

**A STUDY ON COLLECTIVE BARGAINING AGREEMENT  
AND THE PERFORMANCE OF STATE CORPORATIONS  
IN KENYA**

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**A Study on Collective Bargaining Agreement and the Performance of  
State Corporations in Kenya**

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**DECLARATION**

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

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## **DEDICATION**

To Ade, Adia, Rose and Tulakwila

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I give all glory to the Almighty God, the giver of wisdom and knowledge and the source of my strength, for granting me mental and physical endurance and guidance throughout this study and enabling me make this thesis a reality. I appreciate the support I received from JKUAT, especially Nairobi CBD Campus for the opportunity and environment to conduct my studies. I wish to express my heartfelt gratitude to all my lecturers and more so to my supervisors; Dr. Mary Kamaara and Dr. James Ngari, who offered professional guidance and valuable feedback during the preparation and development of this thesis. Their careful skills and tireless efforts have shaped this work. I extend my thanks to all my classmates, especially Esther Azinga and Stella Ndirangu for their friendship and immense support and for walking this journey together.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>BLUE</b>	Best Linear Unbiased Estimator
<b>CBA</b>	Collective Bargaining Agreement
<b>CEA</b>	Collective Employee Agreement
<b>CEO</b>	Chief Executive Officer
<b>CFA</b>	Confirmatory factor analysis
<b>Cowu</b>	Communication Workers of Kenya
<b>DTCIDC</b>	Danish Trade Council for International Development and Cooperation
<b>FKE</b>	Federation of Kenya Employers
<b>GOE</b>	Government-Owned Entities
<b>GoK</b>	Government of Kenya
<b>HR</b>	Human Resources
<b>ILO</b>	International Labour Organization
<b>KBC</b>	Kenya Broadcasting Corporation
<b>KCAA</b>	Kenya Civil Aviation Authority
<b>KICD</b>	Kenya Institute of Curriculum Development
<b>KLMP</b>	Kenya Labour Market Profile
<b>KMO</b>	Kaiser-Meyer-Olkin Measure
<b>KNH</b>	Kenyatta National Hospital
<b>NACOSTI</b>	National Commission for Science, Technology & Innovation
<b>NOCK</b>	National Oil Corporation of Kenya
<b>OLS</b>	Ordinary Least Square
<b>PEEPA</b>	Public Enterprise Evaluation and Privatization Agency
<b>RoK</b>	Republic of Kenya
<b>SCAC</b>	State Corporations Advisory Committee
<b>SEM</b>	Structural Equation Modelling
<b>SOE</b>	State Owned Enterprises
<b>SPSS</b>	Statistical Package for Social Science
<b>VIF</b>	Variance inflation factor

## OPERATIONAL DEFINITION OF TERMINOGIES

- Capitalism:** Capitalism is an economic system and an ideology based on private ownership of the means of production and their operation for profit (Easterly, 2011)
- Collective Bargaining Agreement:** the outcome or result of a collective bargaining process or negotiation (Bronwyn, 2010).
- Collective Bargaining:** a social process that continually turns disagreements into agreements in an orderly fashion (Blyton, Bacon, Fiorito & Heery, 2008).
- Corporatism:** a political or economic system whereby power is given to civic assemblies representing economic, industrial, socio-cultural and professional groups (Crouch & Streeck, 2006)
- Determinant:** a factor which decisively affects the nature or outcome of something (Dawson, 2013).
- Economic factors:** these are factors affecting the economy and by extension the lifestyle of individuals such as taxes, interest rates, inflation among other governmental activities (Bergh & Nilsson, 2010).
- Employer policies:** these are sets of principles and rules aimed at guiding workers and managers on how to behave, interact and execute their mandate while at the workplace (Bronwyn, 2010).
- Innovation:** The implementation of new ideas that create value (Linder, Jarvenpaa & Davenport, 2003). Dawson (2013) define it as a mental process that leads to the creation of a new phenomenon which may be new material, new service or new technique.
- Leadership:** a process through which an individual influences other people to achieve the objective, and directs an organization in the way which makes it extra articulate and interconnected (Amahundu, 2016)
- Organization structure:** this is a system outlining how certain activities are directed and how power flows through the organization in order to achieve the set goals and objectives (Awino, 2015).

