are higher where they can voice their views through meetings with employer, independent of unionization. Participation of this form is also known as employee voice (Petrescu& Simmons, 2008).

Baek, J., & Shim, H. (2010). Psychological Empowerment and Organizational Commitment: The Moderating Effect of Organizational Learning Culture. *Human Resource Development International,13*(4), 425-441.

In this study,*Psychological Empowerment and Organizational Commitment*, Baek and Shim (2010) investigated psychological empowerment and found out that it significantly affected the level of employee's organizational commitment. Empowering employees could result in higher levels of work satisfaction, organizational commitment and job performance. Juan et al (2007) supported this by stating that empowered employees have a higher level of organizational commitment because they tend to be highly concentrated, self-motivated and resilient. Empowered employees are most likely to reciprocate by being more committed to the organization.

O'brien (1995) carried out a study on *employee involvement in performance improvement* in UK to assess the relationship between employee commitment and quality performance. The study concluded that for employees to become committed to quality or any form of process improvement persistently over a period of time requires a higher level of personal involvement. This implied that there was need to improve the participation schemes in organizations. Rotemberry and Moberg (2007) in the study *'assessing the impact of job involvement on performance*', explain job involvement as the degree to which one is cognitively preoccupied with, engaged in and concerned with one's present job. The study intended to test the relationship between job involvement and performance in USA. Data was gathered using field sample combined with a longitudinal design. Hypothesis was tested using correlation and hierarchical regression. The findings were that self-reported job involvement by employees correlated with the supervisors' rating of the employees' performance. Bhatti and Qureshi (2007) look at involvement as individualized autonomy where the employee is given an opportunity to develop in his job, and make decisions that affect his job. Employee job involvement has been predicted

to have a significant effect on numerous organizational important outcomes such as job performance.

Osman,Theresa&Galam, (2011) carried out a study that attempted to explore the extent of implementation of HR practices among companies in Malaysia and to establish a relationship between HR practices and firms' performance. Stewart,Danford,Richardson,&Pulignano(2010) in *Gender, Part-time Employment and Employee Participation in Australian Workplaces* found that *w*orkers who had reported an increase in skills and tasks indicated that contrary to an earlier belief, it was not team working, participation in problem solving working, flexibility, and change in staffing level or outsourcing of work that was responsible. What had greater impact was a combination of technological change and utilization of labour. This included introduction of new computerized technologies into design and production processes – a result that reflects national patterns in skill demand and the usage of computer technology (Jones, 1987).

There is therefore a link between the use of computerized technologies and the market demand which is essential to explain the increase in the level of skill of the employees. Godwin andGyan (1999) opined that larger organizational structures require higher levels of involvement by middle and higher levels to successfully utilize strategic processes. The study found out those firms utilizing higher levels of organizational participation outperformed firms using low participative style. This relationship appeared consistent across small and large firms and across food service sectors. Godwin-Charles andHarrington (2011) found out that higher degree of participative management style resulted in higher implementation success, higher overall profitability and financial performance.Empowered employees have a higher level of organizational commitment because they tend to be highly concentrated, self-motivated and resilient (Beardwell& Holden, 1997). Empowered employees are most likely to reciprocate by being more committed to the organization.

Critique:The current study assumes that empowering employees should be intended to result into better employee-employer relations, which increases satisfaction and

commitment. These in turn are expected to raise productivity of workers, leading to the whole organization's performance.

Bhati and Qureshi (2007*)* found there was a positive relationship between employee participation, job satisfaction, and employee productivity and employee commitment. This was an indication that employee participation in decision making leads an employee to perform much better. Vicente, Immaculada, Ana, Escrig-Tena&Bou-Llusar, (2007) alluded that organizational commitment to employee (OCE) also has a significant impact on both employee and organizational performance.

*Critique: T*he current study in Kenya will be keen to compare with studies which indicate that different objectives may be attributed to 'participatory management' even within the same organization. In addition, different aspects of the process of adopting a participatory style of management may be associated with different objectives. One of the implications is that the perceived 'success' or 'failure 'of 'participatory management' will depend on the aims attributed to the greater involvement of staff in decision-making.

Participation and performance

Markey, R., Hodgkinson, A., & Jo Kowalczyk, (2002). Gender, Part Time Employment and Employee Participation In Australian Workplaces. *Employee Relations,24*(2), 129-150.

Markey et al. (2002)carried out a study which revealed that the culture of non-participative practices was evident in organization or industries with dominant part time employees. Reasons why such employees were not given fair chance for say regarding workplace change included: decisions having been made by managers, others were made outside the organization, and in other cases managers never bothered to consult.As Wagner (1994) pointed out, employee participation practice helps in balancing the involvement of managers and their subordinates in information processing, decision making and problem solving endeavors.

Critique: Some studies suggest that employee participation is not necessarily concerned with increasing staff motivation. However, it may be a strategy which effectively

capitalizes on expectations among staff throughout the organization that 'need to feel that they can contribute to the development of policy and strategy'.

Kagaari, J., Munene, J.C., &Ntaayi, J.M. (2010). Performance management practices, employee attitudes and managed performance. *International Journal of EducationalManagement, 24*(6), 507-530.

Kagaari et al (2010) carried out a study on the relationship between management practices, attitudes and performance management which has a great deal of semblance with the current study. The study by Kagaari et al. (2010) relied on self-report measures.

Critique:, In using self-reported measures, bias could have affected the magnitudes of bivariate correlations between the variables. There was therefore need for complementary studies as an intervention. The study also dwelled on quantitative approach, failing to tap salient issues from the respondents.

2.5 Summary of literature

The general literature has identified theoretical framework that supports the need for organizations to adopt management styles which encourage employee participation in management. Various theories identify employees as a source of competitive advantage if they are given some degree of autonomy to determine their work processes. Most allude that involving ordinary employees in determination of their work processes and other important decisions in the organization improves their level of commitment to the organization. There is a strong link between this autonomy and level of job satisfaction, commitment and performance of an employee. Past studies discussed here have shown that the most popular participation models are those that encourage employee autonomy in determining work processes and innovative use of work teams. Employee development programs, survey feedback and suggestion systems are some important empowerment schemes used in modern organizations. Lee (1991) explains empowerment schemes as a mechanism aimed at empowering employees with more control and influence over the substance and environment of their work. Management theorists and researchers of all kinds have emphasized the importance of two-way communication and cooperation

between management and labour in determining the success of HRM strategy and in maximizing workplace efficiency.

Team working is suggested to have a positive impact on employees commitment and performance. Quality circles and problem-solving teams consist of a group of people coming together from the same work area, performing similar work, who voluntarily meet on a regular basis to identify, analyze and solve their own work- related problems. Apart from serving as an expansion of democratic space, use of indirect participation schemes such as workers union, JCC and worker directors brings efficiency, and the right to influence decisions (Grant & Jordan, 2004). Union membership has generally fallen because traditional collective bargaining does not appeal to most workers, but workers still want a voice in the workplace.

Financial participation involves giving an employee a shareholder status.Financialparticipation on the other hand, according to the duo of Summers and Hyman (2005) concerns flexibility of pay, where an element of remuneration varies with profitability or other appropriate performance measures.It is considered to have very low levels in the public sector. The aim of financial participation schemes is to encourage staff involvement in the organization's performance and therefore improve motivation and commitment. This suggests that the schemes may be indirect triggers of performance. Several studies strongly show that organizations with high engagement levels have been found to outperform their competitors (Cheril&Redfern, 2010; Allen , Shore &Griffeth, 2003).

2.6 Research Gaps

According to the literature reviewed, increased discretion often follows from participating in self-managed teams, while the incentives are usually financial, and sufficient skills are achieved through employee empowerment. The literature suggested that further research should be carried out to determine levels of participatory management practices used in various companies in different environments and their influence on the organization’s performance. This study responded to this challenge by investigating the level of participation within a different environment of public sector in a developing country, Kenya.

Taking the economic context, a number of studies indicated that economic or business needs and necessity were a principal driving force behind organizational support for participation schemes. The study was based on the assumption that participation would engender employee attitude changes in favour of management goals and thus achieve improved performance levels. Godwin and Gyan (1999) suggested that firms with higher levels of employee participation, and more flexible organizational systems outperform firms that do not have high levels of both flexible work design, and employee participation. The intended study made an attempt to confirm whether the same applies to state corporations in Kenya. This study further intended to look at various forms of employee voice which are discussed under direct, indirect and financial participation schemes, and find out whether employees in the public sector would use them more as a means to enhance performance. The study examined the level of awareness of employee participation schemes and practices among management and other staff members, how well these practices are utilized and whether the participants are able to relate participation with individual employee's or firm's performance. Self-reported performance level by ordinary employees and various supervisors provide the proposed study with an opportunity to investigate and compare these important levels of participants in the study. Besides determining whether organizations that encourage employees to participate in decision making are better performers than those that do not, it was to identify the most popular employee participation schemes in the state corporations in Kenya.

Bhatti and Qureshi (2007) investigated the relationship between employee participation, job satisfaction, commitment and productivity through questionnaires delivered to management of various industries. The study found significant relationships between these factors. It recommended that future studies related to participation could focus on interviewing employees to determine their perceptions of management's ability to address issues of participation. This study attempted to investigate employee perceptions about management commitment to employee participation.

This study sought to explore select participation schemes in state corporations as alternatives to collective bargaining which is usually carried out between employers and trade unions. Numerous studies have examined the relationship between employee

participation schemes and firm performance (Wagner, 1994; O'Brien, 1995; Bhatti&Qureshi, 2007; White et al., 2003; Biswas&Varma, 2007; Sharkie, 2009; Osman et al., 2011; Robert, 2011). Other studies have investigated the relationship between employee participation, as well as behavior outcomes of individual employees such as job satisfaction and organizational citizenship behavior (Biswas&Varma., 2007; Stewart et al., 2010; Rees & Porter, 1998; Rodrigues, 1994; Kay,Allan& Andrew, 2005; Sukirno&Sununta, 2011; Bhatti&Qureshi, 2007; Osman et al. 2011; Markey et al. 2002; Ton**,** 2005; Summers & Hyman, 2005). Previous studies have indicated that trade unions' collective bargaining has been useful in extra-role performance and not in-role performance. This study intended to investigate both in-role and extra role performance. In Kenya, no other study had been carried out to investigate use of employee participation and the intervening effect of employee attitude on the relationship between various participation schemes and organizational performance in state corporations in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section describes the procedures followed in conducting the study.The research design of the study, population, sample and sampling frame are explained. Data collection method and procedure, instruments of data collection, data processing and analysis are also discussed in this section.

3.1 Research Philosophy

This study was guided by a research philosophy. Research philosophy relates to the development of knowledge and the nature of that knowledge. Two broad branches of philosophy are ontology and epistemology (Saunders,Lewis &Thornhill, 2009). Epistemology concerns what constitutes acceptable knowledge in a field of study. This study was guided by the epistemology branch of philosophy, and utilized the perspective of interpretivism. Interpretivism advocates that it is necessary for the researcher to understand differences between humans in our role as *social actors.* It emphasizes on carrying out research among people rather than objects such as computers and trucks, which is the work of positivism. It is highly relevant in the case of business and management research especially in areas of organizational behavior, marketing and HRM. It is appropriate for this study bearing in mind that ideally, business situations are complex and unique. They are a function of a particular set of circumstances and individuals coming together at a specific time (Saunders et al., 2009).

3.2 Research Design

A research design is the overall plan for relating the conceptual research problemto relevant and practicable empirical research (Ghauri&Gronhaug, 2008). It serves as a blueprint for collection, measurement, analysis of data and also a plan to obtain answers to research questions (Cooper & Schindler, 2008). This study was a descriptive survey research. Descriptive survey is used to describe phenomena or characteristics associated with a subject population (Blumberg, Cooper & Schindler, 2011). Survey strategy is most

frequently used to answer who, what, where, 'how much' and 'how many' questions (Saunders, Lewis &Thornhill, 2009). Descriptive research estimates the proportions of a population with characteristics associated with the population and is used to determine the associations among different variables (Blumberg, Cooper & Schindler, 2011).

It employed survey strategy, which allows one to collect quantitative data which can then be analyzed quantitatively using descriptive and inferential statistics. Survey strategy is more popular with descriptive and explanatory research (Saunders, et al., 2009). The data collected using survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships.It was therefore appropriate in trying to establish the role of employee participation schemes in promoting performance of state corporations in Kenya. Information regarding profile of the organization was sought from select ordinary employees and line managers in the state corporations.Rees and Porter (1998) in the study *Employee participation and Managerial style* recommended that schemes of employee participation need to be designed and operated in a way that they re-enforce line management and not undermining it. The study adopted a cross-sectional approach, where investigation was carried out across all sectors of state corporations in Kenya. Kagaari et al. (2010) used a similar approach to investigate performance of various universities in Uganda.

3.3 Population

Population is the entire group of individuals, events or objects with similar observable characteristics (Kothari, 2004). The study was carried out among employees working in state corporations in Kenya. These corporations were selected from a list of state corporations that participated in performance contracting exercise in 2010/ 2011, with a population of 86,878 workers. These corporations are grouped into various functional categories, namely: training and research institutions, commercial and manufacturing, financial institutions, regulatory bodies, regional development bodies, public universities, tertiary institutions and general service providers. These are affiliated to relevant parent ministries.

The choice of this population was informed by the fact that state corporations lie between purely commercial enterprises and purely social service providers. State corporations in

Kenya are also governed under state corporations Act, which makes uniform policies for the running of its functions. This makes the group rather homogeneous, and therefore more appropriate for this study.

Target population is the group of interest that the researcher intends to use in which he selects the units of observation from (Saunders et al, 2003). The target population for this study comprised all state corporations in Kenya that participated in performance contract in 2010/2011 financial year. Employees in twenty selected state corporations were used for the study.

Targeted respondents included employees with management portfolio and those with jobs that would allow them the opportunity to participate in decision making. In this study the employee category includes ordinary employees, supervisors and line managers. Supervisors are assumed to be members of lower level management with relatively little management skills. Line managers form mainly the category of middle level managers in state corporations.

3.4 Sampling Frame

The sampling frame used in this study was the list of state corporations in Kenya which participated in performance contracting exercise in 2010/2011 (Appendix 4). The list was availed from records of the 2010/2011 performance evaluation report for public agencies released by the Office of the Prime Minister in March, 2012. Sampling is the process of selecting a number of subjects or individuals for a study in a way that the selected individuals represent the large group from which they were selected. Sampling saves on time, effort and cost (Saunders et al., 2003).Sampling frame is a complete list of all the cases in the population from which your sample will be drawn (Saunders et al., 2003). If the sample is to be representative of the population, it is essential that the sampling frame include all (or nearly all) members of the population (Babbie, 2010).

3.5 Sample Size and Sampling Technique

A total of 378 respondents in 20 select state corporations were identified for the study. Table 3.1 shows a sample of 20 state corporations. This number was obtained through the

guidance of table 1 in Appendix 3 (Tables for finding a base Sample size). The 20 state corporations were then distributed proportionately depending on the number of corporations across the 8 categories of state corporations, resulting to 378 respondents. A sample is the number of subjects, items or cases that are selected from the accessible population (Kothari, 2004). An optimum sample is one that fulfils the requirements of efficiency, representativeness, reliability and flexibility. A sample at the range of 10% for large populations and 30% for small populations is acceptable (Mugenda&Mugenda, 2008; Saunders et al., 2003). A sample size of 10% was considered adequate for this study due to the high level of homogeneity in the state corporations' organization and management.

Multi stage sampling was utilized by randomly selecting the state corporations in stage one. The sample of corporations was derived from a list of 178 corporations. During stage two, probability proportional to size (PPS) was utilized. This is where the selected sample of state corporations was distributed proportionately among the eight categories of state corporations in Kenya. During stage three, with the help of HR officers, respondents from the select state corporations were identified or determined using a simple random sampling procedure. In order to give every state corporation and individuals working in them a chance to participate in the study, multistage sampling was found to be the most appropriate for this study. In multi stage cluster sampling we begin by selecting a sample of the clusters, then we make a list of elements in stage two, and select a sample of elements from each of the selected clusters in stage three (Babbie, 2010).

Table 3.1: Sampling frame &sample size for state corporations

Category	No.	Sample size (10%)
Public universities	20	2
Commercial/manufacturing	30	3
Services	51	5
Regulatory	36	4
Training & Research	13	2
Financial	16	2
Tertiary education	06	1
Regional development	06	1
Total	**178**	**20**

Source: ROK; Performance Evaluation Report FY2010/11

In the study, a sample of employees was selected from among individual employees with potential for participation in management. These employees formed the unit of observation while state corporations formed the unit of analysis. The employees were identified or picked randomly by the HR officer from among employees with potential for participation in the organization in each select organization. In total, 378 subjects were expected to provide responses to this study across 20 state corporations in Kenya. HR officers were advised to have bias in employee category and gender. Line managers and supervisors have been identified as reliable subjects to provide more accurate and unbiased responses because they keep records of employee performance appraisal reports (Adsit et al., 1996). On gender, the HR officers were requested to identify equal representation of female and male respondents where possible.

An equation for determining final sample size is explained in Fig.3.1:

$$n = \frac{p(1-p)}{A^2/_{Z^2} + p(1-p)/_N} + R$$

Where:

n = Sample size required

N= Number of people in the population

P=Estimated variance in population, as a decimal:(0.5 for 50-50, 0.3 for70-30)

A=Precision desired, expressed as a decimal (i.e.,0.03,0.05,0.1 for3%,5%,10%)

Z= Based on confidence level: 1.96 for 95% confidence, 1.6449 for 90% confidence, and 2.5758 for 99%)

R= Estimated response rate, as a decimal.

Figure 3.1: Equation for determining Final sample size

Using this formula, with an estimated variance of 0.5, a population of 86,000 workers in the 178 state corporations, precision desired being 10%, a confidence level of 95% and an estimated response rate of 75%, the study was able to get a sample size of **378** subjects.

3.6 Data Collection instrument

The study utilized a questionnaire to collect primary data (Appendix1). A questionnaire was found to be appropriate for this study since it gives respondents an opportunity to express their views more objectively(Kothari,2004).

The questionnaire was divided into two parts, as follows:

i) Part one: General information of respondents, organization's profile and employee participation strategies in the organization.
ii) Part Two: structured and open-ended questions in six (6) sections:

A-Individualized direct participation; B-Team-based direct participation; C-Indirect participation; D-Financial participation; E-Employee Attitude and F-Organizational performance.

Secondary data was obtained from periodicals, journals and other relevant materials available in the internet as well as from the physical library. This was meant to justify, support and enrich the information gathered by use of the questionnaire.

The information the data collection instrument intended to gather included the level of employee participation in information sharing,work processing and decision making; both individually and as members of work teams, as well as perceptions on the level of representation in the decision making organs of the organization. It also sought to find out the level of employee involvement in task-related and financial schemes, and how well the organization utilizes its human resources as a source of its competitive advantage.The questions for measuring employee participation and performance were developed using Likert-like scale in which respondents would provide responses using a 4-point scale with 1-being strongly disagree, to 4–being strongly agree. The reason for using a 4-point scale is in order to avoid cases of indecisiveness and at the same time indicating the intensity of agreement or disagreement. One should therefore agree or disagree; not being neutral because neutral responses will not be objectively used to make a decision or conclusion. Kagaari et al. (2010)used a similar scale with success.

Table 3.2: Measurement of variables

VARIABLES	OBJECTIVES	INDICATORS/SOURCES	Q-ITEM
Independent: i)Individual-based direct Participation schemes	To establish whether individual-based direct participation schemes have a significant positive influence on the performance of state corporations in Kenya.	• Survey feedback • Suggestive schemes (Juan et al, 2007; Lee, 1991; Cook & Wall, 1980; Nyhan, 2000 ; Huselid, 1995)	A
ii)Team-based direct participation schemes	To determine whether team-based direct participation schemes have a significant positive influence on the performance of the state corporations in Kenya.	• Quality circles • Problem solving groups (Summers & Hyman, 2005; Huselid, 1995; Juan et al, 2007)	B
iii)Indirect Participation schemes	To find out whether indirect participation schemes have an effect on employee performance in the public corporations in Kenya.	• Worker directors • Works councils • JCC • Union/Management activities (Budd, 2004; Gollan, 2006)	C
iv)Financial participation schemes	To establish whether financial participation schemes have a significant positive influence on performance of the public sector corporations in Kenya.	• Individual incentive plans • Profit sharing • Bonus • Performance- related pay (Wright, et al. 2006; Biswas&Varma, 2007)	D

Mediator: **Employee attitude**	To determine whether employee attitude mediates the relationship between use of participation schemes and performance of the organization	Kagaari et al (2010)	E
Dependent: **Performance**	**Main objective**: To investigate the relationship between employee participation schemes and performance of state corporations in Kenya.	Efficiency; effectiveness; goal accomplishment; profitability; economy; accuracy ; outcome/results; quantity(ROK,2012.;Lynch et al. 1999; Kagaaki et al, 2010; Lee, 1991; Adsit et al.1996; Medlin & Green, 2009; Godwin &Gyan, 1999); Levesque (1993)	F

3.7 Procedure for data collection

Two assistants were recruited and trained to familiarize themselves with the study, and to consequently assist the CI in the exercise of collecting data in the state corporations. A pilot study was carried out shortly thereafter. The chief investigator (CI) contacted the managements of the 20 selected state corporations either by letter or telephone to be granted permission to conduct research in their organizations.A letter of transmittal was provided to explain the purpose of the survey and to also state that participation in the study was voluntary and assured all participants of confidentiality.Once authority to conduct the study was granted, questionnaires were delivered to the twenty selected corporations. Questionnaires were submitted to each corporation through a 'Drop and Pick later' procedure. Respondents were expected to complete the questionnaires between one and two weeks' period. However, the CI and assistants completed the collection of data in two and a half months.

3.8 Pilot Test

A pilot study or pre-test was carried out among two levels of management and ordinary employees in two select organizations. The pilot study was used to test the validity, reliability and practicality of the instrument. Information gathered during the pre-testing was used to revise the instrument.A pilot test helps to determine the validity and reliability of the data collection instrument (Bryman& Bell, 2011). It also assists in designing the main survey and serve as a precaution against unnoticed errors in the plan for the main survey (Rukwaru, 2007). It further indicates whether any important questions have been omitted and gives an opportunity to collect other comments that may be relevant to the questionnaire and subsequently the evaluation (Connolly &McGing, 2007).It helps to identify the clarity and ease of using the instrument (Mugenda&Mugenda, 2008). It also helps to identify sensitive or annoying items, confusing or biased items which need to be modified or omitted (Connolly &McGing, 2007).

3.8.1Validityof the instrument

The study observed various previous studies done in the area of participation and performance of organizations. Observation of recent studies on the area of the study, and the results obtained from these studies was made to help ascertain the concurrent validity of the research instrument. An opinion was also sought from the research supervisors. Validity indicates the degree to which an instrument measures what it is supposed to measure (Bryman& Bell, 2011; Saunders et al., 2009).The instrument in this case was scrutinized to find out whether it addressed all possible areas it was intended to measure, ensure its completeness, accuracy and appropriateness. There are various types of validity that need to be measured. Content validity refers to the extent to which the measurement devices provide adequate coverage of the investigative questions (Saunders et al., 2009). Face or content validity is ascertained by seeking the opinion of experienced people like the supervisors. Bryman& Bell, (2011) advised researchers to seek the opinions of experts in an area of study as a way of checking the content validity of a research instrument. A recent study may provide insight into a relationship between two variables; which could

then be used to prove the construct validity of the current study instrument (Kagaari et al., 2010).

3.8.2 Reliability of the instrument

In this study, Cronbach Alpha coefficient was computed using statistical packages for social sciences (SPSS) to determine how items correlated among themselves. Cronbach's alpha was used to test the reliability of the measures in the questionnaire. Kunder-Richerdson (K-R 20) formula was used to assess the internal consistency of the instrument. K-R method uses the following formula/equation:

$KR_{20} = (K)(S^2 - \varepsilon s^2) \div (S^2)(K-1)$

Where:

KR_{20} = Reliability coefficient of internal consistency

K=Number of items used to measure the concept

S^2 =Variance of all scores

s^2 Variance of individual items

SPSS version 17 program was used as a tool of analysis to test the relationship between the dependent variable and the four independent variables as well as the intervening variables. Cronbach Alpha type of reliability coefficient value of .70 or higher is considered as usually sufficient (Nunally, 1978; Paton, 2002; Sekaran, 2003). In this study, the coefficient values were above .70 implying that the instrument was sufficiently reliable for measurement.

Reliability is the extent to which a measuring instrument contains variable errors (Nachmias&Nachmias, 2008).A measuring instrument is reliable if it provides consistent results. On practicality, the characteristics of a measuring instrument can be judged in terms of economy, convenience and interpretability (Kothari, 2004). Cronbach alpha is the most commonly used coefficient of internal consistency and is computed using the following formula:

Alpha= N*r* ÷ [1+*r*(N-1)]

3.9 Data Processing and Analysis

Questionnaires received were referenced, and items or responses in the questionnaire tabulated and coded in order to make the data actionable. After questionnaires had been administered, the mass of raw data collected was systematically organized in order to facilitate analysis. Both quantitative and qualitative data analysis was done using SPSS for windows version 17.

3.9.1 Factor Analysis

Factor analysis was administered on data collected addressing the relationship between participation schemes and performance in state corporations. Burns and Burns (2008) indicate that factor analysis is a major technique in multivariate statistics and has a vital task in demonstrating which variables clump together to form super-ordinate variables.

Factor analysis is a complex algebraic method for determining the general dimensions or factors that exist within a set of concrete observations, by use of a computer (Babbie, 2010). It is a statistical technique used for large numbers of variables to establish whether there is a tendency for groups of them to be interrelated (Cooper & Schindler, 2006; Bryman& Bell,2011).

Generally, a variable will only be assigned to a factor if it has a factor loading for that factor of at least 0.5 or 0.6 (Kremelberg, 2011). Indicators that seem to highly correlate with each other are clustered together. Factor loading greater than .30 is considered to meet the minimal level. Loadings of .40 is considered more important and that of .50 and above is considered very significant.

3.9.2 Descriptive Analysis

This study utilized descriptive statistics to determine frequencies and percentages (analyzed using SPSS). Employee participation was measured with modified items adapted from a scale originally developed by Nyhan (2000). Scores ranged from 1-4 with 4 indicating strong agreement with the statement. It was also adapted from Godwin and Gyan (1999). Employee performance was measured using Lynch et al. (1999) employee performance scale which also comprised items that measured in–role performance. In this approach, participants indicated the most appropriate response in a range of 1 (strongly

disagree) to 4 (strongly agree). This was mainly borrowed from a study by Biswas&Varma (2007). Data was presented in form of graphs, tables and percentages..

3.9.4 Correlation Analysis

The relationships between variables were determined by use ofcorrelation and regression for all the variables**.** Correlation is a technique used to analyze the degree of relationship between two variables. It helps in determining the strength and direction of association between two variables which in turn helps to select variables for further statistical analysis such as regression analysis(Walliman, 2005; Burns & Burns, 2008; Kremelberg, 2011).

Scatter Plot

Scatter plots were utilized in the study to give summary of a set of bivariate data usually drawn before working out a linear correlation coefficient or fitting a regression line Scatter plots are essential for understanding the relationships between variables, by providing a means for visual inspection of data that a list of values for two cannot (Cooper & Schindler, 2006). It gives a good visual picture of the relationship between two variables and also aids the interpretation of the correlation coefficient or regression model.

Pearson Correlation Coefficient

Pearson's correlation coefficient (Pearson's *r*) is utilized to measure the extent of interdependence between two variables. It is commonly used as a measure of strength of association between two variables. The equation for Pearson's *r* is:

$$r_{yx} = \frac{\operatorname{cov}(y,x)}{\sqrt{\operatorname{var}(y) * \operatorname{var}(x)}} = \frac{\sum(X_i - \overline{X})(Y_i - \overline{Y})/N}{\sqrt{\sum(X_i - \overline{X})^2 \sum(Y_i - \overline{Y})^2 / N * N}} = \frac{\sum(X_i - \overline{X})(Y_i - \overline{Y})}{\sqrt{\sum(X_i - \overline{X})^2 \sum(Y_i - \overline{Y})^2}}$$

Pearson's correlation was therefore appropriate to analyze the significance of the correlation between use of employee participation schemes and organizational

performance. Pearson's correlation analysis was also applied in this study to assess whether the associations suggested in the hypothesis would be linear (positive).

Partial Correlation

The effect of employee attitude on the performance of state corporations was established by computation of partial correlation coefficient. Partial correlation measures separately the relationship between two variables in such a way that the effects of other related variables are eliminated. Therefore the intervening effect of employee attitude between each independent variable and the dependent variable (state corporations performance) was computed by controlling, or holding the intervening variable (employee attitude) constant.

3.9.5 Regression Analysis

After correlation analysis, data was further subjected to regression analysis. This is a type of analysis that is used when a researcher is interested in finding out whether an independent variable predicts a given dependent variable (Mugenda&Mugenda, 2008). In this study, regression and correlation were used to find the level of relationship between the variables: employee participation schemes and organizational performance. Regression analysis was used to determine the statistical significance of the relationships between independent and dependent variables. Regression goes further than correlation analysis by determining the equation connecting the two variables. Absolute value of R between 0.5 and 1 implies strong relationship between the variables. The relationship is weak if the value of R is less than 0.3. Multiple linear regression analysis was therefore applied to test whether the independent variables predicted the dependent variable.

T-test

T-test was used to test the differences in gender and the significance of individual variables. T-test tool tests the differences between two groups on some continuous dependent variable (such as comparing participation levels between males and females in a population), while analysis of variance (ANOVA) tests the differences between more than two groups on some continuous dependent variable (Kremelberg, 2011). A t-test determines the significance of individual variables.

Analysis of Variance (ANOVA)

ANOVA was utilized to test the differences and compare participation levels as well as performance between categories of staff as well as categories of state corporations. ANOVA was therefore useful in testing the difference of means between three participating categories of employees: managers, supervisory staff and ordinary employees, on participation and performance of state corporations. ANOVA was further carried out to test the difference of means between eight categories of state corporations. It further tested the significance of the overall model. While t-test relies on the t statistic, the ANOVA uses F statistic or F-test. Both t-test and ANOVA may be used when comparing two groups, since they give similar results (Burns & Burns, 2008). It is a data analysis procedure used to determine whether there are significant differences between 2 or more groups or samples at selected probability levels (Mugenda&Mugenda, 2008).

ANOVA consists of calculations that provide information about the levels of variability within a regression model and forms a basis for test of significance. It is used to determine the impact independent variables have on the dependent variable in a regression model. ANOVA is like a generalized version of t-test.

Assumptions of ANOVA test : the population from which the samples are drawn are normally distributed. Two, the population from which the samples are drawn have equal variances.

Normality Test

There was need to test whether the distribution of scores was normal in this study. The test was to determine whether the obtained distribution as a whole deviated from a normal distribution, with the same mean and standard deviation. Kolmogorov- Smirnov test of normality was utilized by using SPSS software to get a Q-Q plot. Q-Q plot is a plot of percentiles of the standard normal distribution against the corresponding percentiles of the observed data. If the observations follow approximately a normal distribution, the resulting plot should be roughly a straight line with a positive slope. Q-Q plot is used to show how obtained scores deviate from the normal distribution, with the normal distribution shown as a straight line (Burns & Burns, 2008). It provides a quick way to get a feel of whether data is normally distributed (Kremelberg, 2011). A normality test was

used to fit a multiple regression model and for the fit to be done, the dependent variable required to be normally distributed.

3.9.6Research Model

The study conducted a multiple regression analysis using two statistical models. One model with the intervening (mediator) variable, and the other without the intervening variable. Multiple regression models attempt to determine whether a group of variables predict a given dependent variable (Bryman& Bell, 2011; Babbie, 2010).This model was adopted because the study had more than one variable. This test checked the significance of the whole regression model with the prediction that the intervening variable would mediate the relationship between independent and dependent variables.Kagaari et al (2010) argued that according to Baron and Kenny (1986), a perfect mediation occurs if: independent variables must affect the mediator in the first equation; the independent variable must be shown to affect the dependent variable in the second equation; the mediator must affect the dependent variable in the third equation; and the independent variable must no longer be significant in the third equation. Statistical package for social sciences (SPSS) analyzer was utilized in the analysis of this data.

The first model showing inclusion of the intervening variable is as follows:

$$Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+\varepsilon$$

Where:

Y = Organization's performance (dependent variable)

X_1 = Use of direct individual-based participation (independent variable)

X_2 = Use of direct team-based participation (independent variable)

X_3 = use of indirect participation (independent variable)

X_4 = Use of financial participation (independent variable)

X_5 = Employee attitude (intervening/mediator variable)

β_0 = Constant of intercept

β_1, β_2, β_3, β_4 and β_5 = regression coefficients

ε = the error

Figure 3.2: Research statistical model with the intervening variable.

Equation 2 Regression model

$$Y=\beta_0+ \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Organization's performance (dependent variable)

X_1 = Use of direct individual-based participation (independent variable)

X_2 = Use of direct team-based participation (independent variable)

X_3 = use of indirect participation (independent variable)

X_4 = Use of financial participation (independent variable)

β_0 = Constant of intercept

β_1, β_2, β_3, and β_4 = regression coefficients

ε = the error

Figure 3.3: Regression Model without the intervening/Mediator Variable

Note:

1. iβ_0 is a constant which is the value of dependent variable when all the independent variables are 0.
2. β_1-n is the regression coefficients or change induced by x1,x2,x3,x4..on Y. (It determines how much each variable (X_1,X_2,X_3,X_4, and X_5) contribute to Y.

ε is the error of prediction.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The chapter presents empirical findings of relationships between variables using techniques identified in chapter three. Perceptual measures were used to gauge the dimensions of participation schemes identified as independent variables, employee attitude and performance of individuals as well as organizational performance. Descriptive and inferential statistics were utilized on all variables of the study.

First the analysis of the sample characteristics are presented, then the findings and results of both the preliminary analysis of data and analysis, characteristics and discussion of variables in the conceptual framework are provided. Quantitative analysis was used in creating frequency tables, diagrams that show frequency of occurrence and used statistics to establish relationships between variables.

Results for Construct validity and reliability tests, partial correlation and regression analysis are provided. Pearson Correlation coefficient was computed to determine the relationships between variables in this study and test whether there were significant relationships. The scatter graph furnishes some visual impression of the relationship between two sets of measures. Multiple regression analysis used ANOVA tests to determine the influence of independent variables in predicting the dependent variable.

4.2 Preliminary Study/Background Information

4.2.1 *Response Rate*

The study was conducted in 5 Counties:Isiolo, Meru, Embu, Nairobi and Mombasa, covering 20 state corporations. The number of questionnaires administered was 400. Each questionnaire was accompanied by a cover letter providing explanations and an assurance that all individual responses would be treated as confidential. Out of the 400 questionnaires that sought responses from state corporation's staff, 348 questionnaires were returned, screened and considered complete and valid, and therefore were used for

analysis. The response rate of 87% attained in this study was therefore quite adequate for analysis. According to Babbie (2010), a response rate of 50% and above is adequate for analysis.

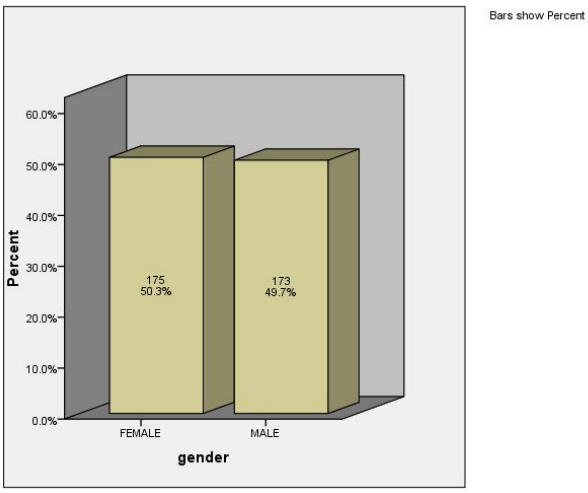

Figure4.1: Response by gender

Male respondents were 173 (49.7%) and female 175 (50.3%).This was a good distribution, showing a fair balance of gender. This further shows that the public sector has made success in its campaign to ensure that gender balance is achieved. A Levene's t-test was conducted to determine difference in Means between female and male respondents on the study variables. On Individual based participation the two gender had a mean difference of 2.4075.Team based direct participation indicated a mean difference of 1.6395,while indirect participation indicated 0.0357,financial 2.1697 and organizational performance had a mean difference of 1.727(See Appendix VI)

Categories of State Corporations

State corporations participated in the study in the following proportions:Services(25.3%), regulatory bodies(19.5%), Commercial & Manufacturing (17%), Public universities(11.5%), Training and Research institutions(8.9%),Financial institutions(8%), Tertiary education(5.2%) and ,Regional development(4.6%).

Table 4.1: Response by category of state corporation

Category	Freq	%	Valid %	Cuml %
Financial	28	8.0	8.0	8.0
Commercial/ Manufacture	59	17.0	17.0	25.0
Service	88	25.3	25.3	50.3
Training And Research	31	8.9	8.9	59.2
Regional Development	16	4.6	4.6	63.8
Public University	40	11.5	11.5	75.3
Tertiary Education / Training	18	5.2	5.2	80.5
Regulatory	68	19.5	19.5	100.0
Total	**348**	**100.0**	**100.0**	

Saunders et al (2009) notes that use of contingency tables is the best method of finding specific data values.

Response by Category of staff

Forty Seven managers, one hundred and twenty one supervisors, and one hundred and eighty ordinary employees participated in the study as respondents. Murphy and Southey (2003) noted that the official position that an individual occupies in the organization determines his autonomy level to make decisions and innovations. Such individuals also have a right of access to people who need to be influenced (Legge, 1995). A research done by CIPD indicated that line managers are the most important to implement the employee involvement and practice. Line managers spend a lot of time communicating with employees. The line managers are the best persons in explaining the variation in both job satisfaction and discretionary behavior which is helpful in developing commitment in the organization (CIPD, 2009).

According to Judge and Gennard (2005) the main reason for the failure of employee's involvement is the attitude of the middle and lower management. They further indicated

that middle and lower management fail to support the scheme because they felt it would make them lose power to control employees.

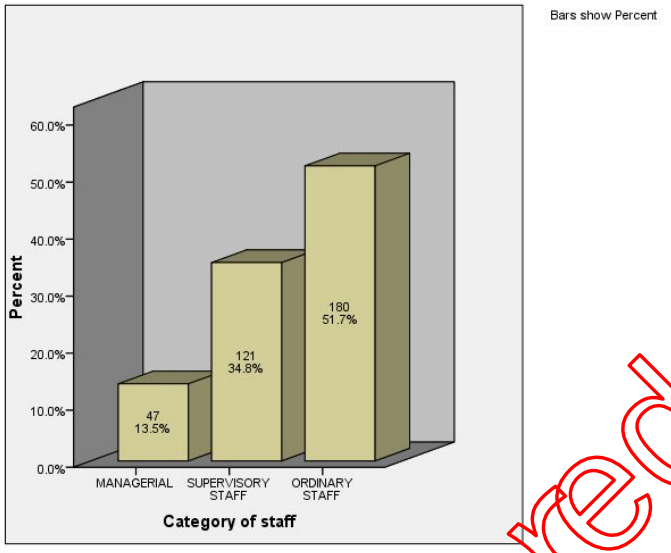

Figure 4.2: Response by Category of staff

4.3 Descriptive Statistics

4.3.0 Introduction

This section sought to describe relationships between various participation schemes (independent variables), employee attitude(intervening variable) and performance(dependent variable) of state corporations in Kenya. Descriptive statistics are statistical computations describing either the characteristics of a sample or the relationship among variables in a sample (Babbie, 2010). These statistics merely summarize a set of sample observations, whereas inferential statistics move beyond the description of specific observations to make inferences about the larger population from which the sample observations were drawn.

4.3.1Use of Direct Individual-Based Participation Schemes

These include employee participating in attitude survey, selection of tools, equipment and materials to use, designing work plans, use of suggestion schemes, autonomy in determining work processes, and other empowerment programs utilized in influencing

decisions in the department or work unit.Organizations and industries are realizing the importance of encouraging a two-way communication system that is seen as a key driver of employee participation in those organizations. A well-crafted employee engagement survey enables an understanding of current levels of engagement (Pritchard, 2008).

Participation in Employee Attitude Survey

The question sought to find out if the respondents had participated in employee attitude survey in the organization within the previous three years. 54% of the respondents agreed to have participated in employee attitude survey, while 46% indicated that they did not. This result corroborate findings of a study by Juan et al. (2007) which found survey feedback as the most widely used method of direct participation schemes in US organizations. In the study, *The Use of Employee Participation in USA and Spanish Companies*, Juan et al. (2007), it concluded that survey feedback was the most widely used method of direct participation scheme in USA organizations, with over 60 percent using it. Attitude surveys examine a variety of attitudes and behaviours, such as beliefs, opinions, values, expectations and satisfaction (Bartlet, 1994).Employee involvement provides employees the opportunity to use their private information, which can lead to better decisions for the organization (Williamson, 2008). Kobia and Mohammed (2006) argued that government and firm managements needed to support workers by giving them certain levels of autonomy.

Managers Feedback To Their Subordinates

This item sought to find out whether those in the management positions were providing honest feedback to their subordinates. 76.5% of the respondents agreed that their seniors gave them honest feedback on their performance. 23.5 % indicated that managers did not provide feedback. According to Adsit et al. (1996) members of an organization can use this system to defend their performance. Mueller (2012) cited FitzRoy and Kraft (1985) who postulates that the most competent managers are able to install effective communication without the need for a works council. People even do better when they get feedback on how well they are progressing towards their goals. Medlin and Green (2009) found that feedback guides behavior. There is need for managers to enhance levels of employee optimism about their work and organization (Kagaari et al., 2010). Kobia

and Mohammed (2006) also noted that top management competencies and participatory approach to decision making was crucial for good performance of civil service in Kenya.

Determination of Work Schedule and Work Plans

Respondents who agreed that they do participate in developing work-plans and determining their work schedules were 75% while 25% felt that members of their organizations did not have autonomy to determine their work schedules or developing work plans. This means that majority of respondents have opportunities to develop these work instruments, and for the minority (25%), work-plans were developed by their supervisors, while they only followed instructions. A study by Medlin and Green (2009) found that goal setting positively impacts on employee engagement, employee engagement positively impacts optimism and optimism impacts individual performance. When people participate in setting their own goals, they seem to perform better (Summers& Hyman, 2005). Goal commitment is likely to occur when goals are self-set, rather than assigned (Robbins & Judge, 2009). Management must possess both leadership and motivational skills, in order to get employees on board with plans (Beitelspacher, Richey & Reynolds, 2011).

ParticipationIn Selection Of Tools, Equipment And Materials.

On selection of working tools, materials or equipment for individual employees, the study found out that 72% of respondents were involved in selecting materials they used in their work, while 28% reported that they never participated in selection of materials and tools they used in their job units. This is one way of giving employees an opportunity to engage in innovations and creativity for future performance improvements (Kobia & Mohammed, 2006). The duo further argue that timeliness in availing resources is crucial; when resources are availed late, or not at all, workers get frustrated, and this adversely affects performance in the organization.

Motivation To Influence What Goes On In The Department

This question sought to establish whether supervisors and senior managers supported and motivated subordinates to play a bigger role in influencing processes and decisions made

in their units or departments. 21.3 % of respondents strongly agreed and 54.9% agreed, making the number that supported the statement to stand at 76.2%. 23.8% disagreed, indicating that members of their organizations did not get a lot of support to influence decisions in their departments. Tseng (2010) indicated that more formalized companies usually possess formalized controls and processes, and thus they have better developed corporate performance because of its effective management. Kay et al (2005) in their study *Employee perceptions on empowerment* found out that the strict health and safety regulations under which construction workers operated limited their freedom to influence the work that they undertook.

Employee Career Development Support

Respondents' opinion was sought on whether management in state corporations openly discussed the career development of their subordinates. The result indicated that 66.1% agreed that their state corporations had managements that supported career development of their staff, with 22% strongly agreeing. 33.9% disagreed. In practice the support may not be financial. In Kenya most workers are allowed to seek further training by the employer as self-sponsored learners.The support is interms of time allowed to participate in training on part-time basis while still working for the organization.

Discussion On Work Progress With Superiors

The question sought to examine whether employees in state corporations held discussions with managers and supervisors regarding individual work progress. A great number of respondents (81.9%) agreed that they held such discussions with 23.3% strongly agreeing and 58.6% agreeing. Only 18.1% of respondents indicated non-participation in discussing work progress with superiors, whereby 13.5% disagreed and only 4.6% strongly disagreed. This is considered as part of empowering individuals. Managers need to create a conducive environment for employees to feel free to make their contributions (Ton, 2005).This is common in most state organizations in Kenya. It is one of the prescriptions given to state agencies by the government during performance contracting planning.

Useof Suggestion Systems inthe Organization

Respondents were asked to state whether employees in their organizations regularly used suggestion systems, such as suggestion boxes to air their views, complaints or compliments. An overwhelming majority (73.3%) indicated that suggestion systems were in use in state corporations whereby 17.0% strongly agreed, while 56.3% agreed. Only 26.7% respondents indicated that they did not use suggestion systems in their organizations; whereby14.3% disagreed and 12.4% strongly disagreed. This level of positive response is supported by Juan et al. (2007) who found out that inviting the contribution of employees helps create effective and efficient managers. When employees are given the opportunities of contributing their ideas and suggestions in decision making, increased firms' performance may result because deep employee involvement in decision making maximizes viewpoints and a diversity of perspectives (Kemelgor, 2002).

Feedback after Giving Suggestions

Respondents' opinion was sought on whether managements in state corporations provided feedback to employees after the employees gave their suggestions to the organization. The result indicated that the majority 61% agreed, whereby 12.4% strongly agreed and 48.6% agreed. The minority (39%) disagreed that managements gave them feedback. Among these, 24.1% disagreed and 14.9% strongly disagreed. It is important that employees get to know what is going on in an organization so that they can use the knowledge that resides in the organization to its fullest potential (Bhatti&Qureshi, 2008).

Autonomy to Determine Work Methods inthe Organization

Respondents' opinion was sought on whether managements of various state corporations gave their subordinates freedom to determine how they did work in their units. A slight minority of 49.4% agreed that organizations gave them some autonomy to determine how they did their work. 12.9% strongly agreed, 36.5% agreed. A slight majority (50.6%) opposed that there was autonomy granted to employees to determine how their work was to be done. Out of this majority, 37.1% disagreed and 13.5% strongly disagreed. Wang et al. (2012) defined empowerment as perceptions of the degree to which the leader empowers his or her employees. 'The primary emphasis being on the extent to which employees are given autonomy and discretion in connection with their work. This

includes participation in decision-making and supervisors informing employees of organizational goals. Goal setting theory proposes that subordinates be allowed to determine how they do their work by setting their goals independently but in line with the broader organizational goals. Summers and Hyman (2005) indicated that giving an individual autonomy in deciding their job implementation empowers them to perform better in the organization. Medlin and Green (2009) argue that goal setting has been explored in the past in terms of motivational impact toward improving performance and found to be very successful.

Implementation of Suggestions Made By Employees

This question was a further probe aimed at determining whether besides allowing employees to give suggestions, the state corporations took the initiative to implement suggestions provided by subordinates. 50% of respondents felt that state corporations implemented suggestions provided. An equal number disagreed. This was distributed as follows: 14.4% strongly agreed, 35.6% agreed while 35.9% disagreed and 14.1% strongly disagreed. Brunt and McCourt (2011) conducted a study *Employee Participation in INGOs in Kenya* and found that contrary to other studies' emphasis on introducing and achieving employee control in organizations, codetermination and employee control were undesirable as well as unrealistic goals. On the other hand, a consultation style of participation was appropriate in the international non-governmental organizations (NGOs) in Kenya. Failure to provide timely feedback to workers could be one of the causes of unrests in the organization.

Communication Of Internal Information

The intention of this question was to seek the opinion of respondents on whether state corporations in Kenya communicated internal information in a timely and honest fashion. A great number of respondents, 68.4% supported, where 18.1% strongly agreed and 50.3% agreed 31.6% felt that state corporations did not communicate internal information in a timely and honest fashion. Among these, 27.0% disagreed while 4.6% strongly disagreed. It shows there is still a large number of organizations that are not willing to allow dissemination of information freely to employees. Kobia &Mohammed(2006) noted that modern organizations should focus on internal management improvement and better accountability. An observation made during this study was that organizations in the

public sector were not eager to take advantage of the social media to improve official communication.

Appreciation OfIndividual's Contribution

An opinion was sought on whether managements of state corporations in Kenya appreciated employees' contribution to their organization. 16.4% strongly agreed and 56.3% agreed, translating into 72.7% of those who agreed while only 27.3% disagreed with 23.9% disagreeing and 3.4% strongly disagreeing. The performance contracting guidelines of 2004 provide that employees, including CEOs in state corporations, who perform well should be given incentives while poor performers should be sanctioned or removed.

Table4.2: Summary of Responses to Items on Use Of Direct Individual-Based Participation

	SD	D	A	SA
Participation in employee attitude survey in this organization within the last 3 yrs	12.4%	33.6%	36.5%	17.5%
My manager gives feedback honestly to me	8.3%	15.2%	56.6%	19.8%
I participate in determining my work schedule and work plans	1.7%	23.6%	50.6%	24.1%
I participate in selecting tools, equipment and materials for my job/unit	10.6%	17.5%	51.7%	20.1%
My manager encourages me to influence what goes on my unit/department	6.3%	17.5%	54.9%	21.3%
Manager openly discusses employee career development with employee	13.8%	20.1%	44.0%	22.1%
I regularly discuss my work progress with my supervisor	4.6%	13.5%	58.6%	23.3%
Employees regularly use suggestion boxes/systems in this organization	12.4%	14.4%	56.3%	17.0%
Employees are given feedback after giving suggestions	14.9%	24.1%	48.6%	12.4%

the autonomy to determine how my work is to be done in this organization	13.5%	37.1%	36.5%	12.9%
The management in this organization implements suggestions made by employees	14.1%	35.9%	35.6%	14.4%
The corporation communicates internal information in a timely and honest fashion	4.6%	27.0%	50.3%	18.1%
My service to this state corporation and contributions that I make are appreciated	3.4%	23.9%	56.3%	16.4%

Level of Employee Influence In Decision-Making

The respondents were asked to indicate the level of decision-making influence they thought they had in their organizations in case there was going to be some change about the way they did their work. 62% felt that they had no say on such matters. 38% felt that they had varied levels of say. Those who responded in the positive were further probed to find out their level of influence. Among them, 5% indicated a great deal, 28% indicated quite a lot while the majority (67%) indicating that their level of influence was just little. This shows that the quality of decisions that employees participated in also matter. It is difficult for employees to show creativity and develop innovativeness when the amount of influence allowed in the organization is too little.

Important Decisions By Respondents That Contributed To Better Performance

Responses to the question on important decisions that employees participated in making and which they felt had contributed to improvement and performance of this organization during the previous 3 years gave varying responses. Since it was an open ended question, the question received less than 20% response rate, and these responses indicated that either the question had been misunderstood or respondents did not have the capacity or opportunity to make decisions in the organization. Only a few respondents (45) attempted the question. Other respondents declined. Key among the decision issues were related to meeting set goals, performance contract and customer service. The indication was that making decisions in state corporations mainly relied on the top management team.

4.3.2 Use of Direct Team-Based Participation Schemes

Direct team-based participation involves use of work teams in order to determine course of action and implementation of departmental as well as organizational goals. Common work teams include semi-autonomous work groups, problem-solving, quality circles and other forms of committees and taskforces.

Membership To A Problem-Solving Team In The Organization

This question sought to investigate whether state corporations utilized problem-solving teams. A slightly larger number of respondents (51.4%) indicated that they belonged to problem-solving teams in their organizations, where 11.5% strongly agreed while 39.9% agreed. On the other hand, 48.6% respondents indicated that they did not participate in such teams in their organizations, where 30.5% disagreed while 18.1% strongly disagreed. Kobia and Mohammed (2006) advised the government and management of state agencies to enhance teamwork if they expected to have continuous good performance. Sheehan(2009) noted that consensus approach yields more creative decisions and more effective implementation than does individual decision making.

Participation In Strategic Management Teams

Respondents' opinion was sought on whether they participated in strategic management teams charged with the responsibility of developing strategic plans for their organizations. The result indicated that a simple minority (44%) agreed that they belonged to a strategic management team in their organizations, whereby 10.1% strongly agreed and 33.9% agreed. Majority of respondents (56%) indicated that they did not belong to strategic management teams in their organizations. Out of these, 37.6% disagreed while 18.4% strongly disagreed. This is a strong indication that key decisions in state corporations, just like in the main-stream civil service is a preserve of top management. The bureaucratic organizations found in the public sector are a big hindrance to creativity and performance by employees. This is corroborated by an observation made by Kobia & Mohammed (2006), who noted that the bureaucracy in the public sector was stifling creativity and performance among civil servants in Kenya. It was observed that state corporations in this study had not developed communication policies to guide in the use of technologies and platforms such as intranets, which would save a lot of time spent on long consultation management meetings that normally take place in the public sector.

Participation In Setting Departmental Plans/Policies

This question sought to establish whether members of the organization got involved in setting departmental or unit plans. A minority (40.8%) indicated that they participated in developing departmental or unit policies and plans. Among respondents who supported in developing these plans, 8.3% strongly agreed while 32.5% agreed. For the majority (59.2%) who indicated disagreement, 36.5% disagreed while 22.7% strongly disagreed. The implication here is that managements in state corporations are poor in delegation and sharing of responsibilities with the subordinates. It points to a sign of mistrust of subordinates on the part of superiors in organizations.

Participation inthe Planning of the Departmental Budget

The intention of this question was to find out if employees in Kenyan state corporations are involved in the budget making process. Of those sampled, 45.4% indicated that they were involved, with 8.9% strongly agreeing and 36.5% who agreed. For the majority (54.6%) that indicated lack of involvement, 25.6% disagreed, while 29.0% strongly disagreed. This is an indication that supervisors and managers in most state corporations are the sole custodians of planning and budget making; an important process that calls for total involvement of departmental heads and members of the department.

Membership toa Semi-Autonomous Work Group

The intention of this question was to further probe if state corporations utilize semi-autonomous work teams. Slightly less than half of the total respondents (49.1) indicated that their organizations did, with an indication of a paltry 5.7% who strongly agreed and 43.4% who agreed. A simple majority (50.9%) distributed as 31.9% who disagreed and 19.0% who strongly disagreed indicated that their state corporations did not make use of semi-autonomous work groups. The intention of individuals or group participation goes beyond democratic purpose. Apart from serving as an expansion of democratic space, it also includes bringing efficiency, and the right to influence decisions (Grant & Jordan, 2004). Another means by which team working is assumed to influence organizational performance is via increased employee discretion and empowerment in decision making (Lawler, 1986, cited in Summers & Hyman, 2005).

Membership to Quality Management Work Team In The Department/Division.

This question sought to establish whether respondents were involved in teams charged with quality management and control in their organizations. The findings show that a slight majority of 50.3% of respondents belonged to quality management teams in their departments; whereby 4.6% strongly agreed and 45.7% agreed. Slightly less than half of total respondents (49.7%) indicated non-involvement in quality management in their divisions or sections within the state corporations; with 27.0% who disagreed and 22.7% who strongly disagreed. Freeman and Rogers (1994) in their study on US employees noted that one-third (32%) of employees reported being involved with self-directed work teams, total quality management, quality circles or other forms of employee involvement programs, and over half reported such programs existing at their firms. Barbara and Fleming (2006) have indicated that progressive organizations have moved from glorifying hierarchy and moved to self-managed teams. A study by Adam (1991) had earlier explained the association between attitude and behavior as one of contradiction; that the introduction of participation in the form of quality circles was found to have no significant impact on employee attitudes towards quality, but still managed to affect behavioral changes, resulting in improved productivity.

Frequency ofWorkers' General Meetings

Respondents' opinion was sought on whether managements of state corporations held general meetings regularly. Results indicated that majority of respondents (61.5%) agreed that management held regular general meetings with subordinates. Among these, 14.1% strongly agreed while 47.4% agreed. Those who were in disagreement (38.5%) were 28.4% who disagreed and 10.1% who strongly disagreed.An observation was made in this study that whereas too many general meetings did not take place, most managers spent a lot of time in meetings; both internal and external. This is partly responsible for numerous delayed decisions and failure to meet important, task deadlines on the part of the manager.

Encouragement of Subordinates To Work In Teams

The intention of this question was to find out if employees in state corporations were encouraged to work in teams within their departments. An overwhelming majority (82.8%) agree, where 21.0% strongly agreed, 61.8% agreed. Of those who were opposed (17.2%), 8.6% disagreed and another 8.6% strongly disagreed. Team working increases the employees' motivation to extra responsibility and care for the organization. Studies stretching back to two or three decades supported use of team working. Team working benefits the employees and employer such that the outcome of team working is greater job satisfaction and motivation. Cully et al (1999) claimed that team working participation was being used in two- thirds of the British industries.Batt and Appelbaum (1995) had also found that performance enhancement was most associated with self-managed teams.

Subordinate's Work Relations with Other Members

This question was to further probe the utilization of work teams in the organization. Respondents' opinion was sought on whether the kind of tasks employees undertake in the state corporations require them to work closely with other members of their departments to accomplish organizational goals. The result indicated that an overwhelming majority (86.7%) agreed that their jobs demanded them to work in teams, with 31.0% strongly agreeing while 55.7% agreed. Those who indicated otherwise (13.2%) were 5.7% who disagreed and 7.5% who strongly disagreed. Summers and Hyman (2005) found that teams, while not necessarily offering a high level of employee participation in organizational decision making, are an important consideration given the often assumed link between team working and attitudinal change in favor of organizational goals.

Expression of PersonalViews aboutthe Organization

This question was a further probe to investigate whether employees in state corporations freely expressed themselves in regard to what was happening in the organization. A great number of respondents (60%) indicated that their organization's managements gave them opportunity to express themselves freely. Out of this majority 14.9% strongly agreed and 45.1% agreed while the minority (40%) with 26.1% who disagreed and 13.8% who strongly disagreed indicated otherwise. Employees who belong to decision making and

problem solving teams are at a better position to express personal views in the organization as opposed to employees who do not get such opportunities(Lee,1991).This explains why it is important to involve as many members as possible in various decision making and problem-solving groups in the organization.

Table 4.3: Summary Table on Response Items of Team-Based Participation.

	SD	D	A	SA
I am a member of problem-solving team in the organization	18.1%	30.5%	39.9%	11.5%
I participate in strategic management meetings	18.4%	37.6%	33.9%	10.1%
I participate in setting group or departmental policies	22.7%	36.5%	32.5%	8.3%
I participate in the planning of the departmental budget	29.0%	25.6%	36.5%	8.9%
I am an active member of a semi-autonomous work group in the organization	19.0%	31.9%	43.4%	5.7%
I am a member of quality management work team in my department/division	22.7%	27.0%	45.7%	4.6%
Workers general meetings in this corporation are held regularly	10.1%	28.4%	47.4%	14.1%
My head of department encourages me to work closely with other members of a team to achieve a common goal or results/ target	8.6%	8.6%	61.8%	21.0%
My work requires me to work closely with other members of a team to achieve a common goal or results/ target	7.5%	5.7%	55.7%	31.0%
The management holds meetings in which I can express my views about what is happening in the organization	13.8%	26.1%	45.1%	14.9%

Participation In Various Work Teams In The Organization

Four work teams were identified by respondents as most popular in the state corporations. These included problem-solving (62%), brainstorming (56%) semi-autonomous work teams (51%), and quality control teams (59%). The rest of the listed work teams attracted

insignificant responses. The study had expected that innovation as well as decision-making work teams were popular in state corporations owing to liberalized business world and increased competition from multinational firms. This however was not the case.