**Performance:** According to PPDA (2008) performance is achieving the set objectives and responsibilities from the perspective of the judging party; it is a function of effectiveness and efficiency.

**Span of Control:** the number of subordinates controlled directly by a superior (Dawson, 2013).

**State Corporations:** They may be called State Owned Enterprises (SOE) and are entities created under the laws of a state or country as separate legal entities that have privileges and liabilities distinct from those of its members (Crouch & Streeck, 2006).

## ABSTRACT

Collective bargaining agreements (CBA) are integral for any organizational growth and the country's economic development. High levels of unrest have been observed in state corporations such as public universities, Nairobi water, Kenya Broadcasting Corporation, among others. The industrial actions seem unending since most of their solutions are temporary. To bring normalcy and improve organizational performance, employees need to be engaged all the time in productive work. The study sought to establish the determinants of collective bargaining agreement (CBA) on the performance of state corporations in Kenya. The specific objectives were four and included: to establish the influence of leadership; to determine the extent of economic factors; to evaluate employer policies; and to examine organizational structure as a determinant of collective bargaining agreement on the performance of State Corporations in Kenya. The researcher presented a broad literature review including theories on leadership, path-goal theory; theories on economic factors, efficiency wage theory; theories of employer policies, human relations theory; theories of organizational structure, alienation theory; and theories of performance, profit maximization theory; and through a conceptual framework. The study adopted descriptive survey with exploratory approach. The target population was all 187 state corporations in Kenya as of 27th April 2015. The unit of analysis was all the State Corporations while the unit of observation was the Heads of Human Resources in each corporation. The sample was 95 and primary data was collected using a self-administered questionnaire. Analysis used descriptive statistics comprising of mean, standard deviations, frequency distribution, percentages, factor analysis, correlation analysis, structural equation modeling and regression analysis; SPSS Version 24 was used. The study established that leadership, economic factors, employer policies and organizational culture had a significant and positive influence on the performance of state corporations in Kenya. The study concluded that all the variables were critical drivers of successful CBA. The study recommended that firm leaders should embrace employee involvement, apply the determinants and lead by example to promote employee performance. The study contributes to existing knowledge by pointing out the determinants of collective bargaining and how they singularly contribute to firm performance; to policy by exemplifying the main pillars of collective bargaining agreement as employer policies, organizational structure, economic factors and leadership; to theory by pointing out that the four determinants of collective bargaining agreement can best be explained by human relations theory, efficiency wage theory, path-goal theory as well as theory of alienation; to practice by pointing out that employer policy, organizational structure, economic factors and leadership have a statistical relationship with organizational performance hence when formulating collective bargaining agreement, both the employees and the management should put into consideration the structure of the firm, the economic factors, the leadership in place as well as the employer policies.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Blyton, Bacon, Fiorito and Heery (2008) define collective bargaining (CB) as a social process that continually turns disagreements into agreements in an orderly fashion and adds that it is the establishment by negotiation and discussion of agreement on matters of mutual concern to employers and unions covering the employment relationship and terms and conditions of employment. Armstrong (2012) notes that collective bargaining provides a framework within which the views of management and unions about disputed matters that could lead to industrial disorder can be considered with the aim of eliminating the causes of the disorder. Nzuve (2010) adds to this by stating that the process is termed collective because issues relating to terms and conditions of employment are solved by representatives of employees and employer in groups rather than as individuals.