4.3.3 **Use of Indirect Participation Schemes**

Indirect participation schemes are also known as employee representative schemes or plans. These include trade unions, worker directors, works councils, and other forms of employee representation in the organizations' decision-making organs.Respondents were asked to indicate the extent to which they agreed with the statements on use of indirect participation in their organizations. Common forms of indirect participation schemes discussed in the study included employee representation in board of management, council of workers, workers union, and joint committees.

Employee Representation inBOD by A Worker Director

This question sought to find out whether managements in state corporations allowed a member of staff to represent other employees in the board of directors and other decision-making organs. Majority of respondents (57.2%) were in agreement with 14.4% strongly agreeing while 42.8% agreed. 42.8% of respondents did not agree, where 23.3% disagreed and 19.5% strongly disagreed. For instance, a study by Connolly and McGing (2007) revealed that respondents who were asked about staff representation either on the board or the senior management team, almost all of the respondents (90 percent) indicated that such representation did not exist.

Existence of Council of Workers to Advise the Management

Respondents' opinion was sought on whether a council of workers which advises management exists in the organization. The result indicated that 62.4% felt that state corporations had some organized committees that worked as works councils. Among these, 27.3% of respondents strongly agreed and 35.1% agreed. Other respondents (37.6%) felt otherwise with a result of 15.5% who disagreed and 22.1% who strongly disagreed. Mueller (2012) carried out a study entitled *Councils and Establishment*

Productivity on works councils in Germany and found out that establishments that used works council were 6.4% more productive than those that did not.

This contrasts a view by FitzRoy and Kraft (1985) who had earlier argued that works councils are generally seen as a constraint on managerial freedom, and it is argued that this constraint comes at the price of decreased productivity. This shows that with time, organizations have come to appreciate use of working committees and their role in the improvement of organization's performance.

Employee Representation byan Elected Colleague atthe Management Board

This question sought to establish whether there existed employee representatives in the board of management. Majority (56.4%) felt that a colleague represented employee body in the decision making organ of the state corporation. Out of these respondents who supported existence of employee representative at the management board, 19.0% strongly agreed and 37.4% agreed. Those with contrary opinion (43.7%) were 20.4% who disagreed, and 23.3% strongly disagreed.In the study by Connoly and McGing (2007) when respondents were asked about staff representation either on the Board or the senior management team, most of the respondents (64, 90 percent) indicated that no such representation existed. However, there were a few notable exceptions. Of the six respondents that answered affirmatively, three indicated that there was representation by the human resources manager; another said it was the personnel manager and the final one said it was the health and safety manager. It is questionable, however, whether employees would consider these positions as representing staff, as both HR and personnel are generally considered as management.

Membership toa Workers' Union

The intention of this question was to find out the level of subscription to workers union in state corporations in Kenya. A great number of respondents (64.7%) indicated that they belonged to workers union, with 17.8% who strongly agreed and 56.9% agreed. A minority (35.3%) did not subscribe to any workers' union. In this category of respondents, 12.1% disagreed and 13.2% strongly disagreed. Summers and Hyman (2005) argued that the Government's negative attitude in the past towards trade unions in

UK meant that traditional collective routes to participation were weakened and management-led efforts were encouraged, especially those directed at communication and task-level decision making, like through team work.. With time the duo noted that the decline in union membership had flattened out, and in some sectors, membership had started increasing.

Workers' Union Influence on Important Decisions inthe Corporation

Respondents' opinion was sought on whether they felt that workers union played a role in influencing important decisions in the state corporations. The result indicated that majority (58.4%) felt that unions played an important role in influencing decisions. Among these, 11.8% strongly agreed and 46.6% agreed. For the minority (41.6%) who felt that unions had no major role to play in decision making, 27.9% disagreed while 13.8% strongly disagreed. According to Freeman and Madoff (1984), unions can have a positive impact on competitiveness by encouraging management to introduce more productive work practices so that they are able to remain competitive despite higher wages. The duo further argued that the quality of the relationship between the unions and management determines whether unions will have a positive or negative impact.This is contrary to Godard (2004) who argued that the effect of unions is ambiguous or negative.

In a survey by Freeman and Rogers (1994), some 71 percent of union members reported their experience with the organization as good or very good; only seven percent considered it bad; and 90 percent would vote to keep the union in a new representation election. Among former union members, however, feelings were less positive, with 24 percent ranking the experience as bad. One-third (32 percent) of non-union employees said they would vote for a union, while 55 percent of nonunion employees said that they would vote against a union, and 13 percent were undecided. Summers and Hyman (2005) suggested that government policy consideration should be given to greater support for union recognition and activity, and for a stronger human rights framework for the protection of vulnerable individuals and groups of employees.

Employee Representation atthe Joint Union/Management Committee.

This question sought to establish whether respondents felt contented with joint management/workers' union committees work in state corporations where such arrangements existed. A majority (70.1%) of total respondents indicated support for joint union-management committee arrangements, with 14.9% who strongly agreed and 55.2% agreed. For those with contrary opinion (29.9%), 24.7% disagreed while 5.2% strongly disagreed. A study by Sherk (2012) however indicated that union membership had fallen because traditional collective bargaining did not appeal to most workers, but workers still wanted a voice in the workplace.Bae et al. (2011) on the other hand argued that employee involvement programs such as Shop floor Committees and Small Group Activities led to an erosion of union bargaining power.Gordard and Frege (2013) carried out a study in USA and concluded thatnon-union representation systems were one and a half times as widespread as was union representation and these new representation systems were rated more favourably by workers. Summers and Hyman (2005) concluded in their study that employers do not necessarily associate union presence with effective employee or organizational performance, regardless of evidence that the most highly performing organizations in the UK recognized trade unions.

Communication of Decisions Made in the Joint Consultative Meetings

The intention of this question was to probe further whether when joint consultative meetings between management and employee representatives take place, parties take the initiative to communicate the decisions of the meetings to the general body of workers. A majority of 68.4 % of respondents felt that the management communicated such decisions in good time. Out of these, 12.1% strongly agreed and 56.3% agreed. A minority (31.6%) held a contrary opinion with 27.6% who disagreed and 4.0% who strongly disagreed. In WRPS survey (Freeman & Rogers, 1994) respondents were asked about the sort of workplace organization they would like to have. Employees preferred joint committees that would work cooperatively with management, but which would have some independence from management, through among other things, employee election of members and outside referees to resolve disagreements.

Representation in Decision Making Organs and Workers' Commitment.

Respondents' opinion was further sought on whether employees who had been represented in decision making organs of the organization would be more committed to the organization compared to those without representation. The result indicated that an overwhelming majority (89.5%) concurred whereby 22.4% strongly agreed and 67.5% agreed. Those of contrary opinion were a paltry 10.1% with 6.0% who disagreed and 4.1% who disagreed strongly. This means that employees in state corporations had a lot of respect for organizations that allowed representation of employees by worker directors or other employee representatives in decision-making organs. Curly et al. (1999) indicate a positive relationship between union and high productivity growth. Evidence presented strongly suggests that combinations of representative and direct forms of participation have the greatest success in securing positive attitude and behavioral changes in employees (Poole, Van de Ven, Dooley&Holmes 2000).

Representation and Enhancement of Workers' Commitment

The intention of this question was to determine respondent's opinion on whether employees who had representatives in decision-making organs are normally more committed to the organization. An overwhelming number (92.8%) concurred, with 22.4% who strongly agreed and 70.4% who agreed. A lesser number of respondent (7.2%) were skeptical, leading to 2.3% disagreeing and 4.9% strongly disagreeing. A study by Summers and Hyman (2005) indicated that Japanese unions had been weakened as a result of Japan's highly-developed employee involvement programs, and that Japanese workers found the representative bodies (Joint Labor-Management Committees and union officials as labor representatives to the committees in particular) do not function as well as the management-controlled programs such as Small Group Activities.

Representation and Enhancement of Employee Morale

This question sought to establish whether employee representation in decision making organs within the organization increases their morale. An overwhelming majority (84.2%) of respondents supported this view with 23.0% who strongly agreed and 61.2% who agreed. On the other hand, only 15.8% felt otherwise, whereby 6.6% disagreed and 9.2% strongly disagreed. Works council is said to improve productivity (Mueller, 2012). They may also serve as a channel for information disclosure and

consultation, as happens with European works councils (Summers & Hyman, 2005).

Representatives' Freedom to Voice Other Workers' Concerns

Respondent's opinion was sought on the powers of workers' representatives in the board of management. The results indicated that 70.2% felt that workers' representatives had freedom to voice the workers' concerns in the board of management. For this case, 25.9% strongly agreed while 44.3% agreed. Those with the opposing view were only 29.9%, whereby 17.8% disagreed and 12.1% strongly disagreed. Gill (2009) argued that in particular, unions have the unique advantage of delivering independent voices that cannot be substituted by management. Unions make a contribution to organization competitiveness. The power of union representative in decision-making organs has been revitalized by the Kenyan constitution which was promulgated in 2010.

Appointment of Workers' Representatives

This question sought to find out whether managements in state corporations appoint representatives of employees in the boards of management. A great number of respondents (67%) indicated that they did. Among these, 23.9% strongly agreed and 47.1% agreed. On the opposing side, was a minority of 23%, with 12.9% who disagreed and 16.1% who strongly disagreed. In the relationship and participation survey, Freeman and Rogers (1994) found that in majority of participation programs, management recruits participated by asking for volunteers (47 percent) or simply picking people (27 percent), rather than by having employees elect or otherwise select their peers. The vast majority of employees (82 percent) believed that if employees, as a group, had more say in how these programs were run they would be more effective than at present.Freeman and Rogers (2006) carried out a work relations and participation survey (WRPS) titled , *What Workers Want,* and noted that American workers wanted more involvement and greater say in their jobs, and they wanted this involvement to take the form of joint committees with management.American workers preferred to elect members of those committees rather than have managers select them. Employees also would prefer cooperative committees to potentially conflict-like organized relationships. A sizable minority of workers wanted to be represented by unions or union-like organizations.

Table 4.4: Summary Table on use of indirect participation schemes in state corporations

	SD	D	A	SA
I am represented in a board of directors by a colleague/worker director	19.5%	23.3%	42.8%	14.4%
A council of elected workers representatives exists in this organization	22.1%	15.5%	35.1%	27.3%
Employees in this organization are represented by an elected colleague at the management board	23.3%	20.4%	37.4%	19.0%
I am member of a workers union	13.2%	12.1%	56.9%	17.8%
The workers' union influences important decisions in this corporation	13.8%	27.9%	46.6%	11.8%
Employees in the organization feel well represented at the joint union/management committee	5.2%	24.7%	55.2%	14.9%
Decisions made in the joint consultative meetings are communicated in good time to employees	4.0%	27.6%	56.3%	12.1%
Having a representative in various decision making organs increases workers' commitment to their work	4.0%	6.0%	67.5%	22.4%
Representation in decision making organs enhances workers' commitment to this organization	4.9%	2.3%	70.4%	22.4%
Representation in various organs increases the morale of employees in this organization	9.2%	6.6%	61.2%	23.0%
Workers' representatives in the board of directors are free to voice the workers' concerns	12.1%	17.8%	44.3	25.9
Workers' representatives in the board of directors are appointed by the Management/CEO	16.1%	12.9%	47.1	23.9

4.3.4 Use of Financial Participation Schemes

Common financial participation plans include profit-sharing, employee share ownership plans, performance related pay, skill-based pay, individual incentive plans for senior officers and various insurance schemes. Respondents were asked to indicate the extent to which they felt that financial participation was utilized in their organizations. Key financial participation schemes analyzed include share of company profits, pension scheme, performance-based pay, insurance scheme, share ownership, and mini-business units.

Involvement In Determination Of Individual Incentives Provided In The Organization

The intention of this question was to find out if individual employees determined what personal incentives they would receive from state corporations' management. The minority (46.6) indicated participation in determining the incentives managements gave them. Among these, 16.1% strongly agreed and 30.5% agreed. The majority, (53.4%) felt otherwise, whereby 41.1% disagreed while 12.4% strongly disagreed.This is mainly a preserve of senior managers who negotiate their terms of service and benefits. However organizations today encourage employees with special skills or those in high demand to negotiate a special package with the management. This can be used as a workers retention strategy by managers. However, for ordinary employees this is uncommon in the public sector.

Annual Benefits fromthe Share of Company Profits

Respondents' opinion was sought on whether the organization shared out annual profits to members of the organization. The result was that the minority (46%) indicated getting some benefits from the share of company profits. Therefore, 11.5% strongly agreed while 34.5% agreed. The majority (54%) indicated that they never received any benefits from the share of company profits. On this, 40.8% disagreed while 13.2% strongly disagreed. Profit sharing schemes ensure that employees benefit from an organization that makes profits. Kruse and Blasi (1997) argued that profit sharing methods can help to build a motivated and committed workforce. Pritchard (2008) explains that these schemes

encourage employees to work as a team rather than individual as the rewards for working together is more than working individually.

Bae et al (2011) in carrying a survey (WRPS) in Japan and later replicated in Korea indicated that financial participation schemes or group incentive pay, Profit Sharing Plans, which link at least a portion of employee pay to a measure of firm-wide performance (such as profit) are extremely widespread among Japanese workers (over 80 percent of workers were under Profit Sharing Plans) whereas the comparable figure for Korea was only 66 percent. Summers and Hyman (2005) cited Bryson and Millward (1997) in a study of employee involvement in small firms which found that a combination of profit sharing and direct employee involvement produced the greatest improvements in company performance.

Determinationofthe Pension Scheme Decisions

This question sought to establish whether members of the organization were involved in the determination of the pension scheme ran by the organization. A paltry (37.9%) of respondents indicated their participation, with 13.2% strongly agreeing and 24.7% agreeing. Majority (59.7%) indicated that 35.6% disagreed while 24.1% strongly disagreed. State corporations in Kenya are free to engage independent social security companies that receive deductions from employees in the corporation and invest or save on behalf of the corporation's managements. Other state corporations run pension schemes on behalf of employees. In both situations, there is need to involve the employee, who is the beneficiary of the pension plan.

Skill or Knowledge-Based Pay besides Regular Salary

Respondents' opinion was sought on whether managements of state corporations considered payment of knowledge-based pay to their subordinates. The result indicated that minority (40.2%) claimed to have received some performance-based pay; with the views distributed as 10.6% strongly agreed while 29.6% agreed. Those who opposed presence of knowledge-based pay in the state corporations were 59.8% having no knowledge of such, with indications that 39.1% disagreed while 20.7% strongly disagreed. Freeman and Rogers (1994) in their survey on worker representation and

participation survey noted that among the areas in which employees said they wanted more influence were: deciding what kinds of benefits are offered, awarding raises for those in the work group, and deciding what training was needed.

Workers Receiving Performance-Related Pay Besides Their Regular Payments

The intention of this question was to investigate whether state corporations provided employees with performance–related pay in order to encourage competition and reward good performers. The result indicated that slightly below half of the respondents (49.5%) indicated presence of performance related pay in their organizations, whereby 10.1% strongly agreed and 39.4% agreed. A slightly larger number of respondents (50.5%) indicated lack of such incentive in their organizations. Among them, 34.2% disagreed while 34.2% strongly disagreed. Morris et al. (2006) found thatindividualized financial schemes on one hand encourage individuals to put extra effort to earn individualized rewards while it also discourages group solidarity on employee.

Membership to Voluntary Group Insurance Scheme inthe Organization

This question sought to establish whether there existed group insurance schemes in state corporations where employees would freely join the scheme. Majority (63.8%) of total respondents supported the availability of such schemes, where 15.5% strongly agreed and 48.3% agreed. Those who did not belong to such schemes were 36.2%, whereby 17.8% disagreed and 18.4% strongly disagreed. Most workers in the public sector in Kenya subscribe to the public health insurance provider, NHIF. In state corporations, members are able to purchase group health insurance policies, which fetch higher benefits. In most cases the amount of benefit depends on an employees grade or the amount of premiums paid regularly to the scheme.

EmployeeOwnership of Company Shares

Respondents' opinion was sought on whether state corporations allowed employees to participate in ownership of company shares. The result indicated that a minority (46.3%) of respondents supported the presence of some form of company share ownership, whereby 12.1% strongly agreed and 34.2% agreed. Respondents who held contrary

opinion were 53.7% whereby 29.6% disagreed and 24.1% strongly disagreed with the statement. Summers & Hyman (2005) stated that one of the common financial participation schemes in modern world was the share ownership, where the employees became owners of some part of the company through acquisition of shares. It means that employees had shareholder's right. Owning company shares made the employees more motivated and committed as the loss or the profit directly had an impact on them. One in every five employees in UK companies owned shares of their company. As Kruse (1984) (cited by Summers and Hyman, 2005) found out, ownership alone was unlikely to be enough to produce or maintain attitude changes; participation in decision making is instrumental. They found that the more ESOP employees were satisfied, the more the ESOP was committed to industrial democracy

Satisfaction with Rewards for Good Performance.

The intention of this question was to find out the level of satisfaction on employee motivation in the state corporations. The minority (37.3%) indicated that they were happy with how state corporations rewarded their performers. Among these, 19.8% strongly agreed and 17.5% agreed. Majority of respondents (62.7%) indicated that they were not satisfied with how their organizations rewarded best performers, whereby 39.4% disagreed while 23.3% strongly disagreed.The Motivation/hygiene factor theory can best explain these results.It advises managements to study and identify factors that truly motivate their workers. Managers may provide some incentives in the hope that they motivate workers better, only to learn later that individual workers are motivated by a different set of incentives.

Employee Involvement in Management of Mini-Business Units

Respondents' opinion was sought on whether employees were involved in mini-business ventures, or whether such ventures existed in the organization. The result indicated that fewer respondents (36.5%) were in agreement, whereby 14.9% strongly agreed and 21.6% agreed. Those who held contrary opinion were 63.5% whereby 33.3% disagreed while 30.2% strongly disagreed. Mini-business units develop in workers a strong entrepreneurial initiative and can therefore be an excellent means to improve the financial performance of the individual and the organization. The fact that there is a small number

of organizations that appreciate mini-business units help to explain why workers in the public sector are not eager to leave employment and join the private sector.Having many workers in the public sector getting exposed to entrepreneurship will in the long run help in enhanced job creation.

Communication of Organizational Financial Performance by Management

This question sought to establish whether state corporations took the initiative to explain or announce to their members the annual performance of the organizations. Majority (61.8%) of total respondents supported the presence of such communication in their state corporations, where 13.5% strongly agreed and 48.3% agreed. Contrary opinion was expressed by 37.3% of respondents whereby 16.7% disagreed and 21.6% strongly disagreed.Most of this information is also available to the public; especially because it is mandatory for some categories of corporations to publish annual financial performance results in well-circulated dailies and any other appropriate media.

Sharing Of Profits and Productivity inthe Organization

Respondents' opinion was sought on whether availability of sharing of company profits would eventually make employees in state corporations more industrious in the organization. The result indicated that only 39.4% held the view that sharing of profits would improve performance. Among these, 12.1% strongly agreed while 27.3% agreed. The majority of respondents, 60.6%, felt that availability of profit-sharing schemes in the organization would not make employees more effective. Among them 26.7% disagreed while 33.9% strongly disagreed. Morris et al (2006) concluded in their study that union members in UK were unenthusiastic about financial participation schemes, especially the profit sharing scheme. The study concluded that since majority of organizations in UK were owned by large shareholders, the employees could not exhibit high degree of organizational commitment because they did not feel part of the organization. Expectancy theory notes that employees expend more efforts if they are convinced that more efforts will yield achievement of set goals and provide certain rewards to individuals.

Table 4.5:Summary of responses on financial participation

	SD	D	A	SA
I am involved in the determination of my individual incentives provided in the organization	12.4%	41.1%	30.5%	16.1%
I benefit in the share of the company profits in this organization every year	13.2%	40.8%	34.5%	11.5%
I participate in determining the pension scheme decisions made in the organization	24.1%	35.6%	24.7%	15.5%
Workers in this organization receive skills/knowledge based pay besides their regular salary	20.7%	39.1%	29.6%	10.6%
Workers in this organization receive performance-related pay besides their regular payments	16.4%	34.2%	39.4%	10.1%
I am a member of a voluntary group insurance scheme in the organization	18.4%	17.8%	48.3%	15.5%
Employees in this organization are allowed to own company shares	24.1%	29.6%	34.2%	12.1%
I am satisfied with how this organization rewards workers who perform well	23.3%	39.4%	17.5%	19.8%
Employees in this organization are involved in management of mini-business units/profit sharing ventures	30.2%	33.3%	21.6%	14.9%
Workers are informed on organizational financial performance by management	21.6%	16.7%	48.3%	13.5%
Sharing of profits among employees makes me more productive in this organization	33.9%	26.7%	27.3%	12.1%

In summary, fewer respondents indicated agreement with the 11 items on the use of financial participation schemes in state corporations(32.35% agree and 13.4% strongly agree). Financial participation is one of the best direct and tangible forms of employee

involvement. It gives the employee an opportunity to be part of the financial success or failure of the organization. This encourages the employee to show greater commitment and encourage him to take more responsibility. It is argued that a financial stake gives employees increased enthusiasm for the success of the organization. In its most developed form, employee share ownership means that employees become significant shareholders in the business or even their own employer (Judge &Gennard, 2005).These findings corroborate the expectancy theory, which states that motivating workers through some form of incentives leads to change of attitude and increased performance in the organization.

4.4 Employee Attitude

Employee attitude in this study was used as an intervening/mediating variable. It mediated between use of participation schemes and organizational performance. An intervening variable is one that is affected by another variable and in turn it has a causal impact on another variable. Taking an intervening variable into account often facilitates the understanding of the relationship between two variables (Bryman& Bell, 2009). A crucial assumption in the management literature is that participation can effect changes in employee attitudes and behaviour, thus improving company performance (Summers & Hyman, 2005).

This section sought to find out the opinion of respondents on their attitude towards their work and organizations. Employee attitude formed the mediating or intervening variable, which was expected to play an influential role on the relationship between use of employee participation schemes (independent) and organizational performance (dependent variable). Two major measures of employee attitude discussed in this study are employee satisfaction and commitment.

Perception of Job Security inthe Organization

Majority of respondents (76.8%) believed they had job security in their state corporations whereby 19.0% strongly agreed and 57.8% agreed. Those with contrary opinion were in the minority (23.3%) with figures showing that 23.3% disagreed and none strongly disagreed. This sense of job security partly explains why workers in state corporations are

considered relatively more satisfied with their jobs in comparison with other public sectors, as well as private sector. Baek&Shim(2010) explain that psychological empowerment significantly affects the level of employee organizational commitment. Castro et al.(2008) supported this effect of psychological empowerment and concluded that there is a powerful positive relationship between psychological empowerment and job satisfaction.

Communication of Organization's Policies

Respondents' opinion was sought on whether company policies were well communicated to workers in state corporations by the management. The result indicated that 79.3% felt that managements in state corporations communicated organization's policies well. Among these, 20.7% strongly agreed while 58.6% agreed. Those who had a contrary opinion were a minority of 20.7% whereby 18.7% disagreed while only 2.0% of respondents strongly disagreed. Policies used in state corporations are to a large extent uniform and emanate from the parent ministry, making it easier to access and use them uniformly.

Use of Employee's Skills and Abilities

This question sought to establish whether the jobs respondents carried out in their organizations made good use of the skills and other abilities that employees possessed. An overwhelming majority (85.3%) of respondents supported the statement, where 28.7% strongly agreed and 56.6% agreed. Only a paltry 14.6% felt that their skills were not properly utilized by the employer. These included 12.6% who disagreed and 2.0% who strongly disagreed. Robbins & Judge (2009) noted that employee's skill and ability can influence their level of job satisfaction and performance. Workers who are highly competent tend to have higher levels of job satisfaction compared with their less skilled colleagues.

Satisfaction with Benefits Package Offered in the Organization

The intention of this question was to check the respondents' level of satisfaction in regard to various benefits packages offered in the organization. Majority of respondents (68.7%) felt satisfied with the benefits package they received where 21.0% strongly agreed and

47.7% agreed. Those who opposed (31.4%) were the minority. The result being that 21.3% disagreed while 10.1% strongly disagreed. According to Adsit (1996), Tornow and Wiley (1990) studied relationships between customer satisfaction, employee attitudes, and organizational performance in a large, multinational computer organization. They found that employee satisfaction with pay and benefits consistently showed negative relationships with organizational performance indicators, suggesting that these elements of job satisfaction were less reflective of management practices that deal with organizational success. In the study *Transformational Leadership and Followers' Attitude*, Castro et al. (2008) indicated that workers overall job participation and their satisfaction with pay were higher in organizations where they could voice their views through meetings with the employer, independent of unionization.

Employees Enjoyment Of Their Jobs

Respondents' opinion was sought on whether they enjoyed doing the jobs they did in their organizations. The result indicated that majority (78.2%) were happy working in their jobs, where 23.3% strongly agreed and 54.9% agreed. The minority (21.9%) had opposing views where 14.4% disagreed and 7.5% strongly disagreed.Workers in the public sector generally enjoy working in the sector because of job security, and sometimes due to political patronage. This in turn helps to improve retention rates in the organization.An employee with more productive job or career is likely to become more productive, motivated and reliable (Burns & Burns,2008).

Satisfaction with Pay forthe Work Employees Do

The intention of this question was to investigate whether respondents were contented with the pay offered in state corporations. Majority (72.7%) indicated that they received fair pay, where 12.4% strongly agreed and 60.3% agreed. Those in the minority, 27.3%, indicated they did not feel that their employer offered them a fair pay. Among these, 17.2% disagreed while 10.1% strongly disagreed. This was expected because state corporations' staff normally negotiate their pay with government and in most cases end up getting better remuneration compared to their counterparts in mainstream civil service. Equity theory recommends that managements take the initiative to create an environment

of fairness in remuneration of all workers.Where there is skewed fairness,the situation is likely to generate disaffection among workers.

Employee Satisfactionwith Their Jobs

Respondents' opinion was sought on whether they felt happy working for their employer and if the jobs they did gave them satisfaction. Majority (77.3%) indicated contentment with the jobs they did, whereby 21.6% strongly agreed and 55.7% agreed. Those with contrary opinion (22.7%) indicated that 20.7% disagreed while 2.0% strongly disagreed.

Respondents' Level of Job Interest

The intention of this question was to investigate whether compared to an average worker, the respondent was better off in terms of performance. An overwhelming majority (82%) rated themselves highly where 24.1% strongly agreed and 57.8% agreed. Respondents who had contrary opinion indicated that 18.1% disagreed and none of the respondents strongly disagreed. Workers develop higher levels of job satisfaction if they are assigned jobs that they find interesting. Performance appraisal reports in organizations should therefore inform the management worker's job interest and guide in re-aligning suitable assignments to them.

Workers Level Of Effort To Make The Organization Succeed

This question sought to establish whether respondents were more committed to their jobs and beyond the expectation in order to make their organization achieve organizational goals. An overwhelming majority (88%) of respondents supported the statement where 23.3% strongly agreed and 64.7% agreed. A minority of 12% indicated otherwise with 8.0% who disagreed and 4.0% who strongly disagreed. Wang et al. (2011) found out that individuals with a high level of Organizational Commitment (OC) will have lower turnover intentions both in State-Owned Enterprises (SOEs) and Private Enterprises (PEs).

Publicityofthe Organization to Friends

This question aimed to establish whether respondents were eager to publicize their organization to the outside world. Majority (85.4%) indicated that they talked highly of

their organizations, where 19.0% strongly agreed and 66.4% agreed. A minority (14.6%) indicated that they did not talk highly of their employer to their friends. Among these, 11.5% disagreed 3.2% strongly disagreed. It is important to encourage all members of the organization to market the organization to the public.It is however more prudent if the behavior of workers in such organizations acted as role models.This would endear more customers to the organization's products and services.

Recommendation of the Organization asa Good Workplace.

Respondents' opinion was further sought on whether they would recommend their organization as a good place for job seekers. The result indicated that an overwhelming majority (91.7%) would do it, whereby 25.3% strongly agreed while 66.4% agreed. A paltry number of respondents had a contrary opinion where 8.3% disagreed, no one strongly disagreed.The study indicates that workers in state corporations are proud of their organizations.This implies increased organizational citizenship behavior (OCB). Increased commitment influences behaviors such as turnover, performance, and perhaps citizenship (Cohen, 2006).Supportive model suggests that it is the duty of managements to create a conducive environment in the workplace in order to increase retention levels and also make workers more productive.

Acceptance of Any Type of Job to Keep Working forthe Organization

This question sought to establish whether the love for the organizations would make respondents accept any type of job or assignment in the organization, just to remain in the organization. Majority (72.9%) of respondents felt they would do as much in order to remain working for the organization. Among them, 26.1% strongly agreed while 46.8% agreed. The minority (27.1%) thought otherwise, whereby 21.3% disagreed and 5.7% strongly disagreed.This result indicates a goodwill for organizations to retain staff.This comes from increased levels of job satisfaction. Organ (1988) revealed that job satisfaction had a better influence on employee performance, comprising job performance and OCB.

Appreciation of Workers' Service and Contributions

Respondents' opinion was sought on whether they felt that workers efforts in the state corporations were appreciated by the managements. Majority (74.4%) supported this statement where 11.5% strongly agreed and 62.9% agreed. Those who held contrary views (25.6%) were the minority where 18.4% disagreed, 7.2% strongly disagreed. State corporations in Kenya have attractive reward strategies like end of year bonus that is shared out to employees. The amount to give out as bonus is mainly determined by the level of profits made during the year. This is therefore one way of appreciating workers in state corporations, a practice that is more common with private companies.

Respondent's Intention to Continue Working For The Organization

The intention of this question was to find out whether state corporations were attractive to employees and were able to retain them. An overwhelming majority of respondents (88.6%) indicated that they intended to continue working for the state corporation for as long as five more years. Among them, 14.7% strongly agreed and 73.9% agreed. For the minority with opposing views, (a paltry 11.5%), 8.3% disagreed and another 3.2% strongly disagreed. This shows that state corporations do not have a major problem in retention of existing employees.

Willingness to Put In More Hours than Ordinary Working Hours In A Day

Respondents' opinion was sought on whether organization members worked longer than ordinary working hours in order to help meet the goals of their organization. The result indicated that majority of respondents (61.2%) felt that workers in their organization worked longer hours in an effort to make their organization succeed. Among them, 15.8% strongly agreed while 45.4% agreed. The minority (38.8%) felt that employees in their organizations did not work for longer hours, whereby 27.6% disagreed while 11.2% strongly disagreed. Tornow and Wiley (1990) studied relationships between customer satisfaction, employee attitudes, and organizational performance in a large, multinational computer organization. They found that employees' perceptions of their organization's culture for success consistently showed positive relationships with organizational performance measures.

Table 4.6: Summary of Response Items of Employee Attitude

	SD	D	A	SA
	Row N	Row N	Row N	Row N
Job promotions in this organization are fair	14.1%	24.4%	48.0%	13.5%
I feel I have job security in this organization	.0%	23.3%	57.8%	19.0%
This organization's policies are well communicated	2.0%	18.7%	58.6%	20.7%
My job makes good of my skills and abilities	2.0%	12.6%	56.6%	28.7%
Compared to other organizations in this country i am satisfied with our benefits package	10.1%	21.3%	47.7%	21.0%
I feel real enjoyment in my job	7.5%	14.4%	54.9%	23.3%
I am paid fairly for the work I do	10.1%	17.2%	60.3%	12.4%
I am fairly satisfied with my job	2.0%	20.7%	55.7%	21.6%
I like my job better than an average worker	.0%	18.1%	57.8%	24.1%
Workers here put a great deal of effort beyond the normally expected in order to make the organization succeed	4.0%	8.0%	64.7%	23.3%
I talk highly of this organization to my friends	3.2%	11.5%	66.4%	19.0%
I would proudly recommend this organization as a good place to work; to a friend or relative	.0%	8.3%	66.4%	25.3%
I would accept almost any type of job assignment in order to keep working for this organization	5.7%	21.3%	46.8%	26.1%
Workers' service to the company and the contributions that they make are appreciated	7.2%	18.4%	62.9%	11.5%
I intend to work for this organization for the next five years	3.2%	8.3%	73.9%	14.7%
Employees in this organization put in more hours than ordinary working hours in a day	11.2%	27.6%	45.4%	15.8%

4.5 Organizational Performance

This section analyzes the responses of state corporation employees regarding organizational performance. Performance standards form the observable behaviors and actions which explain how the job is done and communicates expectation or the result expected for satisfactory job performance (Bass, 1995). According to Karanja (2011), performance standards measure profitability, productivity, quality (accuracy, appearance, usefulness or effectiveness), quantity (volume of work done), timeliness (how, when and what date work is done) and cost effectiveness (reducing wastage, reducing cost and reducing time).

Cotora (2007) argued that it is not possible for a performance measurement system to measure corporate performance or to analyze the pattern of value creation without identifying the inter-relationships and the conversion process among situations, contexts, and intangible values such as knowledge, competencies, and partnerships. According to CIPD (2009), when defining firm performance, it is important to consider a wide variety of potential organizational performance measures. Various forms of performance measurement are considered in the 13 items discussed in this section.

The Organization's Profits and Progress.

This question sought to establish whether respondents thought the organization made progress or was profitable in the previous year. Majority of respondents (67.7%) were of the opinion that their organizations had made significant progress, where 11.2% strongly agreed and 55.5% agreed. The minority (32.3%) were of a contrary opinion, whereby 29.6% disagreed while 3.7% strongly disagreed. Fliaster (2004) argued that the strong orientation of the executive culture towards short-term financial performance measures and its ignorance of people issues are supported by existing remuneration systems. This implied that financial measures that were based on traditional accounting practices, with an emphasis on short-term indicators such as profit, turnover, cash flow and share prices, were not fully suitable for measuring corporate performance. Some studies argue that non-financial measures such as customers, investors, and stakeholders have become increasingly important (Edvinsson, 1997; Lee et al., 2005; Kruse &Blasi, 1997)

Availability of Programs to Support Employee Continuous Improvement

Respondents' opinion was sought on whether state corporations had established continuous improvement programs to enhance performance. The result indicated that majority (66.1%) felt their organizations had such programs, whereby 12.4% strongly agreed and 53.7% agreed. Respondents who held contrary opinions (35.9%) had 24.4% who disagreed while 9.5% strongly disagreed.Human resource policies that encourage employer involvement aim at providing employees with opportunities to have an input in decisions and the means to acquire appropriate skills(Blinder,1990).This kind of exposure enhances continuous improvement in the organization. Managements should therefore ensure that members of their organizations are congruent with competitive strategy; both financial and non financial strategies, and provide direction and support for continuous improvement (Ben Ner& Jones, 1995).

Communication of Individuals' Performance

This question sought to establish whether state corporations took initiative to communicate to workers about their annual performance. Majority (60.6%) of respondents supported this where 13.5% strongly agreed and 47.1% agreed. Of contrary opinion were 39.4% of the respondents whereby 28.7% disagreed and 10.6% strongly disagreed.Studies have recommended that organizations should provide support in order to identify tendencies and progress in performance; be intelligible to majority of employees; communicate level of performance real time and regularly; be dynamic; induce employee performance; induce attitude and evaluate group performance instead of individual performance.

Satisfaction with the Organization's Performance

The intention of this question was to seek the opinion of the respondents regarding the performance of their organization. Majority of the respondents (67.8%) indicated they were satisfied with the performance of their organization within a period of three years, where 11.8% strongly agreed and 56.0% agreed. The minority (32.2%) felt that the performance of their organizations was unsatisfactory, where 29.3% disagreed while 2.9% strongly disagreed. In the survey by Freeman and Rogers (1994), most employees

wanted more influence or decision-making power in their job, and believed this would improve company productivity as well as their working lives. In their survey, Sixty-three percent of employees said they wanted more influence, compared to 35 percent who were content with things as they were.

Employee and General Performance ofthe Organization

Respondents' opinion was sought on whether employees played a significant role in the general performance of the organization. The result indicated that 83.1% of respondents felt that their individual performance made significant contribution to the overall performance of the organization. This included 17.0% who strongly agreed and 66.1% who agreed. Those who held contrary opinion (17%) indicated that 14.7% disagreed and 2.3% strongly disagreed. The result shows the importance of harmonizing individual and organizational goals for excellent performance. Where there is great disparity between the two, performances must suffer because implementation of plans is done haphazardly.

Employee Participation in Decision Making and Productivity

This question sought to establish respondent's opinion on employee participation in organizational decision making. Majority (83.1%) had the opinion that employees who were involved in strategic decision making were more productive in the organization. 21.3% of respondents strongly agreed while 61.8% agreed. Some respondents (16.9%) had a contrary opinion where 13.8% disagreed while 3.2% strongly disagreed with this statement. CIPD (2009) argued that employers want engaged employees because they deliver improved business performance.

Organization's Service Provision and Customer Expectations

The intention of this question was to get the respondents' opinion on the ability of service provision by state corporations in meeting customer expectations. Majority (62.1%) had the opinion that their organizations provided services that exceeded customer expectations. Among these, 12.1% strongly agreed and 50.0% agreed. 37.9% had an opposed view whereby 27.3% disagreed and 10.6% strongly disagreed. Summers and

Hyman (2005) used levels of productivity, reduction in company costs, customer satisfaction and equality in decision making as performance variables or parameters.

Freedom to Make Work-Related Decisions

Respondents' opinion was sought on whether managements of state corporations allowed employees to make certain work-related decisions. The result indicated that majority (65.5%) of respondents agreed that their managements did, whereby 11.5% strongly agreed and 54.0% agreed. Fewer respondents (34.5%) were of a contrary opinion, indicating that their managements did not give employees opportunity to exercise some autonomy in their work units. Among them, 25.3% disagreed while 9.2% strongly disagreed. Team working is assumed to influence organizational employee discretion and empowerment in decision making (Lawler, et al. 1992;

The Organization's Ability To Accomplish Its Goals

The intention of this question was to seek the opinion of the respondent on ability of state corporations to achieve their planned goals. Majority of respondents (65.5%) opined that their organizations regularly accomplished their goals. Among these, 13.2% strongly agreed while 52.3% agreed. A smaller proportion of respondents (34.5%) disagreed, meaning they felt their organizations were not regularly accomplishing their goals.

Employee Personal Goals' Agreement With The Goals Of The Organization

This question sought to establish whether personal goals directly agree with those of the organization among members of state corporations in Kenya. 70.1% of respondents supported this view where 9.8% strongly agreed and 60.3% agreed. Fewer respondents (35.9%) had a contrary opinion where 23.0% disagreed while 6.9% strongly disagreed. When personal goals correlate with organizational goals, the employee tend to yield a lot of personal and job satisfaction. Alper(2008) noted that satisfied employees tend to be more productive, creative and committed to their employers.

The Organization's Level of Efficiency

Respondents' opinion was sought on whether their organizations were efficient in accomplishing planned tasks. The result indicated that majority (73.6%) found their organizations to be efficient. Among them, 13.8% strongly agreed while 59.8% agreed. Those who held contrary opinion were 26.4% whereby 25.3% disagreed while a paltry 1.1% strongly disagreed. Gonzalez (2009) noted that employee participation increases efficiency of an organization in two ways: increasing workers productivity and increasing the capacity of an organization to respond quickly to changes in the environment.

Table 4.7: Summary of items in organizational performance

	SD	D	A	SA
My organization made good progress last year	3.7%	29.6%	55.5%	11.2%
This organization has a program that supports employees to have continuous improvement	9.5%	24.4%	53.7%	12.4%
My personal goals directly agree with the goals of the organization	6.9%	23.0%	60.3%	9.8%
My organization gets things done on time	1.1%	25.3%	59.8%	13.8%
Individual's performance for last year was communicated to workers	10.6%	28.7%	47.1%	13.5%
I am satisfied with the organization's performance in the last 3 year period	2.9%	29.3%	56.0%	11.8%
My performance has significantly contributed to the general performance of the organization	2.3%	14.7%	66.1%	17.0%
When employees in this organization participate in decision making, they feel more productive	3.2%	13.8%	61.8%	21.3%
Our service exceeds customer expectations	10.6%	27.3%	50.0%	12.1%
The management of this organization is flexible; allows employees some freedom to make certain work-related decisions	9.2%	25.3%	54.0%	11.5%
This organization regularly accomplishes its goals	.9%	33.6%	52.3%	13.2%

Respondents' verdict on organization's performance rating for the last 3 years indicated the response as follows; Excellent: 4.0%; Very good: 45.5%; Good: 40.2%; Fair 8.3%; Don't know: 2.0%. Allen et al. (2008) considers firm performance relative to the competition from multiple organizational perspectives including quality, productivity, market share, profitability, return on equity, and overall firm performance.

4.6 Reliability Test

The study set out to find the reliability coefficient of all the items in the instrument. In order to measure the reliability for a set of two or more constructs, Cronbach Alpha is used. CronbachAlpha is a commonly used method where alpha coefficient values range between 0 and 1 with higher values indicating higher reliability among the indicators (Hair et al., 1998;Rahman et al, 2011).

Data collected on individual-based participation schemes was subjected to a reliability test. The Cronbach Alpha of the 13 items was established to be .874. This means that there was a high degree of reliability of study instrument and data. Thus, the Cronbach Alpha for this case surpassed the minimum reliability coefficient of .70 as recommended by Burns and Burns (2008). The results indicated that use of direct individual-based participation schemes (an independent variable) had 13 items that were considered and the variable met the threshold, having a Cronbach Alpha of 0.874.Data on use of direct team-based participation schemes was subjected to a reliability test. The Cronbach Alpha for the 10 items of this independent variable was established to be .928, meaning there was a high degree of reliability of study instrument and data collected. Cronbach Alpha was above the minimum acceptable reliability coefficient (0.70).

Reliability test results for indirect participation indicated that use of indirect participation schemes (an independent variable) had 11 items that were considered and the variable met the threshold, having a Cronbach Alpha of 0.844.Reliability test results for financial participation indicated that use of financial participation schemes (an independent variable) had 11 items that were considered and the variable met the threshold, having a Cronbach Alpha of 0.902.Data on employee attitude was subjected to reliability test. The Cronbach Alpha for 15 items of employee attitude (the mediating variable) was established to be .855. This means that the Cronbach Alpha was above the minimum

acceptable reliability coefficient of .70. Reliability test results indicated that the dependent variable (organizational performance) had 11 items that were considered and the variable met the threshold, having a Cronbach Alpha of 0.839.This means that all the items in the study variables met the threshold since they were above the minimum acceptable reliability coefficient of .70 (cronbach Alpha).

Table 4.8: Summary of Reliability Test Results

Variable	No. of Items	Cronbach Alpha
Direct individualized participation	**13**	**.874**
Direct Team-based participation	**10**	**.928**
Indirect participation	**11**	**.844**
Financial participation	**11**	**.902**
Employee Attitude	**15**	**.885**
Performance of state corporations	**11**	**.839**

4.7 Factor Analysis:Construct Validity Test

Data collected was subjected to factor analysis. Factor analysis is a complex algebraic method for determining the general dimensions or factors that exist within a set of concrete observations. A computer is used to perform this complex operation, which is done through the generation of artificial dimensions that correlate highly with several of other variables that are independent of one another (Babbie, 2010). The results obtained from 348 respondents were analyzed and the results are explained in this section. Applying SPSS, the principal component analysis (PCA) was carried out to explore the underlying factors associated with various items. The construct validity was tested through the Kaiser-Mayer-Olkin Measure of sampling adequacy. The Kaiser-Mayer-Olkin measures of sampling adequacy (KMO) were first computed to determine the suitability of using factor analysis. The value of KMO varies from 0 to 1, and KMO overall should be 0.60 or higher in order to perform factor analysis (Rahman,Hussain&Haque, 2011).

Factor analysis was administered on the data collected on use of direct individual-based participation schemes. All items of the variable had a factor loading of more than .33 and

were therefore qualified for further statistical analysis of data. Kothari (2004) indicated that a threshold of more than .33 factor loading was the minimum that should be considered for further statistical analysis of the item, otherwise items with factor loading of less than .33 should be excluded from further statistical analysis. A factor analysis was carried out on the use of team-based participation in state corporations in Kenya. All items of the variable had a factor loading of more than .33 and were therefore qualified for further statistical analysis of data.

The results obtained from 348 respondents were analyzed and the results are explained in this section. Applying SPSS, the principal component analysis (PCA) was carried out to explore the underlying factors associated with the 11 items. A factor analysis was carried out on the use of indirect participation in state corporations in Kenya. All items of the variable had a factor loading of more than .33 and were therefore qualified for further statistical analysis of data.

A factor analysis was carried out on the use of financial participation in state corporations in Kenya. All the 11 items of the variable had a factor loading of more than .33 and were therefore qualified for further statistical analysis of data.The study sought to find out whether employee attitude was able to mediate between the independent variables and performance of state corporations. Factor analysis was done on items of employee attitude. Fifteen factors (items) registered a threshold above .33, and were therefore considered for further statistical analysis. One item (job promotions in this organization are fair) was dropped for not meeting the threshold. It had a factor loading of .315.A factor analysis was carried out on performance of state corporations in Kenya. All items of the variable had a factor loading of more than .33 and were therefore qualified for further statistical analysis of data. The factor loadings are presented on Table 4.9.

Table 4.9: Summary of Factor Analysis Test Results

Items of study variables	Factor Threshold
Use of Direct Individualized participation schemes	
The management in this organization implements suggestions made by employees	.786
Employees are given feedback after giving suggestions	.754
I have the autonomy to determine how my work is to be done in this organization	.706
My manager encourages me to influence what goes on in my unit/department	.702
The corporation communicates internal information in a timely and honest fashion	.695
I participate in selecting tools, equipment and materials for my job/unit	.670
My manager gives feedback honestly to me	.603
Employees regularly use suggestion boxes/systems in this organization	.597
My manager openly and effectively discusses employee career development with individual employees	.583
I regularly discuss my work progress with my supervisor	.569
My service to this state corporation and the contributions that I have made are appreciated	.564
I participate in determining my work schedule and work plans	.509
I have participated in employee attitude survey in this organization within the last 3 years	.464
Use of team-based direct participation Schemes	
I participate in setting group or departmental policies	.880
I am an active member of a semi-autonomous work group in the organization	.857
The management holds meetings in which I can express my views about what is happening in the organization	.835
I am a member of quality management work team in my	.833

department/division	
Workers general meetings in this corporation are held regularly	.827
My head of department encourages me to work closely with other members of a team to achieve a common goal or results/ target	.814
I am a member of a problem-solving team in the organization	.718
I participate in the planning of the departmental budget	.713
My work requires me to work closely with other members of a team to achieve a common goal or target	.698
I participate in strategic management meetings	.642
use of indirect participation schemes	
Employees in the organization feel well represented at the joint union/management committee	.769
Workers' representatives in the board of directors are free to voice the workers' concerns	.758
Representation in various organs increases the morale of employees in this organization	.699
Having a representative in various decision making organs increases workers' commitment to their work	.693
Representation in decision making organs enhances workers' commitment to this organization	.649
Workers' representatives in the board of directors are appointed by the Management/CEO	.634
A council of elected workers representatives exists in this organization	.633
Decisions made in the joint consultative meetings are communicated in good time to employees	.627
The workers' union influences important decisions in this corporation	.623
Employees in this organization are represented by an elected colleague at the management board	.465
I am member of a workers union	.360
Financial participation	
I am satisfied with how this organization rewards workers who perform well	.857

I participate in determining the pension scheme decisions made in the organization	.793
Sharing of profits among employees makes me more productive in this organization	.760
Workers are informed on organizational financial performance by management	.716
Employees in this organization are involved in management of mini-business units/profit sharing ventures	.698
Employees in this organization are allowed to own company shares	.697
I am involved in the determination of my individual incentives provided in the organization	.691
Workers in this organization receive skills/knowledge based pay besides their regular salary	.682
I am a member of a voluntary group insurance scheme in the organization	.680
Workers in this organization receive performance-related pay besides their regular payments	.674
I benefit in the share of the company profits in this organization every year	.538
Employee Attitude	
I like my job better than an average worker	.801
Compared to other organizations in this country I am satisfied with our benefits package	.738
I feel real enjoyment in my job	.698
I am fairly satisfied with my job	.680
I talk highly of this organization to my friends	.657
I would accept almost any type of job assignment in order to keep working for this organization	.648
Workers here put a great deal of effort beyond the normally expected in order to make the organization succeed	.644
I would proudly recommend this organization as a good place to work; to a friend or relative	.643

I am paid fairly for the work i do	.638
I intend to work for this organization for the next five years	.612
Employees in this organization put in more hours than ordinary working hours in a day	.592
Workers' service to the company and the contributions that they make are appreciated	.554
My job makes good of my skills and abilities	.553
This organization's policies are well communicated	476
I feel I have job security in this organization	.350
Organizational performance	
My organization gets things done on time	.805
I am satisfied with the organization's performance in the last 3 year period	.763
This organization regularly accomplishes its goals	.761
Our service exceeds customer expectations	.758
This organization has a program that supports employees to have continuous improvement	.722
My personal goals directly agree with the goals of the organization	.647
The management of this organization is flexible; allows employees some freedom to make certain work-related decisions	.629
My organization made good profits /surplus last year	.560
Individual's performance for last year was communicated to workers	.543
When employees in this organization participate in decision making, they feel more productive	.470
My performance has significantly contributed to the general performance of the organization	409
My organization's performance rating in the last year was impressive	.408

Extraction Method: Principal Component Analysis.

4.8 Correlation Coefficient Test

Correlation is the degree of correspondence between variables. Correlation coefficient is a numerical index which expresses the degree or magnitude of the relationship (Burns &

Burns, 2008). A correlation coefficient indicates both the direction and the strength of relationship between two variables. 348 pairs of scores were used to obtain the correlation coefficient.

4.8.1 Correlation To Determine Relationship Between Use Of Direct Individual-Based Participation Schemes And Organization Performance.

Pearson correlation was computed to determine if there was any significant relationship between use of direct individual-based participation schemes and organizational performance as independent and dependent variable respectively. A scatter plot was used to present the data collected on the use of direct individual-based participation versus performance of state corporations as independent and dependent variables respectively. A scatter plot gives a good visual picture of the relationships between two variables and aids in the interpretation of the correlation coefficient or regression model.

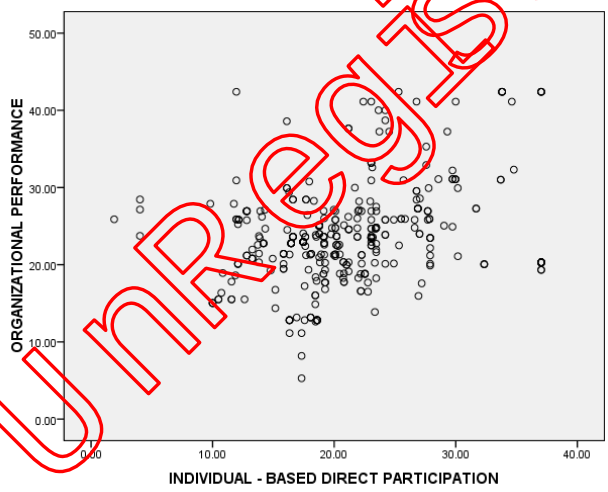

Figure4.3: Direct Individual Based Participation and Organizational Performance

Use of direct individual-based participation schemes versus performance of state corporations was computed as presented in figure.4.3. The correlation between use of direct individual-based participation schemes and organization's performance was found to be +.341. This is significant at .01 level. It could therefore be concluded that there is a positive correlation between the two variables although the results belong to the low

correlation category; according to Burns and Burns (2008). Hence the use of direct individualized participation schemes has positive significant relationship with the performance of state corporations at 99% confidence level because the P-value for the Pearson correlation coefficient was .000, which is less than 0.01.

4.8.2 Correlation between Use of Direct Team-Based Participation and Organization's Performance

Pearson correlation was computed to determine if there was any significant relationship between use of direct team-based participation schemes and organization's performance.

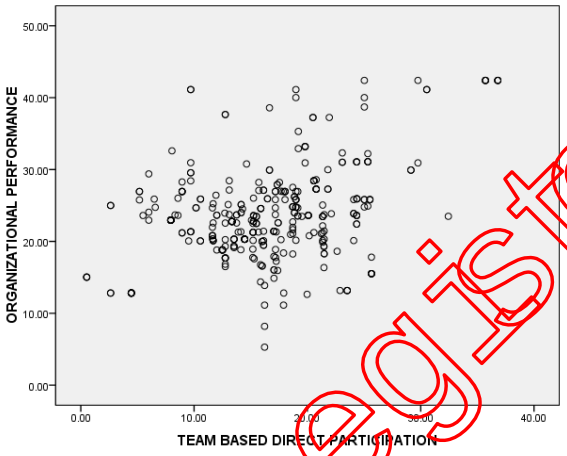

Figure 4.4: Scatter graph showing relationship between direct team based participation and organization's performance

Use of direct team-based participation schemes versus performance of state corporations was computed as illustrated in Figure 4.4. In the study, 348 pairs of scores were used to obtain the correlation coefficient. The correlation between use of direct team-based participation schemes and organization's performance was found to be +.429. This is significant at .01 level. It could therefore be concluded that there is a moderate positive correlation between the two variables because the results belong to the moderate category according to Burns and Burns (2008). Hence the use of direct team-based participation schemes significantly correlates with the performance of state corporations at 99% confidence level because the P-value for the Pearson correlation coefficient was .000, which is less than 0.01.

4.8.3 Correlations between indirect participation schemes and organization's performance

Pearson correlation was computed to determine if there was any significant relationship between use of indirect employee participation schemes and organization's performance.

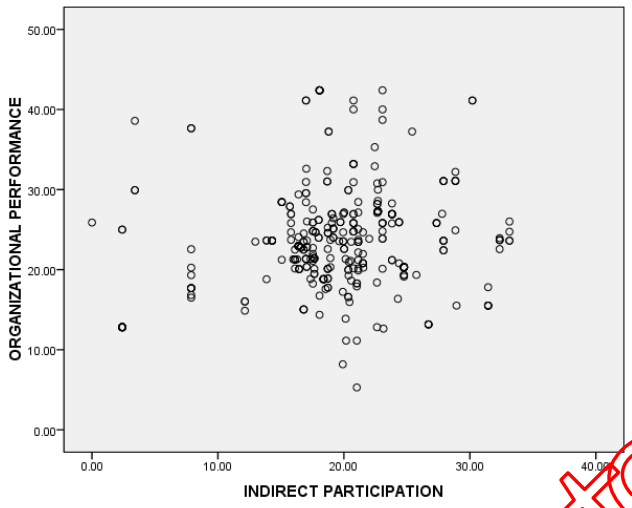

Figure4.5: Scatter Plot Showing Relationship between Indirect Participation and Organization's Performance

The correlation between use of indirect participation schemes and organization's performance was found to be +.143. This is significant at .01 level, although the relationship is weak. Cohen (1988) recommended that a correlation coefficient sizes: .10 for a small effect size, .30 for a medium effect size and .50 for a large effect size regardless of the sign (negative or positive).

The correlation between use of direct indirect participation schemes and organization's performance was found to be +.143. This is significant at .01 level. It could therefore be concluded that there is a weak positive correlation between the two variables because the results belong to the weak category according to Cohen (1988). Hence the use of indirect participation schemes has a significant relationship with the performance of state corporations at 99% confidence level because the P-value for the Pearson correlation coefficient was .008, which is less than 0.01.

4.8.4 Correlations between Financial Participation Schemes and Organization's Performance

Pearson correlation was computed to determine if there was any significant relationship between use of financial participation schemes and organization's performance.

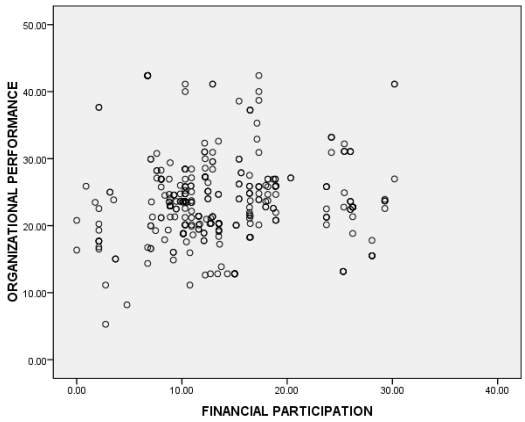

Figure 4.6: Scatter Plot Showing Relationships between Financial Participation and Organization's Performance

The correlation between use of financial participation schemes and organization's performance was .043. This is not significant and indicates a random relationship. According to Burns and Burns (2008), a random correlation occurs where there is no discernible relation between two sets of observations.The correlation was found to be +.043. This is not significant at .01 level. It could therefore be concluded that there is a very weak correlation between the two variables because the results belong to the slight correlation category, according to Burns and Burns (2008). Thus, use of financial participation schemes does not significantly influence the performance of state corporations at 99% confidence level because the P-value for the Pearson correlation coefficient was .421, which is more than 0.01.

4.8.5 Summary of Pearson's Correlation of Coefficients

A summary of correlation coefficient is demonstrated on correlation matrix (Table 4.10). Correlations between dependent and each independent variable are demonstrated. The test results of correlations further indicate inter-correlations between independent variables

The results of correlation coefficients of the relationship between dependent variable (organizational performance) and independent variables were .341 (Direct individual-based participation), .429 (direct team-based participation), .143 (indirect participation) and .043 (Financial participation). The first three independent variables were found to have significant correlation with organizational performance against P-values of .000, .000 and .008 respectively, while the correlation between financial participation and organizational performance was found to be statistically insignificant at 0.01 level of significance. It had a P-value of .421. For the correlation coefficient to be significant in this study, it should have a P-value of less than .01 level of significance.

The test results of Pearson's correlation coefficient on the relationship between direct individual-based participation and direct team-based participation was .368 with a P-value of .000, which is less than .01 acceptable level of significance. This shows that the correlation between direct individual based participation and direct team-based participation is significant. The correlation coefficient of the relationship between direct individual-based participation and indirect participation was .173, with a P-value of .001, implying that the correlation was significant since .001 is less than the acceptable .01 level of significance. However, the correlation between direct individual-based participation and financial participation was found to be insignificant at .01 level of significance. The correlation coefficient was .021, with a P-value of .699, which is more than 0.01 accepted level of significance. For the correlation coefficient to be significant, it should have a P-value of less than .01 level of significance.

The test results of Pearson's correlation coefficient on the relationship between direct team-based participation and direct individual-based participation was .368 with a P-value of .000, which is less than .01 acceptable level of significance. This shows that the correlation between direct team based participation and direct individual-based participation is significant. The correlation coefficient of the relationship between direct team-based participation and indirect participation was .409, with a P-value of .000, implying that the correlation was significant since .000 is less than the acceptable .01

level of significance. The correlation between direct team-based participation and financial participation was found to be significant at .01 level of significance. The correlation coefficient was .240, with a P-value of .000, which is less than the 0.01 accepted level of significance. In this study, for the correlation coefficient to be significant, it should have a P-value of less than .01 level of significance. Team based participation significantly correlates with the other three independent variables.

The test results of Pearson's correlation coefficient on the relationship between indirect participation and direct individual-based participation was .173 with a P-value of .001, which is less than .01 acceptable level of significance. This shows that the correlation between indirect participation and direct individual-based participation is significant. The correlation coefficient of the relationship between indirect participation and team-based direct participation was .409, with a P-value of .000, implying that the correlation was significant since .000 is less than the acceptable .01 level of significance. The correlation between indirect participation and financial participation was found to be significant at .01 level of significance. The correlation coefficient was .405, with a P-value of .000, which is less than the 0.01 accepted level of significance. In this study for the correlation coefficient to be significant, it should have a P-value of less than .01 level of significance. The results conclude that indirect participation has a positive significant correlation with all the other three independent variables.