According to Bronwyn (2010), the process of collective bargaining is bipartite in nature involving negotiations between employers and the employees, usually, without a third party's intervention. A trade union(s) may negotiate with a single employer typically representing a company's shareholders or with a federation of businesses to reach an industry-wide agreement (Carrell & Heavrin, 2012). The result of the negotiations is usually referred to as a collective bargaining agreement (CBA) or a Collective Employment Agreement (CEA) by the negotiating parties. Bronwyn (2010) writes that CB enables working people who are union members to negotiate with their employers to determine their terms of employment including; pay, work hours, leave, health and safety policies, ways to balance work and family, and much more.

##### **1.1.1 An Overview of Collective Bargaining Agreement**

Collective bargaining contributes to a solid foundation for the industrial relations systems in the EU Member States. Eurofound (2015) notes that it deals not only with wages and working conditions, but also supports mutual trust between the actors, provides a rule-governed arena for channeling industrial disputes, and contributes to

general macroeconomic progress at national level and to business performance. Collective bargaining systems, frameworks and practices especially in the EU have come under some pressure in recent years (Glassner & Keune, 2010). Against a steady, long-term decline in the numbers of companies and workers covered by a collective bargaining agreement, employer organisations, some politicians and experts argue that the collective bargaining systems are too static and inflexible (Hayter, 2011). Collective bargaining systems in the EU have undergone a steady change since the end of the 1990s, but as businesses across Europe struggle to respond to intensifying global competition, pressure from employers for greater flexibility in collective bargaining is increasing, especially since the 2008 economic crisis (Gall, 2012).

Statutory Corporations in India are public enterprises brought into existence by a Special Act of Parliament that defines its powers and functions, rules and regulations governing its employees and its relationship with government departments (Linder, Jarvenpaa & Davenport, 2003). Statutory corporations therefore have the power of the government and considerable amount of operating flexibility of private enterprises. Collective bargaining typically takes place at three levels in India (Krishna, 2014): i) National-level industry bargaining common in core industries such as banks, coal, steel, ports and docks, and oil where the central government plays a major role as the employer; ii) Industry-cum regional bargaining which is peculiar to industries where the private sector dominates, such as cotton, jute, textiles, engineering, tea plantation, ports and docks; and iii) Enterprise or plant-level bargaining practices which differ from case to case because there is no uniform collective bargaining procedure. Krishna (2014) adds that CBA in India are divided into three classes: i) Bipartite (or voluntary) agreements, which are drawn up in voluntary negotiations between the employer and the trade union; ii) Settlements, which are tripartite in nature and involve the employer, trade union and conciliation officer; and iii) Consent awards, which are agreements reached while a dispute is pending before a compulsory adjudicatory authority, and incorporated into the authority's award. The right to form and join a trade union, and engage in collective bargaining is provided for under

national and state-specific legislations, and time and again, the courts have upheld the right of workers to form or join a trade union in India.

After 1949, all business entities in the People's Republic of China were created and owned by the government but during the 1990s and 2000s, many were privatized and went public. Bergh and Nilsson (2010) note that state-owned enterprises are mostly governed by both local governments' and central government's State-owned Assets Supervision and Administration Commission (SASAC) of the State Council. As of 2011, 35% of business activity and 43% of profits in the People's Republic of China resulted from companies in which the state owned a majority interest (Bergh & Nilsson, 2010). According to Kuruvilla, and Liu (2016), Chinese industrial relations have been changing quite dramatically in recent years, on the one hand, union density has increased significantly, and there has been a clear and discernible improvement in their representative role at various levels. The two add that the changes are incremental and gradual, although far from the Western ideal of freedom of association and free collective bargaining.

According to Busemeyer (2009), In Indonesia, the government takes control of the State Corporations under one single ministry, the Ministry of State Enterprises, which acts like the CEO of a holding company, while State-owned corporations in Canada are referred to as Crown corporations, indicating that an organization is established by law, owned by the sovereign and overseen by parliament and cabinet. However, Busemeyer (2009) notes that privatization of Crown corporations to private interests, has become common throughout Canada over the past 30 years.