The test results of Pearson's correlation coefficient on the relationship between financial participation and direct team-based participation was .240 with a P-value of .000, which is less than .01 acceptable level of significance. This shows that the correlation between financial participation and direct team-based participation is significant. The correlation coefficient of the relationship between financial participation and indirect participation was .405, with a P-value of .000, implying that the correlation was significant since .000 is less than the acceptable .01 level of significance. However, the correlation between financial participation and direct individual-based participation was found to be insignificant at .01 level of significance. The correlation coefficient was .021, with a P-value of .699, which is more than 0.01, the accepted level of significance. For the correlation coefficient to be significant, it should have a P-value of less than .01 level of significance.

Table 4.10: Correlation Results Matrix

		Org.Perf	IBDP	TBDP	IND.P	FIN.P
ORGANIZATIONAL PERFORMANCE (Org.Perf)	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	348				
INDIVIDUAL - BASED DIRECT PARTICIPATION (IBDP)	Pearson Correlation	.341**	1			
	Sig. (2-tailed)	.000				
	N	348	348			
TEAM BASED DIRECT PARTICIPATION (TBDP)	Pearson Correlation	.429**	.368**	1		
	Sig. (2-tailed)	.000	.000			
	N	348	348	348		
INDIRECT PARTICIPATION (IND.P)	Pearson Correlation	.143**	.173**	.409**	1	
	Sig. (2-tailed)	.008	.001	.000		
	N	348	348	348	348	
FINANCIAL PARTICIPATION (FIN.P)	Pearson Correlation	.043	.021	.240**	.405**	1
	Sig. (2-tailed)	.421	.699	.000	.000	
		348	348	348	348	348

**Correlation is significant at the 0.01 level (2-tailed).

4.8.6 Partial Correlation Coefficient on Variables

To test whether employee attitude mediated on the relationship between independent variables and performance of state corporations (Dependent variable), partial correlation coefficient (PCC) was computed. PCC measures separately the relationship between two variables in a way that effect of other variables are eliminated or controlled. It is similar

to Pearson's correlation coefficient except that in this respect it is viewed as being similar to a regression with two independent variable; where it allows you to determine the correlation between one of the independent variable and dependent variable while the second independent variable is controlled or held constant.

Intervening (Mediating) Effect Of Employee Attitude On The Relationship Between Direct Individual-Based Participation And Performance Of State Corporations

The results obtained indicated that the correlation coefficient, when the effect of employee attitude as a mediating variable is present in the relationship between direct individual-based participation and performance of state corporations, was **0.341**. The correlation coefficient when the effect of employee attitude was held constant (controlled) in the correlation between direct individual-based participation and performance of state corporations was **0.342**. Hence the difference between 0.341 and 0.342 is -.001. This shows that employee attitude does not have any mediating effect on the relationship between direct individual-based participation and performance of state corporations. The study therefore concludes that employee attitude does not mediate between direct individual-based participation and performance of state corporations (See table 4.11).

Table 4.11: Intervening Effect of Employee Attitude onthe Relationship between Individual-Based Participation and Performance of State Corporations

Independent variable	Correlation coefficient when the mediating variable is present	Correlation coefficient when the mediating variable is controlled	Difference
Direct individual participation	0.341	0 .342	-0.001

Intervening (Mediating) Effect Of Employee Attitude On The Relationship Between Direct Team-Based Participation And Performance Of State Corporations

To test whether employee attitude mediated between direct team-based and performance of state corporations, partial correlation coefficient was computed. Partial correlation

coefficient on the effect of employee attitude (mediating) in the relationship between direct team-based participation (independent) and performance of state corporations (dependent) was computed and established to be **0.429.**

The correlation coefficient when the effect of employee attitude was held constant (controlled) in the correlation between direct team-based participation and performance of state corporations was **0.417.** Therefore, the difference between the two coefficients is **0.012** (The difference between 0.429 and 0.417 is .012). This indicates that employee attitude has a mediating effect on the relationship between direct team-based participation and performance of state corporations.

It can then be concluded that employee attitude has a significant mediating effect (although weak) on the relationship between direct team-based participation and performance of state corporations in Kenya. (See table 4.12)

Table 4.12: Intervening Effect Of Employee Attitude On The Relationship Between Team-Based Participation And Performance Of State Corporations

Independent variable	Correlation coefficient when the mediating variable is present	Correlation coefficient when the mediating variable is controlled	Difference
Direct team-based participation	0.429	0.417	0.012

Intervening (Mediating) Effect Of Employee Attitude On The Relationship Between Indirect Participation And Performance Of State Corporations

To test whether employee attitude mediated between indirect participation and performance of state corporations, partial correlation coefficient was computed.. Partial correlation coefficient on the effect of employee attitude (mediating) between indirect participation (independent) and performance of state corporations (dependent) was computed and established to be **0.143.**

The correlation coefficient when the effect of employee attitude was held constant (controlled) in the correlation between indirect participation and performance of state corporations was 0.103.

Therefore, since the correlation coefficient when the effect of employee attitude was controlled was **0.103**, the difference between the two coefficients is **0.030** (The difference between 0.143 and 0.103 is .030). This shows that employee attitude has a mediating effect on the relationship between indirect participation and performance of state corporations. It is then concluded that employee attitude has a significant mediating effect on the relationship between indirect participation and performance of state corporations in Kenya. (See table 4.13)

Table 4.13:Effect of Employee Attitude onthe Relationship of Indirect Participation and Dependent Variable

Independent variable	Correlation coefficient when mediating variable is present	Correlation coefficient when mediating variable is controlled	Difference
Indirect participation	0.143	0.103	0.030

Intervening (Mediating) Effect Of Employee Attitude On The Relationship Between Financial Participation And Performance Of State Corporations

To test whether employee attitude mediated between financial participation and performance of state corporations, partial correlation coefficient was computed. Partial correlation coefficient on the effect of employee attitude (mediating) between financial participation (independent) and performance of state corporations (dependent) was computed and established to be **0.043.** The correlation coefficient when the effect of employee attitude was held constant (controlled) in the correlation between financial participation and performance of state corporations was **-0.051**.

Therefore, the difference between the two coefficients is **0.094** (The difference between -0.051 and 0.043 is .094). This shows that employee attitude has a mediating effect on the relationship between financial participation and performance of state corporations.

It is then concluded that employee attitude has a negative mediating effect on the relationship between financial participation and performance of state corporations in Kenya. (See table 4.14)

Table 4.14: Effect of Employee Attitude onthe Relationship Between Financial Participation And The Dependent Variable

Independent variable	Correlation coefficient when mediating variable is present	Correlation coefficient when mediating variable is controlled	Difference
Financial participation	0.043	-0.051	0.094

4.8.7 Normality Test : Dependent Variable

In this study, there was need to test whether the distribution of scores was normal. Normality test was done to determine whether the obtained distribution as a whole deviates from a normal distribution with the same means and standard deviation. Kolmogorov- Smirnov test of normality was utilized by using SPSS software to get a Q-Q plot. Q-Q plot is used to show how obtained scores deviate from the normal distribution, with the normal distribution shown as a straight line (Burns & Burns, 2008). It provides a quick way to get a feel of whether data are normally distributed (Kremelberg, 2011). The results of Q-Q plot indicated that the dependent variable (organizational performance) was normally distributed. Figure 4.7 demonstrates the results.

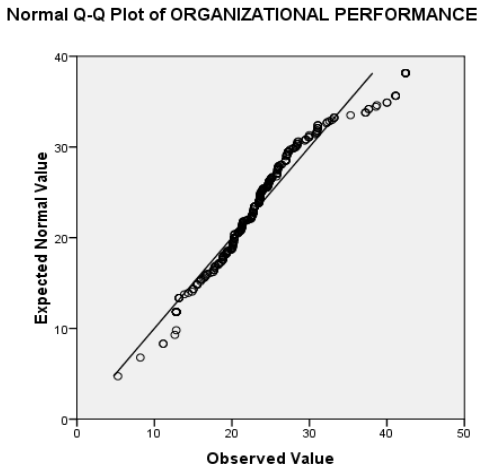

Figure 4.7: Normal Q-Q plot of Performance of State Corporations

4.9 Regression Analysis

In this study, multiple linear regression was run using SPSS in which performance of state corporations was predicted using various employee participation schemes and the intervening variable(employee attitude). ANOVA and Model summary tables indicated computed F-values showing statistical significance and R-Square values which show the degree of 'change' caused by other variables on dependent variable. The actual results of the regression were presented in the final coefficients table.

Direct individual-based schemes and performance of state corporations

According to table **4.15**, the use of direct individual-based participation schemes has a positive effect on performance of state corporations with a gradient of **0.339.** This implies that a unit change in the use of direct individual-based participation schemes increases performance of state corporations at the rate of **0.339.**

Table 4.15: Coefficients of the use of direct individual-based participationschemes to enhance performance of state corporations

Model	Unstandardized	coefficients	t	Sig.
1	**B**	**Std error**		
Constant	16.720	1.109	15.081	0.000
Direct-individual-based participation		.05	6.71	0.000

a. Dependent Variable: ORGANIZATIONAL PERFORMANCE

The result of ANOVA showed that the model of organizational performance with direct individual based participation was significant with a p-value of 0.000 ($p<0.05$) and explained the variance in organizational performance among state corporations in Kenya. Table 4.16 shows ANOVA for this univariate model. These results corroborate with those of Sherk (2012) who noted that use of individual empowerment schemes in the organization greatly improved performance of employees as well as the organization.

Table 4.16: Analysis Of Variance between Direct Individual Based Participation and Organizational Performance

ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1736.613	1	1736.613	45.441	.000[a]
Residual	13223.018	346	38.217		
TOTAL	14959.631	347			

a. Predictors: (Constant), INDIVIDUAL-BASED DIRECT PARTICIPATION

b. Dependent Variable: ORGANIZATIONAL PERFORMANCE

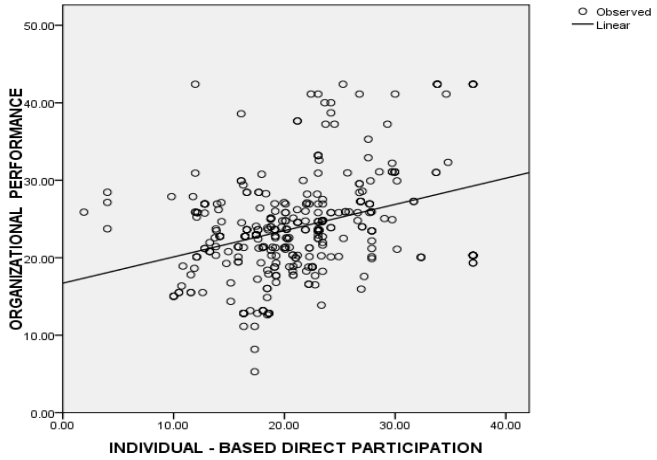

Figure 4.8 scatter plot with regression line showing direct individual-based participation vs performance of state corporations.

The scatter-plot in Figure 4.8 indicated that there is a linear association between direct individual-based participation schemes and performance of state corporations. Therefore a regression line (also called line of best fit) can be fitted in the scatter plot to demonstrate this association further. Figure 4.8 shows a regression line of individual-based participation schemes and performance of state corporations. This means that use of direct individual-based participation schemes in the organization predicts the performance of the state corporation. The goodness-of-fit (GOF), namely R-square for direct individual-based participation scheme was computed and established to be **.116.** This means that **11.6%** of variation in performance of state corporations can be explained by the use of direct individual-based employee participation. The remaining 88.4% is explained by the other variables, namely: direct team-based participation, indirect participation schemes, financial participation and employee attitude.This is presented in Table **4.17:**

Table 4.17: Goodness ofFit for Use of Direct Individual Based Participation versus Performance of State Corporations

Model	R	R-Square	Adjusted R-sq	Std Error of est
1	.341[a]	0.116	0.114	6.18197

a. Predictors (Constant), Direct Individual-based participation

The analysis above helped the study to draw a conclusion. The study hypothesis 1 is accepted. The hypothesis stated that use of direct individual-based participation scheme had a statistically significant influence on performance of state corporations. Thus, use of direct participation schemes, with direct involvement of individual employee appear to influence the organization's performance in state corporations in Kenya.

Direct Team-Based Participation Schemes And Performance Of State Corporations

According to table **4.18**, the use of direct team-based participation schemes has a positive effect on performance of state corporations with a gradient of **0.424**.

This implies that a unit change in the use of direct team-based participation schemes increases performance of state corporations at the rate of **0.424**

Table 4.18: Coefficients'of the Use of Direct Team-Based Schemes to Enhance Performance of State Corporations

Model	**Unstandardized Coefficients**		**Standardized coefficients**		
	B	**Std error**	**Beta**	**t**	**Sig.**
Constant	16.819	.858		19.613	.000
Direct team-based participation	0.424	0.048	0.429	8.832	.000

a. Dependent Variable: ORGANIZATIONAL PERFORMANCE

Table 4.19: Analysis Of Variance between Direct Team-Based Participation and Organizational Performance

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2752.091	1	2752.091	78.003	.000[a]
	Residual	12207.540	346	35.282		
	Total	14959.631	347			

a. Predictors: (Constant), TEAM BASED DIRECT PARTICIPATION

b. Dependent Variable: ORGANIZATIONAL PERFORMANCE

The result of ANOVA test showed that the model of organizational performance with direct team based participation was significant with a p-value of 0.000 ($p<0.05$) and explained the variance in organizational performance among state corporations in Kenya. Table 4.19 shows ANOVA for this univariate model. These results corroborate with those of Biswas and Varma (2007) who noted that use of work-teams in the organization greatly improves performance of employees as well as the organization.

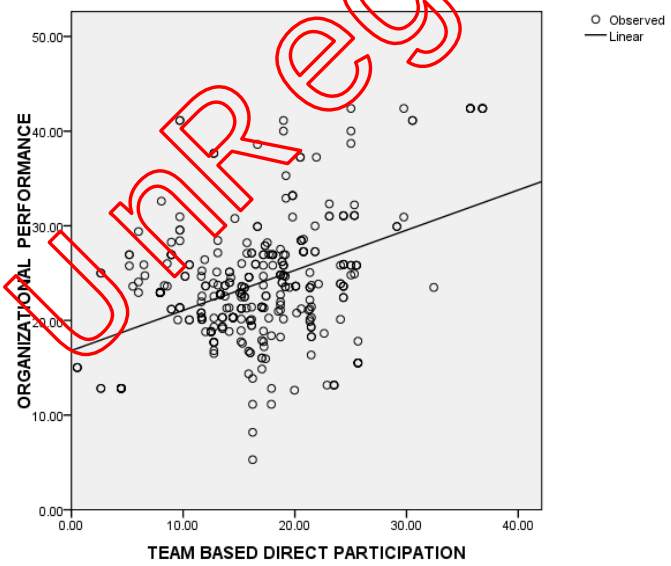

Figure 4.9: Regression line of the use of direct team-based participation versus performance of state corporations

The goodness-of-fit (GOF) namely R-square for direct team-based participation scheme was computed and established to be **.184.** This means that **18.4%** of variation in performance of state corporations can be explained by the use of direct team-based employee participation schemes. The remaining 81.6% is explained by the other variables, namely: direct individual-based participation, indirect participation schemes, financial participation and employee attitude.

This is presented in Table **4.20**

Table 4.20: Goodness of Fit for use of direct team based participation versus performance of state corporations

Model	R	R-Square	Adjusted R-Sq	Std Error of estimation
1	0.429	0.184	0.182	5.93986

a. Predictors: (Constant), TEAM BASED DIRECT PARTICIPATION

The above analysis helped the study to draw a conclusion; either to accept or reject the stated hypothesis. Hypothesis Number Two was accepted .The hypothesis stated that **use of direct team-based participation scheme has astatistically significant influence on performance of state corporations in Kenya.**Thus, the use of direct participation schemes involving various work teams at departmental level appear to influence the organization's performance in state corporations in Kenya.

Indirect Participation Schemes and Performance Of State Corporations

According to table **4.21 t**he use of indirect participation schemes has a positive effect on performance of state corporations with a gradient of **0.154.** This implies that a unit change in the use of indirect participation schemes increases performance of state corporations at the rate of 0.154.

Table 4.21: Coefficients Of the Use of Indirect Participation Schemes To Enhance Performance Of State Corporations

Model	Unstandardized	Coefficients	Standardized	Coefficients	
	B	**Std error**	**Beta**	**t**	**Sig.**
Constant	**20.891**	**1.157**		**18.060**	**0.000**
ct Participation					
		0.057	**0.143**	**2.684**	

a. Dependent Variable: ORGANIZATIONAL PERFORMANCE

The result of ANOVA showed that the model of organizational performance with indirect participation was significant with a p-value of 0.008 ($p<0.05$) and explained the variance in organizational performance among state corporations in Kenya. Table 4.22 shows ANOVA for this model. These results confirm that use of representatives in decision making organs in an organization improves performance of the organization.

Table 4.22: ANOVA between Indirect Participation And Organizational Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	305.124	1	1	7.204	.008[a]
	Residual	14654.507	346	346		
	Total	14959.631	347	347		

a. Predictors: (Constant), INDIRECT PARTICIPATION

b. Dependent Variable: ORGANIZATIONAL PERFORMANCE

Since the scatter-plot in Figure **4.8**indicates a linear association between indirect participation scheme and performance of state corporations, a regression line could be fitted for the variables.

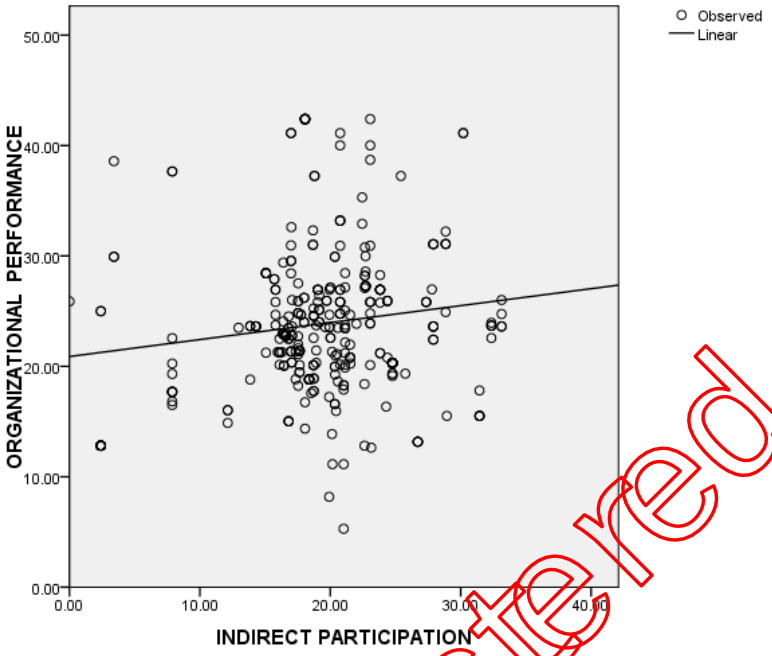

Figure 4.10: Regression Line Of Indirect Participation Versus Performance Of State Corporations(Scatter Plot).

The goodness-of-fit (GOF), namely R-square for indirect participation scheme was computed and established to be **.020.** This means that **2%** of variation in performance of state corporations can be explained by the use of indirect employee participation schemes. The remaining (98%) is explained by the other variables, namely: direct team-based participation, direct individual-based participation schemes, financial participation and employee attitude.

Table 4.23: Goodness Of Fit For Use Of Indirect Participation Versus Performance Of State Corporations

Model	R	R-Square	Adjusted R-Sq	Std Error of estimate
1	**.143**[a]	**0.020**	**0.018**	**6.50800**

a. Predictors: (Constant), INDIRECT PARTICIPATION

A conclusion can thus be drawn from the above analysis. This means that use of indirect participation schemes, which mainly involve representation at various decision-making organs appear to influence the organization's performance in state corporations in Kenya although the level of influence is low.

Hypothesis number 3 is thusaccepted: *Use Of Indirect Participation Schemes Has A Statistically Significant Influence On Performance Of State Corporations.*

Use of Financial Participation Schemes and Performance of State Corporations

According to table **4.24t**he use of financial participation schemes has a positive effect on performance of state corporations with a gradient of **0.042.**

This implies that a unit change in the use of financial participation schemes increases performance of state corporations at the rate of **0.042.**

Table 4.24: Coefficients ofthe Use of Financial Schemes to Enhance Performance of State Corporations

Model	Unstandardized coefficients		Standardized coefficients		
1	**B**	**Std error**	**Beta**	**t**	**Sig.**
Constant	**23.266**	**.807**		**28.843**	**0.000**
Financial participation	**0.042**	**0.052**	**0.043**	**0.806**	0.421

The result of ANOVA however showed that the model of organizational performance with financial participationwas statistically not significant, having a p-value of 0.421 ($p<0.05$) Table 4.25 shows ANOVA for this model. These results implied that use of financial participation was not considered in this study as a factor of improving performance of state corporations in Kenya.

Table 4.25: ANOVA of financial participation and organizational performance

ANOVA[b]

Model	Sum of Squares	df	[ean Square	F	Sig.
Regression	28.035	1	28.035	.650	.421[a]
Residual	14931.596	346	43.155		
Total	**14959.631**	**347**			

a. Predictors: (Constant), FINANCIAL PARTICIPATION

b. Dependent Variable: Organizational L Performance

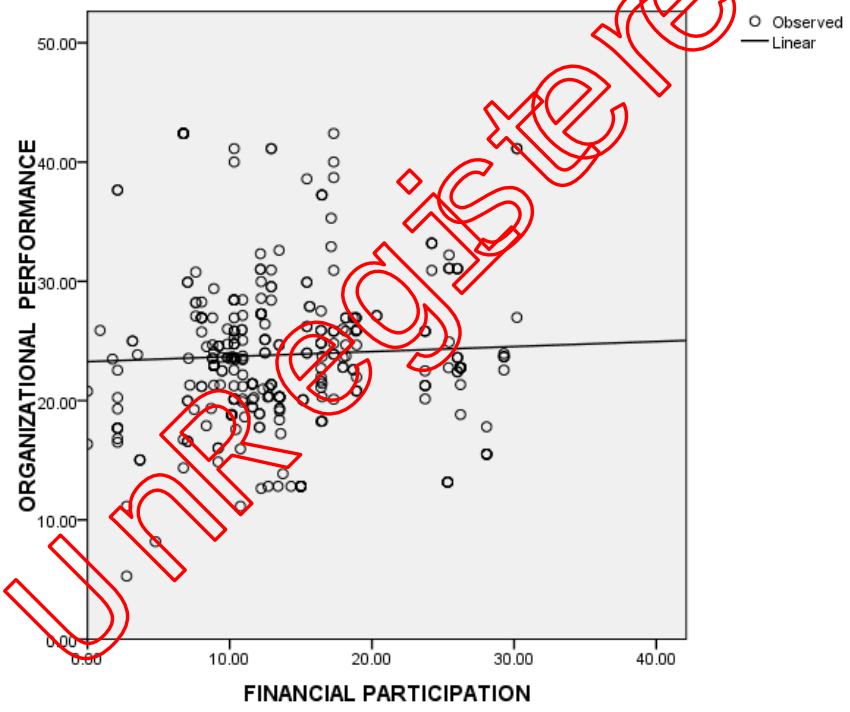

Figure 4.10:Regression Line ofthe Use of Financial Participation versus Performance Of State Corporations

The goodness-of-fit (GOF) namely R-square for financial participation scheme was computed and established to be **.002.** This means that **0.2%** of variation in performance of state corporations can be explained by the use of financial participation. The remaining

(of 99.8%) is explained by the other variables, including direct individual-based participation, direct team-based, indirect participation schemes and employee attitude. This is presented in Table **4.26**

Table 4.26: Goodness of Fit for use of financial participation versus performance of state corporations

Model	R	R-Square	Adjusted R-Sq	Std Error of estimation
1	**.043[a]**	**0.002**	**-0.001**	**6.56924**

a. Predictors: (Constant), FINANCIAL PARTICIPATION

From the above analysis we can draw a conclusion.The study hypothesis number Four is rejected. The hypothesis stated that use of financial participation scheme has a significant influence on performance of state corporations. Use of financial participation schemes such as profit sharing, bonus, pension plans and individual incentives therefore does not influence the organization's performance in state corporations in Kenya.

Employee Attitude and Organizational Performance

There was need to determine the relationship between employee attitude(mediating variable) and the dependent variable. The study therefore carried out goodness of fit, ANOVA and regression coefficient tests to determine the predictability of organizational performance by employee attitude.

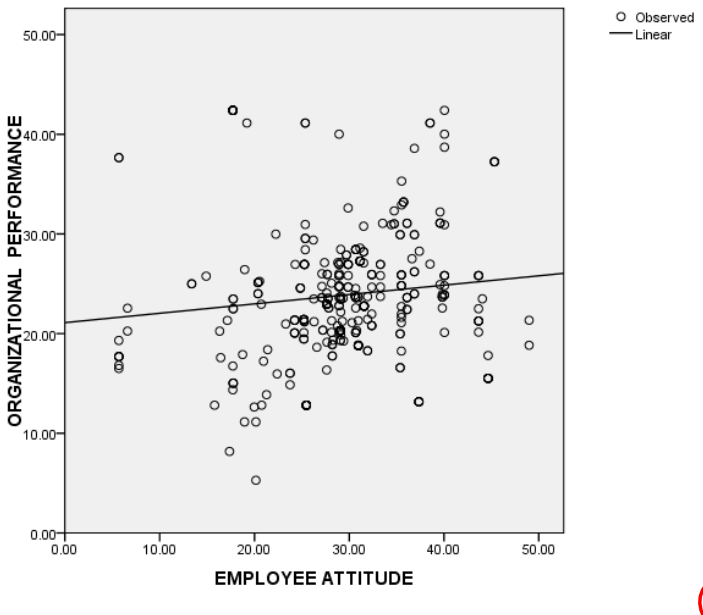

Figure 4.11: Scatter graph showing regression line for employee attitude versus organizational performance

Table 4.27Coefficients[a] of employee attitude as a means of enhancing performance in state corporations.

Model	Unstandardized Coefficients		Standardized coefficients		
	B	**Std error**	**Beta**	**t**	**Sig.**
Constant	**21.102**	**1.324**		**15.941**	**0.000**
					0.032
Employee Attitude	**0.094**	**0.044**	**0.115**	**2.153**	

a. Dependent Variable: ORGANIZATIONAL PERFORMANCE

The result of ANOVA showed that the model of organizational performance with employee attitude was significant with a p-value of 0.032 ($p<0.05$) and could therefore be used to explain the variance in performance of state corporations.. Table 4.28 shows ANOVA for this univariate model. These results corroborated with the results of Bhatt and Qureshi (2007) who had noted that employee attitude, with job satisfaction and employee commitment as its main components improved performance of organizations.

Thus, harbouring positive attitudesnot only helps to improve good relations between stakeholders but also improves organizational performance.

Table 4.28: Analysis of Variance between Employee Attitude and Organizational Performance.

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	197.854	1	197.854	4.637	.032[a]
	Residual	14761.776	346	42.664		
	Total	**14959.631**	**347**			

a. Predictors: (Constant), EMPLOYEE ATTITUDE

b. Dependent Variable: ORGANIZATIONAL PERFORMANCE

Results of ANOVA Test on Difference of Means for Staff Categories.

Analysis of Variance(ANOVA) and t-tests are two different ways of testing for mean differences. Like t-tests, the purpose of ANOVA is to decide whether the differences between means of observations is simply due to chance(random sampling error) or whether there are systematic effects that have caused scores of observations in one or more groups to be statistically significantly different from those in other groups(Burns & Burns,2008)

An ANOVA test was administered to determine the significance level of difference in means between the three categories of staff on study variables, and at 0.05 significance level. The results are contained in **Appendix VIII**.

On direct individual based participation, the difference in means between managerial and supervisory staff was found to be 2.9147 and had a significance of 0.10,thus the difference was statistically insignificant since 0.10 is higher than .05 significance level.The difference in means between supervisory and ordinary staff was 0.17014 and statistically insignificant (.825 level of significance).However the difference in Means

between managerial and ordinary staff(3.08430) was found to be significant having .004 level of significance.

On direct team-based participation, managerial and supervisory staff recorded a mean difference of 4.76291,which was statistically significant at .000 level of significance. The means difference between managerial and ordinary staff(5.9752)was also found to be statistically significant(.000),while the means difference between supervisory and ordinary staff (1.21230) was found to be insignificant, with P= .106,which exceeds the acceptable .05 level of significance. This shows that there was homogeneity in the two groups on participation in direct team based schemes.

The means difference between managerial and supervisory staff(.71698) on indirect participation was found to be insignificant(.492) at .05 significance level. The differences in Means between managerial and ordinary staff(2.17088) and that of supervisory staff versus ordinary staff(1.45390) were found to be statistically significant at .029 and .042 respectively. This means there was homogeneity in the participation levels of managerial and supervisory staff on indirect participation schemes.

The difference in the means of managerial and supervisory staff (92.00872)on financial participation was found to be statistically insignificant(.082). Similarly, the difference in Means of managerial and ordinary staff(-.43613)was found to be statistically insignificant(.692). However, the difference in Means of supervisory and ordinary staff (1.57259) on financial participation was found to be statistically significant(.047).

On rating of the performance of state corporations, the means difference of managerial and supervisory staff(4.76532) was found to be strongly significant(.000).The difference in means of managerial and ordinary staff(5.13527)was similarly found to be strongly significant(.000).However, the means difference between supervisory and ordinary staff(.36995)was statistically insignificant(.621).This means that on rating of the performance of state corporations, supervisory and ordinary staff had a strong similarity.

In conclusion, One-way ANOVA results in **APPENDIX VII: Table A** revealed that overall, there existed a significant difference between the three categories of staff in the team-based direct participation(F=16.429, P-Value=0.000) and organizational performance(F=12.632,P- Value=0.000). The three groups were further found to have Mean differences on direct individual-based participation(P=.014) and indirect participation schemes(P=.032) which were statistically significant. On financial

participation, no significant variations were found between the 3 categories of staff (P=.083).

ANOVA Test Results on Difference ofMeans of State Corporation Categories.

Tests on the means were conducted on the variation of state corporations in regard to use of participation schemes, employee attitude and performance of state corporations. The tests (expressed in mean scores)indicated that tertiary education employees had the highest levels of use of direct individualized participation (23), followed by training and research institutions (22.64). State corporations in the financial category had a mean score of 21.05. Regulatory bodies had the lowest levels of direct individualized participation, with 19.6 mean scores. ANOVA table indicated mean squarevalues of 41.202.The variance was not significant(.412).

On direct team-based participation, tertiary education still had the highest participation level(19.80),followed by regulatory category of state corporations(18.56). The third category was public university category of state corporations with 18.27 mean scores.Financial Corporations category had the lowest mean scores (14.89).ANOVA indicated a meansquare of 106.808 between groups. Variances were found to be significant(.017),

Use of indirect participation schemes was highest among workers in the Regulatory category of state corporations (20.3) followed by Regional development(20.0) and Training and Research institutions (19.98).The commercial and Manufacturing category had the lowest mean scores in participation levels at 18.43. ANOVA table indicated mean square values of 14.394(F=.381).The variance was not significant(.913).

Financial participation schemes had the following mean scores: Regulatory bodies(15.12), then financial category of state corporations (15.03). At 14,4 were the tertiary education institutions, regional development(14.37), Services(14.17), commercial and manufacturing category of state corporations(13.8), while public universities category had 11.3 mean scores. ANOVA table revealed mean square values of 62.066(F=1.377).The variance (between groups) was not significant(.214).

Further test was conducted on the variation between state corporations in regard to employee attitude,the intervening variable. Results revealed that Regulatory corporations had 32.5 meanscores,regional development(32.3) financial state corporations category had 30.5, tertiary education 30.2.Public university category had the lowest levels of job satisfaction and commitment at 26.11 mean scores. The ANOVA table indicated mean square values of 122.026,(F=1.925) Variance (between groups)was not significant (.065).

On performance of state corporations, the study indicated that regional development had a mean score of 26.2, Services category had 25.5 mean scores while tertiary education had 25.2. Regulatory bodies had 24.4, followedby commercial and manufacturing state corporations with 23.9 mean scores.Training & research institutions had 23.2 mean scores, while Financial Corporations had 23.0 mean scores.Public university category had the lowest mean scores, with 20.4.Total variance was found to be 43.111.The ANOVA table revealed a mean square of 143.782 between groups(F=3.504) and the variance was significant(.001) at 5% significance level($p<0.05$).

The study confirmed that there is a linear relationship between employee participation and organizational performance. Three categories of state corporations with higher mean scores had similarly higher mean scores in performance. Tertiary education institutions, Regulatory bodies and regional development had 19.2187,18.4198,and 18.3741 mean scores respectively. The same state corporations had the highest mean scores in performance: Regional development(26.2006),Tertiary Education(25.2029) and regulatory bodies(24.5167).Likewise three state corporation categories with low mean scores in employee participation had low mean scores in performance;financial corporations (17.68 and 23.028),commercial and manufacturing(17.17;23.97) and public universities(17.36;20.4877) respectively.(See Appendix ix).

Hyman & Summers (2005) found that the productivity effects of participation varied between industrial sectors. In their study, while they found that participation had an overall positive effect, the effect was not significant for the footwear industry and was only slightly significant for the clothing sector. The study utilized contingency tables to find specific data values, and to examine interdependence between the variables.

4.10 Overall Regression Models

The study adopted two multiple regression models; one with effect of employee attitude as an intervening variable and the other without the influence of employee attitude. A multiple regression attempts to determine whether a group of variables together predict a given variable (Bryman& Bell, 2011). A multiple regression model separates individual variables from the rest, thus allowing each to have its own coefficient which describes its relationship to the dependent variable.

The multiple linear regression model with four explanatory variables, had a R-square value of 0.225. This meant that 22.5% of variation in performance of state corporations can be explained by the model and 77.5% of the difference remained unexplained in the error term.

Table 4.29: Overall Regression Model Summaries without Employee Attitude

Model	R	R Square	Adjusted R Square	Std error of the estimate
1	.475[a]	.225	.216	5.81203

Predictors: (Constant), FINANCIAL PARTICIPATION; INDIVIDUAL - BASED DIRECT PARTICIPATION; TEAM BASED DIRECT PARTICIPATION; INDIRECT PARTICIPATION

A multiple linear regression model, with five explanatory variables, the 5th being employee attitude as a mediating variable had an R-Square value of **0.934.** This means that **93.4%** of variation in the performance of state corporations can be explained by this model and **6.6% of** the difference remained unexplained in the error term. The model summary is presented in table 4.30. This is an indication that employee attitude plays a significant role in the model.

Table 4.30: Overall regression model summary with employee attitude

Model	R	R-Square[a]	Adjusted R-Squared	Standard Error of Estimation
1	.967[a]	.934	.933	6.38400

a. Predictors: EMPLOYEE ATTITUDE, INDIVIDUAL - BASED DIRECT PARTICIPATION, TEAM BASED DIRECT PARTICIPATION, FINANCIAL PARTICIPATION, INDIRECT PARTICIPATION

b. For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.

4.10.1 ANOVA test results for the regression model without influence of employee attitude

An ANOVA test was undertaken to confirm whether the whole model was a significant fit of the data. The ANOVA was made to test the impact that independent variables had on the dependent variable in the regression model without presence of the influence of employee attitude (mediating variable). After computation of ANOVA the model as a whole proved to be a significant fit of the data. The ANOVA results are presented in table 4.31

Table 4.31: ANOVA[c,d] test results for the regression model without influence of employee attitude

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3373.179	4	843.295	24.965	.000[a]
	Residual	11586.452	343	33.780		
	Total	14959.631[b]	347			

a. Predictors: (Constant), FINANCIAL PARTICIPATION, INDIVIDUAL-BASED DIRECT PARTICIPATION, TEAM BASED DIRECT PARTICIPATION, INDIRECT PARTICIPATION

b. Dependent Variable: ORGANIZATIONAL PERFORMANCE

4.10.2ANOVA Test Results for the Regression Model with Influence of Employee Attitude

An ANOVA test was undertaken to confirm whether the whole model was a significant fit of the data. The ANOVA was made to test the impact that independent variables had on the dependent variable in the regression model with presence of the influence of employee attitude (mediating variable). After computation of ANOVA the model as a whole proved to be a significant fit of the data. The ANOVA results are presented in table 4.32.

Table 4.32: ANOVA[c,d] test results for the regression model with influence of employee attitude

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	198953.225	5	39790.645	976.328	.000[a]
	Residual	13979.109	343	40.755		
	Total	**212932.334[b]**	**348**			

a. Predictors: EMPLOYEE ATTITUDE, INDIVIDUAL-BASED DIRECT PARTICIPATION, TEAM BASED DIRECT PARTICIPATION, FINANCIAL PARTICIPATION, INDIRECT PARTICIPATION

b. This total sum of squares is not corrected for the constant because the constant is zero for regression through the origin.

c. Dependent Variable: ORGANIZATIONAL PERFORMANCE

d. Linear Regression through the Origin

4.10.3 Standardized Coefficients of study variables without mediator (intervening) variable.

Coefficients of the variables were computed. Standardized coefficient is normally done to determine which of the independent variable has a greater effect on the dependent variable in a multiple linear regression model, when the variables are measured in different units (Kremelberg, 2011).

Table **4.33** shows results which confirm that use of direct individual-based participation, and direct team-based participation have significant positive influence on performance of state corporations, with gradients of **0.209 and 0.374** respectively when effect of employee attitude is held constant. The P-value of the two variables was 0.000. This implied that a unit change in the use of direct individual-based participation, and direct team-based participation schemes increases the performance of state corporations at the rate of **0.209 and 0.374** respectively in the absence of employee attitude in the model. However, use of indirect participation and financial participation schemes had no significant influence on the performance of state corporations with a P-value of **0.580** and **0.463** respectively in the absence of employee attitude.

Table 4.33: Coefficient of study variables without mediator (intervening) variable

Model	Unstandardized Coefficients		Standardized Coefficients		
1	B	Std Error	Beta		Sig
(Constant)	14.505	1.370		10.588	.000
Direct IB participation	.208	.051	.209	4.074	.000
Direct team-based part	.370	.055	.374	6.726	.000
Indirect Participation	-.033	.060	-.031	-.555	.580
Financial participation	-.037	.051	-.038	-.734	.463

a-Dependent Variable: Organizational Performance

From table **4.33**the model can be fitted as:

Y=**0.209**x use of direct individual-based participation scheme, +**0.374**x use of direct team based participation schemes, **-0.031**x use of indirect participation,-0.038x financial participation.

4.10.4 Standardized Coefficient of study variables with influence of mediating variable

The standardized coefficient of the independent and the mediator variables were computed. It became therefore clear that the use of direct individual-based participation, direct team-based participation and indirect participation schemes, as independent variables, and employee attitude as mediator/intervening variable had a significant positive influence on the performance of state corporations with a gradient of **.398, .251, .112 and .381** respectively. This implied that a unit change in the use of direct individual-based, direct team based and employee attitude increases the performance of state corporations by **0.398, .251, .112 and .381** respectively. The four variables had values that were below the accepted P-value of 0.05(P<0.05). However, financial participation had insignificant effect on the performance of state corporations. (See results in table **4.34)**

Table 4.34: Coefficients of Study Variables with Effect of Employee Attitude

Model 1	**Unstandardized Coefficients**		**Standardized Coefficients**		
	B	**Std Error**	**Beta**	**t**	**Sig**
Direct IB participation	.447	.048	.398	9.356	.000
Direct team-based part	.348	.061	.251	5.681	.000
Indirect Participation	.179	.070	.112	2.546	.011
Financial participation	.081	.065	.066	1.249	.212
Employee Attitude	.311	.053	.381	5.848	.000

From table 4.48, the model can be fitted as: y=**0.398**x use of direct individual-based participation, +**0.251**x use of direct team-based participation, **+0.112**x indirect participation, **+.066**x financial participation, +**0.381**x employee attitude.

Summary of Multiple Linear Regressionon Study Variables inthe Absence of Mediator.

After computation of the coefficient of relationship between use of direct individual-based participation versus performance of state corporations, the results showed that relationship between direct individual-based participation had a significant positive influence on performance of state corporations, with employee attitude being controlled. It had a gradient of 0.209. This implied that a unit change in the use of direct individual-based, and in the absence of employee attitude (mediating variable) increased performance of state corporation by 0.209.

After computation of the coefficient of relationship between use of direct team-based participation versus performance of state corporations, the results showed that direct team-based participation had a significant positive influence on performance of state corporations, with employee attitude being controlled. It had a gradient of 0.374. This implied that a unit change in the use of direct team-based participationand in the absence of employee attitude (mediating variable) increased performance of state corporations by 0.374.

After computation of the coefficient of the relationship between use of indirect participation versus performance of state corporations, the results showed that indirect participation had an insignificant influence on performance of state corporations, with employee attitude being controlled. It had a gradient of -0.31 and a P-value of .580**.** This prompted further investigation to establish the correlation between indirect participation and employee attitude. The relationship was found to be strong at .441.

After computation of the coefficient of the relationship between use of financial participation versus performance of state corporations, the results showed that financial participation had an insignificant influence on performance of state corporations, with employee attitude being controlled. It had a gradient of -0.38 and a P-value of .**463.** This prompted further investigation to establish the correlation between financial participation and employee attitude.

Correlation Coefficient OnFinancial Participation And Employee Attitude

The correlation between financial participation and employee attitude was computed using Pearson correlation coefficient. After computation, the results showed a correlation coefficient of +.667 where financial participation was an independent variable and employee attitude was a mediating variable.

It could then be concluded that there is a strong positive correlation between the two variables, since these results fall under a strong relationship category of 0.5 to 1.0 according to Burns and Burns (2008). This positive correlation is statistically significant at 99% confidence level since the p-value of for the Pearson correlation coefficient was .000 which is less than .01.

There is therefore a strong linear relationship between the two variables. This also means that financial participation positively influences employee attitude. This confirms the assertion that use of financial participation does not improve performance of organizations but rather helps to build employee satisfaction and positive attitude. This in turn strengthens employee-employer relations (Summers & Hyman, 2005).

Table 4.35: Pearson Correlation Coefficient Of Financial Participation And Employee Attitude

		Financial participation	Employee attitude
Financial participation	**Pearson correlation**	**1**	.667**
	Sig.(2tailed)		.000
	N	348	348
Employee Attitude	**Pearson correlation**	.667**	1
	Sig.(2 tailed)	.000	
	N	348	348

****Correlation is significant at 0.01 level (2-tailed)**

The poor performance of financial participation against performance of state corporations is supported by a study by Raul et al. (2008) who found that the public sector in Astonia faired extremely poorly in financial participation. The positive influence of employee attitude as a mediating variable is supported by a study by Kagaari et al (2010) which investigated public universities in Uganda and found that employee attitude was powerful in the role of intervening between various independent variables and organizational performance.

Regression Model without Financial Participation

After employee attitude was established to replace financial participation, further investigation was undertaken to establish the fit of the model. Multiple linear regression model with 4 explanatory variables without financial participation had an R-square of .**951**. This meant that **95.1**% of variation in performance of state corporations could be explained by the model. The difference of **4.5%** remained unexplained in the error term. (See table 4.36)

Table 4.36: Regression Model Without Financial Participation

Model	R	R-Squared[b]	Adjusted R-Squared	Error of the Estimate
1	**.975[a]**	**.951**	**.950**	**4.81434619**

a. EMPLOYEE ATTITUDE, DIRECT INDIVIDUAL-BASED PARTICIPATION, DIRECT TEAM BASED PARTICIPATION, INDIRECT PARTICIPATION

4.11 ANOVA Tests on Significant Fit of the Data

An ANOVA test undertaken confirmed the whole model as significant fit of the data without the presence of financial participation (see table 4.37)

Table 4.37: ANOVA Teston Significant of the Data

Model		Sum of Sqs	df	Mean Sq	F	Sig.
1	Regression	123423.98	4	31028.321	1.339E3	**.000[a]**
	Residual	6373.931	344	23.128		
	Total	**124845.180[b]**	**348**			

a. Predictors: EMPLOYEE ATTITUDE, DIRECT INDIVIDUALIZED PARTICIPATION, DIRECT TEAM-BASED PARTICIPATION, INDIRECT PARTICIPATION

Coefficient of Study Variables without Financial Participation

This is usually done to find out which of the variables has a greater effect on the dependent variable in a multiple regression model, when variables are measured in different units (Kremelberg, 2011). Table 4.52 indicates that the two direct participation schemes, and employee attitude have a significant positive effect on performance of state corporations-with gradients of .286, .213 and .518 respectively.The p-value of the three was .000. This implies that unit change in direct individual-based participation, direct team-based participation, and employee attitude increases performance of state corporations at the rate of .286, .213 and .518 respectively. However indirect participation had an insignificant effect on performance of state corporations with p-value of 0.542 (see table4.38).

Table 4.38: Coefficientsof Variables Without Financial Participation

Model	Unstandardized Coefficients		Standardized Coefficients		
		Std Error	Beta		Sig
Direct IB participation	.102	.023	.286	4.404	.000
Direct team-based part	.205	.056	.213	3.801	.000
Indirect Participation	-.012	.022	-.031	-.610	.542
Employee Attitude	.299	.034	.518	8.542	.000

a; dependent variable: PERFORMANCE OF STATE CORPORATIONS

b: Linear regression through the origin

The second model could be fitted as follows;

y=0.286x-direct individual participation, +0.213x-direct team-based participation,**- .031**x-indirect participation, +0.518x-employee attitude.

In this last model it could be concluded that the model is better without financial participation. This is because the GOF of the model without financial participation is .951 meaning that 95.1% is explained by the model. The GOF of the model without employee attitude is .943 translating to 94.3% being explained by the model. The difference between the two values is 0.07 making the latter model a better one, when financial participation is absent and employee attitude is present.

Thus the study confirms hypothesis number 5: **Employee attitudesignificantly mediates the relationship between use of employee participation schemes and performance of state corporations.**

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents a summary of major findings, relevant discussions, conclusions and necessary recommendations.The study sought to determine the influence of direct individualized participation scheme, direct team-based participation, indirect participation and financial participation as independent variables on the performance of state corporations in Kenya. Performance of state corporations was the dependent variable. It further sought to determine the role of employee attitude in this relationship. Employee attitude was thus studied as an intervening variable in the employee participation-organizational performance relationship. The study sought to get answers through investigating employee perceptions, and as Kobia and Mohammed (2006) noted, there is a relationship between perceptions and behavior. The following is a breakdown of summaries of major findings based on the output of the descriptive and inferential statistical analysis that helped to test the hypotheses of the study.

5.2 Summary of Findings

5.2.1Use Of Direct Individual-Based Participation Schemes And Their Influence On Performance Of State Corporations.

Common empowerment schemes identified in the study include customer and employee opinion surveys, suggestion systems, goal-setting, developing work plans and planning work-schedules. Most state corporations,as a rule indicated allowing employees to influence the direction and decisions affecting their departments.However the study found that the level of autonomy given to workers was too low to make any meaningful impact on the direction these work units would take.

The study concluded that there was a positive relationship between the direct individual-based participation schemes and organizational performance. As Kobia &Mohammed(2006) had noted, this study found that bureaucracy in the state corporations was responsible for stifling creativity and innovativeness of workers. Delay or failure by authorities to provide resources timely also greatly affects performance in the public sector.

The correlation between use of direct individual-based participation schemes and organization's performance was found to be positive. Regression analysis indicated that variation in performance of state corporations can be explained by the use of direct individual-based employee participation. Use of individualized empowerment programs in the state corporations influences positively the performance of individuals and organizational performance. Empowering individual employees further strengthens work teams, employee representation in managements, job satisfaction and commitment to the employer. However, the study indicates that providing empowerment to individuals has no significant influence on financial participation.

5.2.2 Effect of direct team-based participation on performance of state corporations

Common work teams utilized by state corporations include: Self managed work teams, problem-solving work team, brainstorming teams and quality management teams. These

are teams that are utilized mainly to help solve emergent problems and improve performance.

Use of work teams in state corporations was found to have the strongest correlation with state corporations' performance compared to the other schemes studied. However, ordinary workers' participation in these work teams was still low.Managements also failed to utilize fullyquality management teams in state corporations.Findings further indicated that general meetings are utilized in state corporations mainly as a strategy where superiors communicate important departmental as well as organizational reports and emerging issues.State corporations in Kenya further utilize work teams as a means of improving performance. Use of work teams is perhaps popular with workers due to the fact that performance contracting guidelines demand so.Again, most workers believed they were more productive if they worked in teams than if they worked alone,as individuals.Problem-solving teams can be of better use to the organization if members of the organization or units meet regularly to identify, analyze and solve their own work related problems.

Variation in performance of state corporations can be explained by the use of direct team-based employee participation schemes.The study results imply that use of work teams in state corporations influences the level of performance at both individual and organizational levels. The study further indicates that use of work teams in state corporations has a stronger influence on performance than other independent variables studied. This explains why organizations prefer grouping workers when faced with serious issues that call for solutions. Use of teams further significantly relates with, and influences the behavior of all other variables identified in the study,namely direct-individualized scheme, indirect participation, financial participation as well as the employee attitude.

*5.2.*3 Use of Indirect Participation Schemes and Performance of State Corporations.

Descriptive analysis results indicated that only few state corporations utilized representation in the management boards through colleagues; elected or appointed, who sit in management boards or other decision making organs in the state corporations. Most state corporations make use of cross-sectional working committees to serve as a workers'

council. Majority of workers in state corporations belong to a workers (trade) union and the popular opinionis that unions play a significant role in influencing decisions made in the state corporations. A higher number of respondents further supported representation of employees at the joint union-management committees. This indicated that workers unions are still popular in the state corporations. Most employees feel more comfortable being represented in management by unions than having hand-picked individual colleagues. This means workers' unions have an upper hand in negotiating employees' demands with managements in Kenya.Use of trade unions remain thebest machinery to help improve the work conditions of an employee and also the most popular mouthpiece of the employee in the public sector. The correlation between use of indirect participation schemes and organization's performance indicated that use of indirect participation schemes had a positive effect on performance of state corporations. Thus some variation in performance of state corporations can be explained by the use of indirect employee participation schemes.

This study indicated that the correlationbetween indirect participation and performance in state corporations was positive although weak. This revelation is supported by a view by Fernie and Mitcalf(1995),whose study indicated largely a negative relationship between unionism and organizational economic performance. Indirect participation schemes to a large extent therefore, do not improve the performance of the organization directly .They however contribute to creation of a more satisfied workforce.Guest &Pecci(2001) found that representative participation alonehad no significant effect on attitudes,and thus no significant effect on performance. This study in contrast shows a strong correlation between indirect participation and employee attitude.

5.2.4 Use Of Financial Participation Schemes.

The descriptive analysis indicated that employees in state corporations have little influence in determining individuals' incentives. Only few organizations allow workers to get a share of company profits in their organizations or own company shares. Determination of pensionandpension decisions mainly rest with managements of the state corporations. Some large state corporations run their own pension schemes or engage service providers in the private sector to manage their regular pension savings. Both the

employee and the employer contribute regularly to the pension kitty. Only a few state corporations provide performance-based pay in their organizations. Majority of studied managements indicated that their organizations provided voluntary group insurance schemes; mainly throughprivate sector companies.

Only a few respondents felt that state corporations rewarded good performers. A few participated in mini-businesses in state corporations. These are forms of business ventures which are encouraged within the non-commercial state organizations, and aim to bring some income on the sideline of the core business. State corporations are currently being encouraged to supplement their budgets through generation of their own income instead of over-relying on the national government provisions. Most statecorporation's managementoccasionally inform members about the financial performance of the organization. Financial statements of public institutions are published in the daily newspapers and company handbooks at the end or between the financial year (quarterly). However, most respondents felt that sharing of company profits by employees would not improve workers performance. This is informed by the fact that profit sharing schemes, such as bonuses offered at the end of the year aid in improving employee retention rates, but do not necessarily motivate them to become excellent performers. Profit sharing schemes were not considered as a good strategy that can be used to improve performance of state corporations in Kenya.This seems to support motivation-hygiene factor theory by Fredrick Hertzberg which postulates that increased pay and allowances do not necessarily lead to increased levels of performance. Rather, intrinsic factors like personal achievement and increased responsibility do, while increased remuneration serve as employee retention strategies.

The correlationbetween financial participation and performance of state corporationsis not significant. Although use of financial participation schemes has a positive relationshipwith performance of state corporations it was not considered in this study as a factor of improving performance since only some insignificant variation in performance of state corporations can be explained by the use of financial participation.

This therefore implies a random relationship between financial participation and performance of state corporations in Kenya. Regression analysis furtherconfirmed that

state corporations do not consider financial participation as a business strategy to improve business performance, but rather as an incentive to keep the worker happy and satisfied.

5.2.5 Intervention of Employee Attitude inthe Performance of State Corporations.

Employee attitude was introduced into this study as an intervening variable between use of participation schemes and performance of state corporations.

Coefficient of study variables indicated that employee attitude has an intervening effect on participation-performance relationship. This means that the study supports the hypothesis that employee attitude significantly intervenes in the relationship between use of participation schemes and performance in state corporations in Kenya.Two main sub-variables that constituted this intervening variable were job satisfaction and employee commitment. Job satisfaction items measured fairness in job promotions, job security, satisfaction with rewards offered, and effective use of skills, benefits package and general enjoyment of one's job among others. Items of commitment included: putting more effort to meet organizational goals, talking highly of the organization to the outside world, willingness to work for long hours to complete assigned tasks as well as willingness to remain working in the organization for many years in future. Most members of state corporations are apprehensive about the way job promotions are carried out in their organizations. Job satisfaction is a strong intervening factor in participation and performance relationship.

The intervening effect of employee attitude was strong in indirect and financial schemes than in individualized and team-based participation schemes. The results imply that generally, most workers enjoy working in the state corporations. This corroborates a study commissioned by institute of human resource management which indicated that89.3% of those working in state corporations are most satisfied,followed by Non-Governmental Organizations' (NGO) employees(79.2%),then self-employed and private sector(54.8%). NGO sector is the most preferred employer.The study attributes this higher satisfaction levels in state corporations to low stress levelsexperienced at work compared to their counterparts in the private sector(Corporate Staffing Services,2014)

5.3 Conclusion

Regional development and services sectors,followed closely by Tertiary Education institutions were the state corporation categories found to have the highest level of reported performance,while public universities had the lowest performance. Direct individual-based participation schemes are important for empowering an individual employee. Empowered employees are able to determine how best to carry their duties and responsibilities in the organization. This study has provided proof that use of empowerment schemes in organizations develops both an individual and contributes to an enhanced performance of the organization.

State corporations utilize work-teams mostly as a means to solve emerging problems in departments and organizations. Brain-storming, problem solving and quality improvement teams are the most common.Workers union remainsthe most trusted means of representing employees in decision making organs in state corporations in Kenya.. However due to poor influence of other representative forms, this independent variable scored poorly when the relationship was put to test. Linear regression indicated that in the absence of financial participation, indirect participation has no significant influence on performance.Representationin state corporation decision-making organs however is credited for improving employees' morale, and commitment to their work and organization, which are strong elements of employee attitude.The concept of financial participation of workers in Kenya is quite limited and unpopular in the public sector, unlike in the privatized public entities and organizations that are wholly private. Low financial participation in state corporations is attributed to government policies, which restrict participation of private sector in public entities (Republic of Kenya,2004). Mismanagement of resources, and lack of accountability by those in authority could also be responsible for low financial participation. Again, for a long time, CEOs in state corporations have been negotiating a special package of salary, incentives and allowances with their boards of directors (BODs). Too large disparities in pay between CEOs and their subordinates could be responsible for disaffection and dissatisfaction in public sector organizations.

Employees in state corporations are relatively highly satisfied with their jobs.However,the study shows that correlation between this high satisfaction and performance is minimal. Thus, employee attitude does not necessarily improve performance. Employee attitude

was found to have a very strong effect on the relationship between independent variables and dependent variable in this study.

Organizational performance was investigated in this study as the dependent variable. Respondents rated their organizational performance fairly above average in all items that measured performance. This agrees fairly well with the rating of the performance contracting secretariat(Kenya)that evaluated the corporations in the three years indicated (2009/2010/2011).

Workers in state corporations seem contented working in the organizations, perhaps because these organizations enjoy some good level of autonomy, compared to the mainstream civil service (Republic of Kenya,2004). There is no doubt that increased involvement of employees (workers) as an important element in the decision-making process is important to both the worker and the employer. Respondents in the study strongly associated direct participation (both individualized and team-based) to increase in organizational performance levels. Direct individual-based participation is more popular between the two,while direct team-based participation schemes have a stronger relationship with performance than direct individualized schemes. The study however indicated a weak association between indirect participation schemes and performance, and lack of significant correlation between financial participation and performance in state corporations. It was noted that this was partly due to the policy governing these state agencies, which are wholly owned by the government. These state agencies have over the years been receiving financial support to run their programs wholly from the national treasury.

In conclusion, this study implies that presence of mere employee participation is not enough if it does not have significant, positive impacton the behavior and performance of individuals in the organization. The study shows that financial participation and to some extent, indirect participation do not necessarily improve performance in organizations. Rather, they are important tools of enhancing good employee relations. They perform the function of 'hygiene factors' as propounded by Fredrick Herzberg (Khanka,2000).Even employee attitude on its own does not seem to hold significant influence on performance. A blend of appropriate participation schemes needs to be instituted in a bid to have a significant influence on performance.

Employee participation can be employed in the public sector governance as a tool to eliminate, control or reduce corruption levels. The tenets of transparency and

accountability as advocated by the government cannot yield gains unless a sense of participation is embraced. Institutions in the public sector should lead others in strengthening participation in organizations.In essence they will be building a foundation on which future democracy will thrive in organizations and in the government.

5.4 Recommendations

The study makes a number of recommendations to the stakeholders both in the public and private sectors.

This study recommends that blending of participation schemes should be instituted in the public sector organizations to improve levels of job performance. Policies that inhibit creativity of workers,such as restriction on financial participation need to be reviewed with an intention of fully liberalizing state corporations so that they can compete favorably with the private sector. The on-going privatization plans for non-performing and struggling state corporations should be expedited.

The government can improve performance in state corporations by democratizing public workplaces, including state corporations. Entrenching public-private partnership (PPP) concept and practice is one modern way of ensuring that both parties are committed to make things work, at all cost; so that the private investors can scoop back their initial investment and some return-on-investment, while the public gets other benefits. This is in line with the 2007 Vienna Declaration on supporting governments. Another way of democratizing the workplace is by movingaway from imposing leadership of state corporations on employees. It would be more prudent to allow workers to have a say in determining who should steer their organization. Selection of CEOs through competitive sourcing as opposed to direct appointments would improve the quality of leadership, hence performance.

The on-going review of government-owned enterprises spearheaded by a taskforce appointed by the president in 2013 is an important undertaking. This means the government of Kenya has realized a great need to rationalize the sector with intention of improving performance. State corporations in Kenya are run by very qualified personnel.

Efficiency is poor partly due to issues of attitude. One of the key dimensions that should be considered in the measurement of performance should be stakeholders' attitude, besides profitability and growth of the organization. Every state corporation that wishes to move ahead of the pack need to think about encouraging and investing in the right employee work attitude.

State corporations, and in extension public sector currently are evaluated on the basis of how well they are able to maintain quality procedures and documentation of work processes.This study however recommends that public entities need to be evaluated on the basis of additional value that the government and taxpayer get from them.Having streamlined procedures and documentation should no longer be the ultimate determination of an organization's performance.The tenets of Results Based Management (RBM) need to be strengthened in the public sector. There is need to re-examine the evaluation of state corporations performance and focus on indicators that will add value to the taxpayer. More emphasis should be on the use of the results based management (RBM), and use less of process based management systems.

State corporations management should take advantage of emerging communication technologies in order to compete favorably with the rest of the world. Organizations should develop infrastructure for intranet and institute policies that govern use of social media as an official communication platform in order to share information and ideas. This will reduce the number of physical meetings that managers hold.

Finally, Managements in state corporations should consider using indirect and financial participation as a good strategy to motivate and retain workers.They could on the other hand encourage use of empowerment schemes and work teams to improve performance in organizations.

5.4.1Areas of Future Research

This study lays a foundation for future researchers to interrogate appropriate measurements of performance in the public sector. Performance management is a modern concept of human resource management practice that calls for concerted efforts by stakeholders to plan for performance, alongside other plans such as preparation of budgets. Future studies could investigate the level of planned performance as a business

and competitive strategy in the public sector. Investing in performance management will perhaps help rescue state-owned agencies that are facing dissolution by the government in the rationalization program the government has already made public.

Future studies could carry out a comparative study between private enterprises and state-owned enterprises in an attempt to determine whether financial participation, which is common in private enterprises, has a significant role in the performance of private enterprises. If studies show that financial participation gives these enterprises a competitive edge over state corporations, it could then be confirmed that there is need for adoption of increased levels of financial participation in state owned enterprises.

A future study need to be carried out to investigate if citizens in Kenya perceive service delivery as having been improved since the introduction of devolved system of government in 2013. This would confirm if the objective of citizen participation in running county governments is being achieved in Kenya. The devolved system of government is a strong proponent of public participation in decision making.

A comparative study could also be carried out in future to determine use of participation schemes between private and public sectors in Kenya. It could also carry out an indepth study to determine various levels of participation among different categories of state corporations.

5.4.2 Contribution To The Existing Body Of Knowledge

Use of indirect and financial schemes in an organization creates an organizational climate but do not directly result in increased performance. Use of direct individual-based and team-based schemes have a direct link with improved performance.

Although employee attitude has a positive relationship with performance, it does not on its own translate into increased performance. For good performance to be realized,there is need to integrate other factors.Therefore workers' attitude becomes a predictor of better performance when other HR activities are incorporated into the model. Having pleasant feelings about the organization does not necessarily translate into improved performance. In this study employee attitude impacted significantly on the performance only after participation schemes were integrated into the regression model.It acted as an excellent mediator between use of participation schemes and performance of the organization..

This study wishes to emphasize on the need to selectively democratize workplaces, especially the public sector because there are a lot of benefits that the taxpayer and government can reap from the use of the right democratic practices. This study demonstrates that good employee relations hassome economic value to individual workers and the organization.

REFERENCES

Adam, E. (1991). Quality circle performance.*Journal of Management*, 17(1), 25–39.

Adel, M.B. (2010). Office Layouts and Employee Participation.*FacilitiesJournal, 28*(7/8).

Adsit, D., London, M., Crom, S.,& Jones, D. (1996). Relationships Between Employee Attitudes,Customer Satisfaction and Departmental Performance. *Journal of Management Development, 15*(1), 62-75.

Allen, D.G., Shore, L.M.,&Griffeth, R.W. (2003), "The role of perceived organizational support and supportive human resource practices in the turnover process", *Journal of Management, 29*(3), 99-118.

Allen, R.S., Dawson, G., Wheatley, K., &White G.S. (2008). Perceived Diversity and Firm Performance.*Employee Relations,30*(1).

Alper, E. (2008).A Trust-Based Approach to Promote Employees Openness to Organizational Change in Turkey.*International Journal of Manpower,29*(5),462-483.

Appelbaum, E.,&Batt, R.(1994).*The New American Workplace*.Cornell NY:ILR Press.

Armstrong, M. (2009).*Armstrong's Handbook of HumanResource ManagementPractice.*(11th ed.). London, Philadelphia: Kogan Page.

Bae,K.S., Chuma,H., Kato,T.,Kim,D.B.,&Ohashi,I.(2011).High performance work practices and Employee Voice.A comparison of Japanese and Korea Workers.*Industrial Relations,50*(1).

Baek, J.,& Shim, H.(2010). Psychological Empowerment and Organizational Commitment: The Moderating Effect of Organizational Learning Culture. *Human Resource Development International,13*(4), 425-441.

Babbie,E. (2010).*The Practice of Social Research*.(12th ed.). Canada: Cengage Learning.

Barbara, S.,& Fleming, J. (2006).*Organizational Change*.(3rd ed.).England. PrenticeHall.Pearson Education.

Baron, R.M.,& Kenny, D.A. (1986).“The moderator-mediator variable distinction in socialpsychological research: conceptual, strategic and statistical considerations”, *Journal of Personality and Social Psychology, 51*(6), 1173-82.

Bartlett W. (1994).Property and Contract in Economics: The Case of Economic Democracy.*Economic and industrial democracy15*(2), 296 – 298.

Bass, B.M. (1999).Two decades of research and development in transformational

leadership. *European Journal of Work and Organisational Psychology, 8*(1),9-32.

Batt, R.,&Appelbaum, E. (1995).Workerparticipation in diverse settings: does formaffect the outcome, and, if so, who benefits?*British Journal of Industrial Relations,33*(3).

Beardwell, I.,& Holden (1997).*Human Resource Management: A contemporary perspective*.(2nd ed.).London: Pearson Education.

Befort, S.F.,& Budd, J.W. (2009).*Invisible hands, invisible objectives: Bringing workplace law and public policy into focus*. Stanford, CA: Stanford University Press.

Beitelspacher, L.S., Richey, R.G., & Reynolds, K.E.(2011).Exploring a new perspective on service efficiency: Service culture in retail organizations.*Journal of service marketing*, pp215-228.

Ben Ner,& Jones (1995). Employee Participation Ownership and Productivity: A Theoretical Framework. *Industrial Relations, 34*(4), 532 – 554.

Bennet,R.(1992).*Dictionary of personnel and human resources management.*London:Longman Group UK Ltd,Pitman Publishing.

Betts, P.W.(2000) *Supervisory Management*. (7th ed.). London:Prentice Hall: Pearson Education Ltd. (pp432-438).

Bhattacharyya, D.K.(2007)*Human Resource Research Methods.*New Delhi: Oxford University Press.

Bhatti, K.K.,&Qureshi, K. (2007). Impact of Employee Participation On Job Satisfaction, Employee Productivity And Employee Performance.*International Review of Business Research Papers, 3*(2).

Biswas,S.,&Varma, A. (2007). Antecedents of employee performance: An empirical investigation in India (Management development Institute) *Employee Relations.* 29(6)667-676

Blinder, A.S. (1990) *Paying for productivity: a look at the Evidence.* Washington DC: The Brookings Institute.

Blumberg, B., Cooper D.R.,&Schindler, P.S.(2011).*Business Research Methods* (3rd ed.).Berkshire: McGraw Hill.

Brown, L., Sean, G.,& Christopher, B.(2008).How CEOs can promote a strong marketculture. *Strategy & Leadership, 36*(5), 28-33.

Brunt, C.,& McCourt, W.(2011). Employee Participation in INGOs in Kenya: A Middle Way? Organizations in Development working paper No.6/2011. *Centre for Organizations in Development. http://www.manchester.ac.uk/cod*

Bryman, A., & Bell, E. (2011).*Business research methods*(3rd ed.).New York: Oxford University Press.

Bryson, A.,& Freeman, R.B.(2012).Employee perceptions of working conditions and desire for worker representation in Britain and the U.S. *Springer Science and Business Media.J Labor Res LLC 2012.*

Bryson, A.,&Millward, N. (1997).*EmployeeInvolvement in Small Firms*. London: PolicyStudies Institute.

Budd, J.W.(2004).*Employment with a human face: Balancing efficiency, equity, and voice*. Ithaca, NY: Cornell University Press.

Burns, R.B., &Burns, R.A.(2008).*Business research methods and statistics using SPSS.*London: Sage Publications Ltd.

Castro, B.C., Perinan, M.V.,&Buerno J.C.(2008).Transformational leadership and followers attitudes: The mediating role of psychological empowerment. I*nternationa*l *journal of Human Resource Management, 19*(10).

Cheril, A.E.,&Redfern, D.C.(2010).How Can Employee engagement be improved at the RRG group*? Industrial and commercial training, 42*(5), 265-269.

CIPD (2009). Employee Engagement [online] Available on (http://www.cipd.co.uk/subjects/empreltns/general/empengmt.htm?IsSrchRes=1 Accessed on 3.09.09

Cohen, A.(2006).The Relationship between Multiple Commitments and Organizational Citizenship Behavior in Arab and Jewish culture.*Journal of Vocational Behavior, 69*, 105-118.

Cohen, J.(1988). *Statistical power for the behavioral science*s.London: Lawrence Elbaum Associates.

Combs, J., Liu, Y., Hall, A., &Ketchen,D.(2006) How much do a HPWPs Matter?A meta-analysis of their effects on Organizational Performance.*Personnel Psychology.59(501-528)*

Connolly, P.,&McGing, G.(2007).High Performance Work Practices and Competitive Advantage in the industry Hospitality Sector.*International Journal of Contemporary Hospitality Management, 19*(3), 201-210.

Cook,J.,&Wall,T. D.(1980). New work attitude measures of trust, organizational commitment and personal need commitment.*Occupational psychology vol.53.*

Cooper, D. R., &Schindler, P. S. (2006).*Business Research Methods*. (9th ed.).New Delhi: McGraw Hill Educational Publishers Ltd.

Cooper, R.D.,& Schindler, P. S. (2008).*Business Research Methods,*Singapore: McGraw Hill.

Corporate Staffing Services(2014)Employment Survey. Institute of Human resource Management.*Daily Nation11th April,2014.*

Cotora, L. (2007) Managing and measuring the intangibles to tangibles value flows and conversionprocess: Romanian Space Agency case study'', *Measuring Business Excellence, 11*(1),53-60.

Cully, M., Woodland, S., O'Reilly, A.,& Dix, G. (1999).*Britain at Work.*London: Routledge.

Edvinsson, L. (1997).Developing intellectual capital at Skandia.*Long Range Planning, 30*(3),366-73.

Eidelson, J. (2013).Alt-labour.*The American Prospect Magazine,January 29,2013.*

Farrar, D.E., &Glauber, R. R.(1967).Multicolinearity in Regression Analysis: The problem Revisited. *The review of Economics and Statistics,49*(1), 92-107.

Fernie, S.,& Metcalf, D. (1995).'Participation, contingent pay, representation and workplace performance: evidence from Great Britain', *British Journal of Industrial Relations, 33*(3), 379–431.

FitzRoy, F. R., & Kraft,K.(1985). Unionization, wages and efficiency: Theories and Evidence from the U.S. and West Germany. *Kyklos38*(4), 537–54.

Fliaster, A. (2004).Cross-hierarchical interconnectivity: forms, mechanisms and transformation of leadership culture. *Knowledge Management Research & Practice,2*(1),48-57.

Freeman, R.B., Boxall, P.,& Haynes, P.(2007).*What workers say: Employee voice in the Anglo-American world*. Ithaca, NY: Cornell University Press.

Freeman**,** R. E., Wicks, A. C., &Parmar, B. (2004). Stakeholder theory and "the corporate objective revisited". *Organization Science, 15*(3), 364–369.

Freeman, R.,&Merdoff, J. (1984).*What do Unions do?* New York: Basic Books.

Freeman, R.,&Rogers, J.(1994).Workers representation and participation Survey.*Princeton research survey.*

Freeman, R.B.,& Rogers, J. (2006).*What workers want*, updated edn. Ithaca, NY: Cornell University Press.

Ghauri, P., &Gronhaug, K. (2005).*Research Methods in Business Studies.A practical Guide.*(3rd ed.). England: Pearson Education.

Gill, C.(2009).Union Impact on Effective Adoption of High Performance Work Practices.*Human Resource Management Review*, (19), 39-50.

Godard, J. (2004). A critical assessment of the high-performance paradigm.*British Journal of Industrial Relations, 42*(2), 349−378.

Gordard, J.,&Frege, C.(2013).Labor Unions, alternative forms of representation and the exercise of authority in US workplaces.*ILR review journal, 66*(1).

Godwin-Charles, A. O.,&Gyan-Baffour, G. (1999).Participation And Work Design On Firm Performance: A Managerial Perspective. *ManagementResearchNews, 22*(6).

Gollan, P.J.(2006).*Employee representation in non-union firms*. London: Sage.

González, C.M,(2009).Workers' Involvement at the workplace and Job Quality in Europe.*Working Papers on the Reconciliation of Work and Welfare in Europe (RECWOWE) Publication*, Dissemination and Dialogue Centre, Edinburgh.

Graham, C.M.,&Nafukho, F. M. (2007).Culture, Organizational Learning and Selected Employee Background Variables in Small-size Business Enterprises.*Journal* of *EuropeanIndustrialTraining, 31*(2),127-144.

Grant, L.,& Jordan, N. (2004,May 10).Whose Theory of Participation? School Governance Policy and Practice in South Africa. *Presented paper,CurrentIssues in Comparative Education,* TeachersCollege, Columbia University.

Guest, D.E. (1997), "Human Resource Management and Performance: A Review and Research Agenda", *International Journal of Human Resource Management, 8*(3), 263-76.

Guest, D.,&Peccei, R. (2001).'Partnership at work: mutuality and the balance of advantage', *British Journal of Industrial Relations, 39*(2), 207–36.

Gupta, B. (2011). AComparative Study of Organizational Strategy and Culture Across Industry. *Benchmarking*: *An International Journal, 18*(4).

Hair, J.F., Anderson, R.E., Tatham, R.L.,& Black, W.C. (1992).*Multivariate Data Analysis*, New York:Macmillan,

Hair, J.F., Black, W.C., Babin, B.J.,& Anderson, R.E. (2010).*Multivariate Data Analysis: A Global Perspective. (7th ed.).*Upper Saddle River, NJ:Pearson Education,

Hamm, B.(2001).A Human Rights Approach to Development.*Human Rights Quarterly*, 23, 1005-31.

Hisrich, R.D., Peters, M.P., &Shepherd.D.A.(2009).*Entrepreneurship.*(6th ed.). New Delhi: McGraw Hill.

Hodgetts, R.M.,&Hegar, K. (2008).*Modern Human Relations At Work.* (10th ed.). South-Western:Cengage Learning.

Huselid, M.A. (1995). The Impact of Human Resource Management Practices On Turnover, Productivity And Corporate Financial Performance. *Academy of management Journal, 38*,635 – 672.

Hyman, J.,&Cunningham, I. (1998). Managers as Developers: Some Reflections on the Contribution of Empowerment in Britain.*International Journal of Training and Development, 2(2).*

Ichniowski, C., Kochan, T.D., Levine, C., Olsen, G., & Strauss,G.(1996).What works at work: Overview and assessment.*Industrial Relations*,35, 299–333.

Ichniowski, C., Shaw, K.,&Prennushi, G. (1997)."The effects of human resources management practices on productivity: a study of steel finishing lines", *American Economic Review,87*(3), 291-313.

Iman, R.L.,& Conover, W.J.(1989).*Modern Business Statistics.*Canada:John Willey &Sons Inc.

Jensen,M. &Meckling,W.(1976) Theory of the Firm:Managerialbehavior,agency costs and capital structure. *Journal of Financial Economics.*

Joensson, T. (2008). A Multidimensional Approach to Employee Participation And The Association With Social Identification In Organizations. *Employee Relations, 30*(6),594-607.

Jones, D.C. (1987). The productivity effects of worker directors and financial participation by employees in the firm: the case of British retail co-operatives', *Industrial and Labor Relations Review, 41*(1), 79–92.

Juan, A. M., Thomas, B., & Cristo, M. (2007). The Use of Employee Participation In USA And Spanish Companies, *International Journal Of Management Science, vol.3*.

Judge, G.,&Gennard, J. (2005).*Employee Relations*. London: Charted Institute Of Personnel and Development.

Kagaari, J., Munene, J.C., &Ntaayi, J.M. (2010).Performance management practices, employee attitudes and managed performance.*International Journal of EducationalManagement, 24*(6), 507-530.

Kamenetz, A.(2013).Unions are dying. What comes next? *Mansueto Ventures* LLC.

Karanja, N. P.(2011).*Challenges hindering sustainability of small and mediumfamily enterprises after the exit of founders in Kenya*. Unpublished PhD Thesis, JKUAT,Kenya..

Kay, G., Alan, B.,&Andrew, D.,(2005). Employee perceptions of Empowerment.*Employee Relations, 27*(4), 354-368.

Kemelgor, B.H.(2002). A comparative analysis of corporate entrepreneurial orientation between selected firms in the Netherlands and the USA.*Entrepreneurship and Regional Development,14,*67-87.

Khanka, S.S.(2000).*Organizational Behaviour: Text and Cases*. New Delhi: S Chand & Company Ltd.

Kimutai, C.(2012).Debunking Generation Y. *Management*.

Kobia, M.,& Mohammed, N. (2006).Towards an effective delivery of services in Africa, *AAPM conference* 4th to 8th December,2006, Arusha, Tanzania.

Kothari, C.R.(2004).*Research methodology.Methods and Techniques.*(2nded.).New Delhi: New Age International.

Kremelberg, D. (2011).*Practical Statistics.A quick guide to IBM, SPSS statistics, STATA and other Statistical Software.*New Delhi; Washington; London: Sage Publications.

Kristi, M.B.(2002).Participative management and Employee and Stakeholder Involvement.Ch.10.*Participative Management 06.08.02 doc.*.Retrieved on 2nd March,2011 from Emerald Publishing database.

Kruse, D. (1984) *Employee Ownership andEmployee Attitudes: Two Case Studies.* Norwood,PA:Norwood Editions.

Kruse, D., &Blasi, J. (1997). Employee ownership, employee attitudes, and firm performance:A review of the evidence. In: D. Lewin, D. J. B. Mitchell & M. A. Zaidi (Eds),*The Human Resource Management Handbook,* London: JAI Press.

Kwame, O.,& Karanja, P. (2012,July 2). Development Planning, Implementation & Public Participation: Lessons From the Constituency Development Fund. *Daily Nation,* p 41.

Labovitz, G.H.(1982). Participatory Management.*Record of society of Actuaries, 8*(4).

Lakomski, G. (2001). Organizational Change, Leadership & Learning: Culture as Cognitive Process. *International Journal of Educational Management*.MCB University Press.

Latham, G.P. (2001).The importance of understanding and changing employee outcome expectancies for gaining commitment to an organizational goal.*Personnel Psychology, 54,* 707-16.

Lawler, E.E.(1986).*High involvement Management.Participative strategies for improving organizational performance*. SanFrancisco: Jossey-Bass.

Lawler, E.E., Morman, S.A., & Ledford, G.E. (1992).*Employee Involvement and Total Quality Management.* San Francisco: Jossey Bass.

Lee, B.W.(1991).Should employee participation be part of privatization?Working Papers:*Public Sector Management and Private Sector Development. Country Economics Department, world bank,* May 1991.

Lee, K.C., Lee, S.,& Kang, I.W. (2005).KMPI: measuring knowledge management performance.*Information & Management, 42*(3), 469-82.

Legge, K. (1995).*Human Resource Management: Rhetorics and Realities*.London: Macmillan.

Levesque, D.R.(1993).*Manual of personnel policies,procedures and operations.*(2nded.).New Jersey:Prentice Hall.

Lewis, P., Thornhill, A.,& Saunders, M.(2003).*Employee relations:Understanding the EmploymentRelationship*. London: Prentice Hall, Pearson Education.

Likert, R.(1967). *The human organization*. New York: McGraw Hill.

Locke, E.A (1976).*The nature and causes of job satisfaction.Handbook of industrial-organizational psychology*.MD Dunnette.(Ed.). Chicago: Rand McNally.

Locke, L.A., & Latham, G.P.(2002).Building a Practically Useful Theory of Goal Setting and Task Motivation.*American Psychologist*, *57*(9), 705-717.

Luna-Arocas, L. & Camps, M.J.(2008).A Model of High performance Work Practices and Turnover Intentions.*Personnel Review*, *37*(1), 26-46.

Lund, D.B. (2003). Organizational Culture and Job Satisfaction.*Journal Of Business& Industrial Marketing.*

Lynch, P., Eisenberger, R.,&Armeli, R. (1999). "Perceived organizational support: inferior versus superior performance by wary employees", *Journal of Applied Psychology, 84,* 467-483.

Machington, M. (2000). Team working and Employee Involvement:Terminology,E,C. .in S. Procter and F. Mueller. T*eamworking*..Basingstoke:MacMillan.

Markey, R., Hodgkinson, A.,& Jo Kowalczyk, (2002). Gender, Part Time Employment and Employee Participation in Australian Workplaces. *Employee Relations,24*(2), 129-150.

Martins,R.A.(2000).*Use of performance Measurement Systems.*Cranfield: Centre for Business Performance.

Medlin, B., Green Jr, W.K. (2009). Enhancing Performance Through Goal setting,n Engagement, and Optimism. *Industrial Management and Data Systems, 109*(7), 943-956.

Monte, W.(2007).Employee Participation in Continuous Improvement Programs.*Australian Journal of Management, 33*.

Morris, D., Bakan, I., & Wood, G.(2006).Employee Financial Participation: Evidence From Major U.K Retailer. *Employee Relations journal, 28*(4), 326 – 341.

Mueller,S.(2012).Works councils and establishment productivity.*Industrial and Labor Relations Review.*CornellUniversity.

Mugenda,O.M., &Mugenda, A.G. (2008).*Research Methods.Quantitative and Qualitative Approaches.*Nairobi:Acts Press.

Murphy, G.D.,& Southey, G.(2003).High Performance Work Practices.Perceived Determinants of Adoption and the Role of the Human Resources Practitioner.*Personnel Review, 32*(1),73-92.

Nachmias,C.F.,&Nachmias, D.(2008).*Research Methods in Social Science*s. (5th ed.). London, Great Britain:St Martin Press.

Newsrom, J.W.(2011).*Organizational Behavior: Human Behavior at work.*(13th ed.). New York:McGraw Hill international.

Njiru, E.,(2008).*The role of state corporations in a developmental state: The Kenyan Experience*. Paper presented at the30th AAPAM Annual Roundtable Conference,Accra, Ghana: 6th-10th October, 2008.

Nyhan, R.C. (2000).Changing the paradigm: trust and its role in public sector organizations,*American Review of Public Administration, 30*(1), 87-109.

O'Brien, R.(1995).Employee involvement in Performance Improvement.A consideration of tacit knowledge, commitment and trust.*Employee Relations, 17*(3),110-120.

Organ, D.W.(1988).A restatement of the satisfaction-performance hypothesis.*Journal of Management,14*,547-557.

Organ, D.W.,& Ryan, K.(1995).A meta-analytic review of attitudinal and dispositional predictors of organization commitment behavior.*Personnel psychology*,48, 775-802.

Osman I.,Theresa, C.F.,&Galam, M.C. (2011).The relationship between humanresource practices and firm performance: an empirical assessment of firms in Malaysia. *Business strategy series, 12*(1).

Osterman, P. (1994). 'How common is workplace transformation and who adopts it?',*Industrial Relations and Labor Relations Review,47*, 173–188.

Paton, M.Q.(2002).*Qualitative Research and Evaluation Methods*.(3rd ed.). London: Sage Publications.

Patterson, M., West, M., Lawthorn, R.,&Nickell, S. (1997).*The Impact of People Management Practices on Business Performance.*London: IPD.

Pendleton, A.,McDonald, J., Robinson, A.,& Wilson, N. (1996).Employee Participation and Corporate Governance in Employee-Owned Firms.*Work, Employment &Society,10*(2), 205-226.

Peters, T., & Waterman, R. (1982).*In Search of Excellence.*New York: Harper and Row

Petrescu, A. I.,&Simmons, R.(2008). Human Resource management practices and workers job satisfaction.*International Journal of Manpower,29*.

Petri, B., Johansson, E.,&Kahuanen,A. (2011).Innovative work practices and sicknessabsence: what does a nationally representative employee survey tell? *Industrial and Corporate Change,* 1–27.

Poole, M. (1992). 'Industrial democracy', in Széll, G. (Ed.) *Concise encyclopedia of participation and co-management*, New York: de Gruyter, pp. 429-39.

Poole, M.S., Van de Ven, A.H.,Dooley,K.J.,&Holmes,M.E. (2000). *Organizational Change and Innovation Processes: Theory and Methods for Research*. London: Oxford U. Press.

Pritchard, K. (2008).Employee engagement in the UK: meeting the challenge in the public sector. *Development and Learning in Organisations, 22*(6),15-17.

Private Sector Corporate Governance Trust(2002).*Guidelines for Good Corporate Governance in State Owned Corporations.*Nairobi :Private sector corporate governance trust,.

Raul, E., Niels, M., &Natalia, S.(2008).The Development of Employee Financial Participation in Estonia.*Baltic Journal of management, 3*(2), 218-231.

Rahman, S., Hussain, B., &Haque, A. (2011) Organizational Politics on employee Performance: an Exploratory study on Readymade Garments Employees in Bangladesh. *Introduction to Business Strategy Series, 12*(3), 146-155.

Ratnam, C.S.V. (2006).*Industrial Relations.*Oxford University Press.

Republic of Kenya.(2004).*Guidelines on Terms and Conditions of state corporations,* 2004 November, 23.Nairobi.Office of the President; Government Printer.

Republic of Kenya.(2006).*Handbook for Civil Service Staff Induction*. Nairobi: Office of the President, Directorate of Personnel Management.

Republic of Kenya.(2009).*Performance Management in public sector*.Training workshop, Kenya Utalii College, 9th March-8th April,2009:Nairobi:Office of The Prime Minister.

Republic of Kenya. (2010). *Report on Evaluation of Performance of Public agencies for the Financial Year 2008/2009.* March, 2010.Nairobi:Office of The Prime Minister.

Republic of Kenya.(2010).*The Seventeenth Report of the public investments committee on Accounts of State corporations, 1*, 2010. Nairobi: National Assembly.

Republic of Kenya. (2012).*Report of the auditor-general on the appropriation accounts, other public accounts for the Financial Year 2010/2011*.Nairobi: Auditor-General.

Republic of Kenya. (2012). *Reporton Evaluation of performance of public agencies for the financial year 2010/11*.Nairobi: Office of the Prime Minister.

Rees, D., & Porter, C. (1998). Employee Participation and Managerial Style (The Key Variable)*Industrial& Commercial Training, 30*(5), 165-170.

Reynolds,S.,Schultz,F.C., Hekman,D.R. (2006) Stakeholder theory and managerialdecision-making: Constraints andimplications of balancing stakeholder interests. *Journal of Business Ethics*, 64Pp 285-301.

Robert, J.H. (2011). The Relationship Among Participative Management Style Strategy Implementation Success and Financial Performance In The Food Service Industry. .*International Journal of Contemporary Hospital Management, 23*(6),pp719-738.

Roberts, J., McNulty, T.,& Stiles, P. (2005). "Beyond agency conceptions of the work of the non-executive director: creating accountability in the boardroom", *British Journal of Management, 16*, 5-26.

Robbins, S.P., & Judge, A.T. (2009).*Organizational Behavior*.(13th ed.).Pearson Education, International Edition, Prentice Hall.

Rodrigues, C.A.(1994). Employee Participation and Empowerment programs; problems of definition and implementation.*Empowerment in organizationsJournal,2*(2), 99-40.

Rotenberry P.F., &Moberg, P.J. (2007).Assessing the Impact of Job Involvement on Performance.*Management research News, 30*(3),203-215.Accessed on 20th April,2012.

Rukwaru, M.(2007).*Fundamentals of Social Research*.Eureka Publishers.

Ryan,R.M.,&Deci, E.L.(2000).Self-determination Theory and the facilitation of Intrinsic Motivation, Social development and Wellbeing.*American psychologist*, 55, 68-78.

Salgado, E.I., Varela, O.E., &Lasio, M.V.(2010). The meaning of job performance in collectivistic and high power distance cultures.Evidence from three Latin. American countries *Cross-Cultural Management: An International Journal, 17*(4), 407-426.

Saunders,M.,Lewis,P., &Thornhill, A.(2003).*Research Methods for Business Students*.(3rd ed.). New Delhi: Pearson Education Ltd.

Saunders, M., Lewis, P., &Thornhill, A.(2009).*Research Methods for Business Students*.(5th ed.). London:Pearson Education Ltd.

Sekaran,U.(2003). *Research Methods for Business.A skill building Approach*.(4th ed.).USA: John Wiley and Sons Publishers.

Sharkie, R.(2009).Trustin Leadership isVital for Employee Performance. *Management Research News, 32*(5).

Sheehan, J. (2009). NGOs and Participatory Management Styles: A Case Study of CONCERN Worldwide, Mozambique. *CVO International Working Paper,* 2.

Sherk, J.(2012).Unions Declining appeal shows need for alternatives. *The Heritage Foundation: Leadership for America*, January,27,2012.

Spector, P.E. (1997), *Job Satisfaction: Application, Assessment, Causes, and Consequences*., Thousand Oaks, CA:Sage.

Stewart, P., Danford, A., Richardson, M., &Pulignano, V. (2010).Workers Experiences of Skill Training and participation in lean & high performance workplaces in Britain and Italy.*Employee Relations*, 32(6) PP 606- 624.

Sukirno, D. S., &Sununta, S. T. (2011). Does Participative Decision Making Affect Lecturer Performance In Higher Education? *International Journal of Educational Management,* 25(5) 2011.

Summers, J., & Hyman, J. (2005). *Employee Participation And Company Performance; A Review Of The Literature,* University of Aberdeen.York:Joseph Rowntree Foundation.

Sweeney, S. (2007). General Developments in Industrial Relations: *The USCornel School of Industrial and labour relations.* http://www.bls.gov/news.release/pdf/union2.pdf.

Ton, T. (2005).Continuous Innovation through Company-wide Employee Participation.*The T.Q.M magazine,* 17(2) 2005.Emerald group publishing ltd.

Tornow, W.W.,& Wiley, J.W.(1990).Service quality and management practices: a look atemployee attitudes, customer satisfaction, and bottom-line consequences.*HumanResource Planning,14*, 105-115.

Tseng,S.(2010).The correl;ation between organizational culture and knowledge conversion on corporate performance.*Journal of knowledge Management, 14*(2), 269-284.

UASU (2013) Universities' Academic staff Union Report for the Year ended 31st December, 2012. *21st Annual National Delegates Conference (Moi Education Centre, Eldoret),* 17th May 2013.NAIROBI: UASU.

Ulandssekretariatet LO/FTF (2012): Kenya labour market profile-2012.*Worldbank databank, 2008.www.ulandssekretariatet.dk/.../labour_market_profile_2012_-_**kenya**_web.pdf.*

Vicente, R., Immaculada, B., Ana, B., Escrig-Tena&Bou-Llusar, C. (2007).Organizational commitment to employees and organizational performance.*Academy of Management Review,* 36(6), 867-886.

Wagner, A. J. (1994). Participation's Effect on Performance and Satisfaction. *Academy of Management Review,* Vol. 19, 312-330.

Walliman, N.(2005). *Your research Project.*(2nd ed.). London: Sage Publications.

Walters, M. (1995).*Performance Management Handbook*, Institute of Personnel and Development, London.

Wang,S.,Yi, X.J.,& Zhang,M.(2011).Efficacy of High Performance Work Practices in Chinese Companies.*International Journal of Human Resource Management,22*(11),2419-2441.

Wasike, H.N. (2007).*Managing the Employment Relationships through Employee Participation: A case study of Jomo Kenyatta University of Agriculture & Technology, Kenya*.Msc Thesis, JKUAT(unpublished).

White, M., Hill, S., McGovern, P., Mills, C.,&Smeaton, D. (2003). '"High Performance" Management Practices, Working Hours and Work–Life Balance', *British Journal of Industrial Relations*, *41*(2), 175–95.

Williamson, M.G.(2008). The effect of expanding Employee Decision Making on Contributions to Firm Value in an Informal Reward Environment.*Contemporary Accounting Research,25*(4), 1184-1209.

Wright, P., Raymond, N., Hollenbeck, J., &Barry, G. (2006).*Human Resource Management*: *Gaining a Competitive Advantage*.(5th ed.).McGraw Hill Co.

Xenikou, A.,&Simosi, M.(2010).The Role Of Organizational Culture In The Relationship Between Leadership And Organizational Commitment: An Empirical Study In A Greek Organization.*The International Journal Of Human Resource Management, 21*(10).

APPENDICES

APPENDIX 1

QUESTIONNAIRE FOR EMPLOYEES OF STATE CORPORATIONS

My name is Mr. KubaisonThiaine, a PhD student at JKUAT. I am conducting a research on relationship between employee participation schemes and performance of state corporations in Kenya. The study aims to investigate various schemes of employee participation utilized in the public sector and their effectiveness in improving performance of employees.

You are requested to participate in this study by kindly answering the following questions. The information you provide will be treated as confidential and will only be used for the research purpose.

Part One: Demographic Data

1. Name of organization …….
2. Number of workers in the organization…….
3. Your Gender: Male { } Female { }

4. Your Age:

   18-24 Years { } 25-30 Years { } 31-36 Years { } 37-42 Years { }
   43-48 Years { } 49-54 Years { } Over55 Years { }

5. Department ……
6. Designation: ……
7. Category of staff(tick one):
   i) Management { } ii)Supervisory staff { } iii) Ordinary Staff { }

PART TWO

A) INDIVIDUAL-BASED DIRECT PARTICIPATION:

Please indicate the extent to which you agree with the following statements in relation to your participation in the organization's activities (tick where appropriate)

Key:1-Strongly disagree, 2-Disagree, 3-Agree, 4-Strongly agree

	ITEM	**1**	**2**	**3**	**4**
A1	I have participated in employee attitude survey in this organization within the last 3 years				
A2	My manager gives feedback honestly to me				
A3	I participate in determining my work schedule and work plans				
A3	I participate in selecting tools, equipment and materials for my job/unit				
A3	My manager encourages me to influence what goes on in myUnit/Department				
A4	My manager openly and effectively discusses employee careerdevelopment with individual employees				
A5	I regularly discuss my work progress with my supervisor				
A6	Employees regularly use suggestion boxes/systems in this organization				

A7	Employees are given feedback after giving suggestions				
A8	I have attended job related training within the last 3 years				
A9	My supervisor delegates duties to me regularly				
A10	I have the autonomy to determine how my work is to be done in this organization				
A11	The management in this organization implements suggestions made by employees				
A12	The corporation communicates internal information in a timely and honest fashion				
A13	I believe that my service to this state corporation and the contributions that I have made are appreciated				

A14. Suppose there was going to be some change about the way you do your job in the organization. Do you think you would personally have any say over the decision?

Yes { } No { }.

If yes, how much of influence do you think you would personally have?

A great deal { }Quite a lot { } Just a little { }

A15.List any decision(s) you participated in making and which you feel have contributed to improvement and performance of this organization during the last 3 years:

……

B) TEAM-BASED DIRECT PARTICIPATION

Please indicate the extent to which you agree with the following statements in relation to your participation in the organization's activities(tick where appropriate)

Key:1-Strongly disagree, 2-Disagree, 3-Agree, 4-Strongly agree

	ITEM	**1**	**2**	**3**	**4**
B1	I am a member of problem-solving team in the organization				
B2	I participate in strategic management meetings				
B3	I participate in setting group or departmental policies				

B4	I participate in the Planning of the departmental budget				
B5	I am an active member of a semi-autonomous work group in the organization				
B6	I am a member of quality management work team in my department/division				
B7	I am satisfied with the conduct of workers general meetings in this organization				
B8	My head of department encourages my work groupto work as a team				
B9	My work requires me to work closely with other membersof a team to achieve a common goal or results target				
B10	The management holds meetings in which I can express my views about what is happening in the organization.				

B11. I work in the following committees in my unit (Tick where appropriate)

i) Self-managed work team

ii) Quality circle/committee

iii) Semi autonomous work team

iv) Problem solving work team

v) Decision making work team

vi) Innovation team

vii) Brainstorming team

viii) Others(Please specify) ……

C) INDIRECT PARTICIPATION

Please indicate the extent to which you agree with the statements of indirect participation in your organization by ticking against the statements below:

Key:1-Strongly disagree, 2-Disagree, 3-Agree, 4-Strongly agree

	ITEM	**1**	**2**	**3**	**4**

C1	I am represented in a board of directors by a colleague/worker director				
C2	A council of elected workers representatives exists in this organization				
C3	Employees in this organization are represented by an elected colleague at the management board				
C4	I am a member of a workers union				
C5	I am satisfied with the work of my union in the organization				
C6	Employees in the organization feel well represented at the joint union/management committee.				
C7	Decisions made in the joint consultative meetings are communicated in good time to employees				
C8	Having a representative in various decision making organs increases workers' commitment to their work				
C9	Representation in decision making organs enhances workers' commitment to this organization				
C10	Representation in various organs increases the morale of employees in this organization				
C11	Workers representatives in the board of directors are free to voice the workers' concerns				
C12	Workers reps in the board of directors are appointed by theManagement/CEO				

D. FINANCIAL PARTICIPATION

Please indicate the extent to which you agree with the assertions of indirect participation in your organization by ticking suitable responses against the corresponding statements below:

Key:1-Strongly disagree, 2-Disagree, 3-Agree, 4-Strongly agree

	ITEM	**1**	**2**	**3**	**4**

D1	I am a member of voluntary cooperative scheme(SACCOs)				
D2	I am involved in the determination of my individual incentives provided in the organization				
D3	I benefit in the share of company profits in this organization every year				
D4	I participate in determining the pension scheme decisions made in the organization				
D5	Workers in this organization receive skill/knowledge based pay besides their regular salary				
D6	Workers in this organization receive performance-related pay besides their regular payments				
D7	I am a member of a voluntary group insurance scheme in the organization				
D8	Employees in this organization are allowed to own company shares				
D9	I am satisfied with how this organization rewards workers who perform well				
D10	Employees in this organization are involved in management of mini-business units/profit sharing ventures				
D11	Workers are informed on organizational financial performance by management				
D12	Sharing of profits among employees makes me more productive in this organization				

E: EMPLOYEE ATTITUDE

Please indicate the extent to which you agree with the statements of organization's performance by ticking against the statements below:

Key:1-Strongly disagree, 2-Disagree, 3-Agree, 4-Strongly agree

	ITEM	1	2	3	4

E1	Job promotions in this organization are fair				
E2	I feel I have job security in this organization				
E3	This organization's policies are well communicated				
E4	My job makes good of my skills and abilities				
E5	Compared to other organizations in this country I amsatisfied with our benefits package				
E6	I feel real enjoyment in my job				
E7	I am paid fairly for the work I do				
E8	I am fairly satisfied with my job				
E9	I like my job better than an average worker				
E10	Workers here put a great deal of effort beyond the normally expected in order to make the organization succeed				
E11	I talk highly of this organization to my friends				
E12	I would proudly recommend this organization as agood place to work; to a friend or relative				
E13	I would accept almost any type of job assignment in order to keep working for this organization				
E14	Workers' service to the company and the contributions that they make are appreciated				
E15	I intend to work for this organization for the next five years				
E16	Employees in this organization put in more hours than ordinary working hours in a day				

F: PERFORMANCE

Please indicate the extent to which you agree with the statements of organization's performance by ticking against the statements below:

Key:1-Strongly disagree, 2-Disagree, 3-Agree, 4-Strongly agree

	ITEM	**1**	**2**	**3**	**4**
F1	My organization made good profits/surplus last year				

F2	This organization has a program that supports employees to have continuous improvement				
F3	Individual's performance for last year was communicated to workers				
F4	I am satisfied with the organization's performance in the last 3 year period				
F5	My performance has significantly contributed to the general performance of the organization.				
F6	When employees in this organization participate in decision making, they feel more productive				
F7	Our service exceeds customer expectations				
F8	The management of this organization is flexible: allows employees some freedom to make certain work-related decisions				
F9	This organization regularly accomplishes its goals				
F10	My personal goals directly agree with the goals of the organization				
F11	My organization gets things done on time				

F12. My organization's performance rating in the last 3 years was:

i) Excellent
ii) Very good
iii) Above average
iv) Average
v) Below average
vi) Don't know(Please give reason)

……

……

THANK YOU.

APPENDIX II: LIST OF STATE CORPORATIONS PARTICIPATING IN THE STUDY

State Corporation	Category	2008/09	2009/10	2010/11	Result
Kenya Pipeline Company Ltd.	Commercial/Manufacturing	2.4230	1.9796	2.3380	Very Good
National Museums of Kenya	Training and Research	2.2008	2.2062	2.7384	Good
Kenya National Library Services	Service	2.2772	2.0892	1.9635	Very Good
Kenya Railways Corporation	Commercial/Manufacturing	2.3542	2.2592	2.0533	Very Good
Insurance Regulatory Authority	Regulatory	-	2.1608	2.5936	Good
EwasoNg'iro North Development Authority	Regional Development	2.3798	2.1641	2.4095	Very Good
Kenya Power and Lighting Co. Ltd	Commercial/Manufacturing	2.4657	2.1044	2.1207	Very good
National Hospital Insurance Fund	Financial	2.4727	2.54657	2.4555	Very good
Water Resources Management Authority	Service (g)	2.5052	2.3798	2.7121	Good
Kenya Utalii College	Tertiary Education	2.5466	2.5678	2.2996	Very Good
National Housing Corporation	Commercial/Manufacturing	2.6104	2.45673	2.6137	Good
Public Procurement Oversight Authority	Regulatory	2.9571	2.75642	2.7044	Good
Kenya Post Office Savings Bank	Financial	3.1295	2.3368	2.4623	Very Good
Youth Enterprise Development	Service	3.2264	2.47861	2.4931	Very Good

Fund					
Postal Corporation of Kenya	Commercial/Manufacturing	3.3892	2.0624	2.4890	Very Good
Pwani University College	Public Universities	-	2.1874	2.2979	Very Good
Meru University	Public Universities	-	-	1.9994	Very Good
Kenya Urban Roads Authority	Financial	-	-	2.2957	Very Good
Kenya Agriculture Research Institute	Training and Research	-	-	2.5263	Good
Water Appeals Board	Regulatory	-	-	3.8665	Fair

Key: Composite scores:(1-1.49:Excellent),(1.50-2.49:Very Good),(2.50-3.49:Good),(3.50-3.59:Fair),(3.60-5.00: Poor)

Source: Performance Contracting Department, Kenya.

APPENDIX III: LIST OF STATE CORPORATIONS BY CATEGORIES (2011)

1. Financial category (16)

Industrial and Commercial Development Corporation

Agricultural Finance Corporation

Kenya Revenue Authority

Kenya Urban Roads Authority

Kenya Roads Board

Kenya Rural Roads Authority

Kenya National Assurance Company (2001) Ltd

National Hospital Insurance Fund

Kenya Post Office Savings Bank

Kenya Tourist Development Corporation

Kenya Re-Insurance Corporation

Consolidated Bank of Kenya

Kenya Industrial Estates

National Social Security Fund

Industrial Development Bank

Kenya National Trading Corporation

2. Commercial/Manufacturing (32)

Nyayo Tea Zones Development Corporation

Kenyatta International Conference Centre

Kenya Literature Bureau

Kenya Seed Company Ltd

Jomo Kenyatta Foundation

Kenya Railways Corporation

Kenya Broadcasting Corporation

Nzoia Sugar Company

South Nyanza Sugar Company

Kenya Safari Lodges and Hotels

Kenya Wine Agencies Ltd

Kenya Power and Lighting

Company Limited

Kenya Ports Authority

Kenya Electricity Generating Company Ltd

Kenya Pipeline Company Ltd

Agro Chemical and Food Company Ltd

National Oil Corporation of Kenya

Kenya Electricity Transmission Company

Postal Corporation of Kenya

Kenya Airports Authority

National Housing Corporation

Chemelil Sugar Company

Kenya Meat Commission

Numerical Machining Complex

East African Portland Cement Company Ltd

Pyrethrum Board of Kenya

National Cereals and

Produce Board

Kenya National Shipping Line

New Kenya Cooperative Creameries Ltd

School Equipment Production Unit

3. Regulatory (36)

National Irrigation Board

Kenya Dairy Board

Retirement Benefits Authority

Capital Markets Authority

Communications Commission of Kenya

Catering and Tourism Training Development Levy Trustees

Kenya Film Commission

Tea Board of Kenya

Water Services Regulatory Board

Kenya Plant Health Inspectorate Services

Export Promotion Council

Kenya Copyright Board

Horticultural Crops Development Authority

Kenya Bureau of Standards

Kenya Sugar Board

Kenya Maritime Authority

Kenya Coconut Development Authority

Cotton Development Authority

Sacco Societies Regulatory Authority

Commission for Higher Education

Council of legal Education

Kenya Civil Aviation Authority

Coffee Development Fund

Energy Regulatory Commission

Insurance Regulatory Authority

Kenya Film Classification Board

Coffee Board of Kenya

NGO Coordination Board

Public Procurement Oversight Authority

National Environmental Management Authority

Kenya Investment Authority

Export Processing Zones Authority

Pest Control Products Board

Water Appeals Board

National Bio-safety Authority

Media Council of Kenya

4. Public Universities (20)

University of Nairobi

Kenyatta University

Bondo University College

Jomo Kenyatta University of Agriculture and Technology

Kisii University College

Meru University College of Science and Technology

Maseno University

South Eastern University College

Masinde Muliro University of Science and Technology

Kimathi University College

Kabianga University College

Egerton University

Moi University

Laikipia University College

Pwani University College

Mombasa Polytechnic University College

Kenya Polytechnic University College

Multi-Media University College of Kenya

Narok University College

Chuka University College

5. Training and Research (13)

Coffee Research Foundation

Kenya Institute of Administration

Kenya Institute for Public Policy Research and Analysis

Tea Research Foundation of Kenya

Kenya Medical Research institute

Kenya Forestry Research Institute

Kenya Sugar Research Foundation

Kenya Industrial Research and Development Institute

Kenya Agricultural Research Institute

Kenya Marine and Fisheries Research Institute

National Council for Science and Technology

National Museums of Kenya

National Crime Research Centre

6. Service (51)

Kenya Veterinary Vaccines Production Institute

Rural Electrification Authority

Kenya National Library Services

National Water Conservation and Pipeline Corporation

Geothermal Development Company Ltd

Lake Victoria North Water Services Board

Water Services Trust Fund

Sports Stadia Management Board

National Campaign Against Drug Abuse Authority

Kenya Tourist Board

National Council for Persons with Disabilities

Kenya Institute of Education

National Commission on Gender and Development

National Coordinating Agency for Population and Development

Constituency Development Fund

Higher Education Loans Board

Lake Victoria South Water Services Board

Kenya Accountants and Secretaries National Examinations Board

Rift Valley Water Services Board

Tana Water Services Board

Kenya Forest Service

National Aids Control Council

Kenya National Examinations Council

Brand Kenya Board

Kenya Ferry Services Ltd

Athi Water Services Board

Privatization Commission of Kenya

Kenya Animal Genetic Resources

Kenya ICT Board

Bomas of Kenya

Agricultural Development Corporation

Kenya Medical Supplies Agency

Local Authorities Provident Fund

Youth Enterprise Development Fund

Moi Teaching and Referral Hospital

Teachers Service Commission

Northern Water Services Board

National Council for Children Services

Kenya National Highways Authority

Tanathi Water Services Board

Kenyatta National Hospital

Water Resources Management Authority

Kenya National Bureau of Statistics

Kenya Institute of Special Education

Kenya Yearbook

Kenya Ordinance Factories Corporation

Coast Water Services Board

Kenya Industrial Property Institute

Centre for Mathematics and Science Teachers

Kenya Wildlife Service

University of Nairobi Enterprise Services Ltd

7. Regional Development Authorities (6)

Coast Development Authority

Lake Basin Development Authority

EwasoNg'iro South Development Authority

EwasoNg'iro North Development Authority

Kerio Valley Development Authority

Tana and Athi Rivers Development Authority

8. Tertiary Education (6)

Kenya Education Staff Institute

Kenya Utalii College

Co-operative College of Kenya

Kenya Water Institute

Bukura Agricultural College

Kenya Medical Training College

APPENDIX IV: TABLES FOR FINDING A BASE SAMPLE SIZE

TABLE A

+/- 5% Margin of Error[c]

Sample Size Table A Variability

Population	50%	40%	30%	20%	10%
100	81	79	63	50	37
125	96	93	72	56	40
150	110	107	80	60	42
175	122	119	87	64	44
200	134	130	93	67	45
225	144	140	98	70	46
250	154	149	102	72	47
275	163	158	106	74	48
300	172	165	109	76	49
325	180	173	113	77	50
350	187	180	115	79	50
375	194	186	118	80	51
400	201	192	120	81	51
425	207	197	122	82	51
450	212	203	124	83	52
500	222	212	128	84	52
600	240	228	134	87	53
700	255	242	138	88	54
800	267	252	142	90	54
900	277	262	144	91	55
1,000	286	269	147	92	55
2,000	333	311	158	96	57
3,000	353	328	163	98	57
4,000	364	338	165	99	58

5,000	370	343	166	99	58
6,000	375	347	167	100	58
7,000	378	350	168	100	58
8,000	381	353	168	100	58
9,000	383	354	169	100	58
10,000	385	356	169	100	58
15,000	390	360	170	101	58
20,000	392	362	171	101	58
25,000	394	363	171	101	58
50,000	397	366	172	101	58
100,000	398	368	172	101	58

Qualifications:

a) This table assumes a 95% confidence level, identifying a risk of 1 in 20 that actual error is larger than the margin of error (greater than 5%).

b) Base sample size should be increased to take into consideration potential non-response.

c) A five per cent margin of error indicates willingness to accept an estimate within +/-5 of the given value

d) When the estimated population with the smaller attribute or concept is less than 10%, the samples may need to be increased.

e) The assumption of normal population is poor for 5%precision levels when the population is 100 or less. The entire population should be sampled, or a lesser precision accepted.

TABLE B SAMPLE SIZE

+/-3% Margin of Error.

Sample Size Table B Variability.

Population	50%	40%	30%	20%	10%
2,000	714	677	619	509	322
3,000	811	764	690	556	341
4,000	870	816	732	583	350
5,000	909	850	760	601	357
6,000	938	875	780	613	361
7,000	959	892	795	622	364
8,000	976	908	806	629	367
9,000	989	920	815	635	368
10,000	1000	929	823	639	370
15,000	1034	959	846	653	375
20,000	1053	975	858	660	377
25,000	1064	984	865	665	378
50,000	1087	1004	881	674	381

100,000	1099	1014	888	678	383

Qualifications:

a) This table assumes a 95%confidence level, identifying a risk of 1 in 20 that actual error is larger than the margin of error (greater than 3%).
b) Base sample size should be increased to take into consideration potential non-response.
c) A 3% margin of error indicates willingness to accept an estimate within +/-3 of the given value.
d) When the estimated population with the smaller attribute or concept is less than 10%, the sample may need to be increased.
e) The assumption of normal population is poor for 3% precision levels when the population is 2000 or less. The entire population should be sampled, or a lesser precision accepted

SOURCE: PENNSTATE: Cooperative Extension. Program Evaluation. Tipsheet #60

APPENDIX V: TIPS FOR INTERPRETING CORRELATION SIZE

0.90-1.00	**Very high correlation**	**Very strong relationship**
0.70-0.90	**High correlation**	**Substantial relationship**
0.40-0.70	**Moderate correlation**	**Moderate relationship**
0.20-0.40	**Low correlation**	**Weak relationship**
0.00-0.20	**Slight correlation**	**Relationship so small as to be random**

Source: Burns & Burns(2008)

APPENDIX VI:CORRELATION TABLES

Table 1:Correlations between direct individual-based participation schemes and org. performance.

ational Performance	Correlation	1	.341**
	ailed)		.000
		348	348
ndividual - Based Participation	Correlation	341**	1
	ailed)		
		348	348

elation is significant at the 0.01 level (2-tailed).

Table 2: Correlations between direct team-based participation and organization's performance

		ganizational Performance	**Team Based**	**Participatio**
ational Performance	Correlation	1	.429**	
	ailed)		.000	
		348	348	
eam Based Participation	Correlation	.429**	1	
	ailed)	.000		
		348	348	

elation is significant at the 0.01 level (2-tailed).

Table 3 Correlations of indirect participation and organizational performance

	rganizational Performance	**irect**	**Participation**

ational Performance	Correlation	1	.143**
	ailed)		.008
		348	348
Participation	Correlation	.143**	1
	ailed)	.008	
		348	348

elation is significant at the 0.01 level (2-tailed).

Table 4: Correlations between financial participation and organization's performance

		nizational Performance	**nancial Participation**
ational Performance	Correlation	1	.043
	ailed)		.421
		348	348
l Participation	Correlation	.043	1
	ailed)	.421	
		348	348

APPENDIX VII: T-TEST TABLES

TABLE A: Gender t-test

Group Statistics

		N	Mean	Std Deviation	Error Mean
INDIVIDUAL - BASED DIRECT PARTICIPATION		175	19.8467	6.32471	.47810
		173	22.2542	6.67150	.50722
TEAM BASED DIRECT PARTICIPATION		175	15.7677	5.90444	.44633
		173	17.4072	7.23474	.55005
INDIRECT PARTICIPATION		175	19.2564	6.50727	.49190
		173	19.2921	5.68890	.43252
FINANCIAL PARTICIPATION		175	14.9434	6.79269	.51348
		173	12.7807	6.52495	.49608
ORGANIZATIONAL PERFORMANCE		175	22.9928	5.79831	.43831
		173	24.7198	7.17319	.54537

T-Test TABLE B: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
INDIVIDUAL - BASED DIRECT PARTICIPATION	Equal variances assumed	.413	.521	-3.455	346	.001	-2.40753	.69682	-3.77807	-1.03699
	Equal variances not assumed			-3.454	344.551	.001	-2.40753	.69704	-3.77851	-1.03655
TEAM BASED DIRECT PARTICIPATION	Equal variances assumed	2.746	.098	-2.317	346	.021	-1.63952	.70754	-3.03113	-.24790
	Equal variances not assumed			-2.315	331.154	.021	-1.63952	.70835	-3.03296	-.24607
INDIRECT PARTICIPATION	Equal variances assumed	1.401	.237	-.054	346	.957	-.03564	.65552	-1.32494	1.25366
	Equal variances not assumed			-.054	340.911	.957	-.03564	.65501	-1.32402	1.25274
FINA F FINANCIAL PARTICIPATION	Equal variances assumed	1.903	.169	3.028	346	.003	2.16271	.71414	.75810	3.56731
	Equal variances not assumed			3.029	345.716	.003	2.16271	.71397	.75843	3.56699

ORGANIZATIONAL PERFORMANCE	Equal variances assumed	3.850	.051	-2.471	346	.014	-1.72705	.69883	-3.10153	-.35256
	Equal variances not assumed			-2.468	329.902	.014	-1.72705	.69967	-3.10343	-.35067

APPENDIX VIII:ANALYSIS OF VARIANCE FOR CATEGORIES OF STAFF

Table 1.One way anova for categories of Staff

ANOVA

		Sum of Sqs	df	ean Square	F	Sig.
INDIVIDUAL - BASED DIRECT PARTICIPATION	BetweenGroups	371.856	2	185.928	4.349	.014
	ithin Groups	14748.269	345	42.749		
		15120.125	347			
TEAM BASED DIRECT PARTICIPATION	BetweenGroups	1330.661	2	665.331	16.429	.000
	ithin Groups	13971.978	345	40.498		
		15302.640	347			
INDIRECT PARTICIPATION	BetweenGroups	255.265	2	127.632	3.473	.032
	ithin Groups	12679.334	345	36.752		
		12934.599	347			
FINANCIAL PARTICIPATION	BetweenGroups	225.341	2	112.670	2.503	.083
	ithin Groups	15532.942	345	45.023		
		15758.283	347			
ORGANIZATIONAL	BetweenGroups	1020.751	2	510.376	12.632	.000

PERFORMANCE	ithin Groups	13938.880	345	40.403		
		14959.631	347			

Table 2: ANOVA Multiple Comparisons

IndependentVariable			Me Mn			95% Confidence Interval	
	(I) staff Category	(J) staff category	Diff. (I-J)	Std. Error	Si sig.	LowerBound	Upper Bound
Individual-based Direct Participation	Manage Managerial	supervisory	2.91417*	1.12376	.010	.7039	5.1245
		Ordinary	3.08430*	1.07100	.004	.9778	5.1908
	Supervisory	managerial	-2.91417*	1.12376	.010	-5.1245	-.7039
		ordinary	.17014	.76863	.825	-1.3416	1.6819
	Ordinary	managerial	-3.08430*	1.07100	.004	-5.1908	-.9778
		supervisory	-.17014	.76863	.825	-1.6819	1.3416
TEAM BASED DIRECT PARTICIPATION	Managerial	supervisory	4.76291*	1.09379	.000	2.6116	6.9142
		Ordinary	5.97521*	1.04243	.000	3.9249	8.0255
	Supervisory	managerial	-4.76291*	1.09379	.000	-6.9142	-2.6116
		ordinary	1.21230	.74812	.106	-.2592	2.6838
	Ordinary	managerial	-5.97521*	1.04243	.000	-8.0255	-3.9249
		supervisory	-1.21230	.74812	.106	-2.6838	.2592
INDIRECT PARTICIPATION	Managerial	supervisory	.71698	1.04196	.492	-1.3324	2.7664
		Ordinary	2.17088*	.99304	.029	.2177	4.1241
	Supervisory	managerial	-.71698	1.04196	.492	-2.7664	1.3324
		ordinary	1.45390*	.71268	.042	.0522	2.8556
	Ordinary	managerial	-2.17088*	.99304	.029	-4.1241	-.2177

		Supervisory	-1.45390*	.71268	.042	-2.8556	-.0522
Financial PARTICIPATION	Managerial	supervisory	-2.00872	1.15327	.082	-4.2770	.2596
		Ordinary	-.43613	1.09912	.692	-2.5979	1.7257
	Supervisory	managerial	2.00872	1.15327	.082	-.2596	4.2770
		ordinary	1.57259*	.78881	.047	.0211	3.1241
	Ordinary	managerial	.43613	1.09912	.692	-1.7257	2.5979
		supervisory	-1.57259*	.78881	.047	-3.1241	-.0211
ORGANIZATIONAL PERFORMANCE	Managerial	supervisory	4.76532*	1.09249	.000	2.6165	6.9141
		Ordinary	5.13527*	1.04120	.000	3.0874	7.1832
	Supervisory	managerial	-4.76532*	1.09249	.000	-6.9141	-2.6165
		ordinary	.36995	.74724	.621	-1.0998	1.8397
	Ordinary	managerial	-5.13527*	1.04120	.000	-7.1832	-3.0874
		Supervisory	-.36995	.74724	.621	-1.8397	1.0998

ean difference is significant at the 0.05 level.

APPENDIX IX: VARIATION IN PERFORMANCE BY CATEGORY OF STATE CORPORATIONS

MEAN SCORES ON PERFORMANCE OF STATE CORPORATIONS BY CATEGORY

CATEGORY	Mean	N	Std. Deviation	Variance.
Financial	23.0288	52	6.21614	38.640
Commercial & Manufacturing	23.9732	63	6.24894	39.049
Service	25.5064	92	6.72319	45.201
Training & Research	23.2255	41	6.41251	41.120
Regional Devt.	26.2006	16	6.55071	42.912
Public University	20.4877	50	6.33541	40.137
Tertiary Edu.	25.2029	24	5.74700	33.028
Regulatory	24.5167	10	6.93835	48.141
	23.8514	348	6.56592	43.111

MEAN SCORES OF EMPLOYEE PARTICIPATION BY CATEGORY OF STATE CORPORATIONS

CATEGORY	Indiv.B.Part.	Team-based	indirect	Financial	Total
Financial	21.0561	14.8942	19.7515	18.4353	17.6847
Commercial & Manufacturing	20.7455	15.6114	18.4353	13.8758	17.1678
Service s	20.3117	15.7291	19.0037	14.1701	17.3039
Training & Research	22.6490	17.2460	19.8900	13.9895	18.4436
Regional Devt.	21.3844	17.7392	20.0052	14.3715	18.3751
Public University	20.6314	18.2337	19.2337	11.3100	17.3621
Tertiary Edu.	23.0654	19.8128	19.5769	14.41.96	19.2187
Regulatory	19.6468	18.5629	20.3449	15.1246	18.4198