Pons and Deale (2011) point out that in South Africa, there are four levels of collective bargaining: (i) Multinational collective bargaining which constitutes bargaining between trade unions or trade union federations and employers organisations on an international level; (ii) national level collective bargaining which is between trade unions and employers and employers' organisations at national level; (iii) sectoral or centralised collective bargaining which is between one or more unions and a group of

employers from a particular industry or occupation; and (iv) plant-level or organizational collective bargaining which is between one or more unions and individual employers.

### **1.1.2 Performance of State Corporations**

State corporations may be called State Owned Enterprises (SOE) and are created under the laws of a state or country as separate legal entities that have privileges and liabilities distinct from those of its members (Crouch & Streeck, 2006). The entities assume undertakings on behalf of the state, who is the owner. The legal positions of these corporations vary from being part of the government to being a stock company with the state being a regular stockholder. They also include government agencies formed to pursue purely non-financial objectives. State corporations are legal enterprises managed by the government with an internal hierarchy predetermined by the state.

State corporations are common with natural monopolies and infrastructure, such as railways and telecommunications, strategic goods and services natural resources and energy, politically sensitive business, broadcasting, demerit good, among others (Carrell & Heavrin, 2012). At the level of local government, territorial or other authorities may set up similar enterprises which are sometimes referred to as Local Authority Trading Enterprises (LATEs) to participate in commercial activities on behalf of the government. Those activities include, establishment services, such as water supply as separate corporations or as a business unit of the authority participating in commercial activities.

State corporations often operate in sectors in which the government has a strategic interest. However, government ownership of industry corporations is common (Carrell & Heavrin, 2012). The two add that, globally, nationalization also forcibly converts a private corporation into a state-owned enterprise. This was mostly common in western and Eastern Europe throughout the 20th century especially after World War II. State corporations often operate in sectors in which there is a natural monopoly, or the

government has a strategic interest. In Australia, statutory corporations are created by Acts of state or federal parliaments and are separated from normal government operations to ensure profitability, and in theory, to ensure that decisions are made on a commercial basis with less or no political interference (Leibrecht, Klien, & Onaran, 2011). Their regulatory and business conditions may be significantly different from private-sector companies.

According to Njiru (2008) it can be said that State Corporations in Africa like the rest of the world do not just operate haphazardly but rather, they have strategies through which they are constantly monitored and regulated by parties within and outside the corporations. On the other hand, Mwai (2013) argues that State Corporations have adopted strategic practices that have been cascaded down from central governments with each corporation having its own targets from the central government through the respective line ministries.

In Botswana, parastatal sector accounts for approximately 5% of GDP. Privatization through the Public Enterprise Evaluation and Privatization Agency (PEEPA) has been a central focus in the restructuring of the economy (Karugor, 2005). Karugor (2005) argues that although the state corporations form a small sector, parastatals have an influential and a far more pervasive role and that their operational form has at many instances been a hindrance to the development of the economy hence reforms of the parastatal sector, including privatization and restructuring are necessary for economic growth to gain momentum. According to Simwinga (2007), the distinction between statutory boards and state corporations is Zambia is not purely legal; statutory boards are a product of a parliamentary statute which facilitates direct control in every respect, whereas the state corporations are covered only by the Companies Act which is a conventional company-type law providing for ordinary registration and protecting the autonomy of companies. This means that the style of operation in the state corporations and the degree of state intervention is quite different than in statutory boards. There is a consequence of the persistence of minority interests and, in some

cases, management agreements, or the residual presence of managers from the former private company (Mutukwa, 2003).

The expectation is that state corporations should generate profits and dividends in the conventional private enterprise manner, these corporations can easily revert to private ownership merely by the sale of some shares to a private partner which would not require any amending legislation. Simwinga (2007) notes that the different legal status of the boards and corporations are more than formal niceties and actually have a profound effect on the way management carries out its functions in each arena, since, whereas boards provide a social service, state corporations are definitely encouraged to think of themselves as conventional companies primarily concerned with making a profit.

Department of Public Enterprises (DPE) is the shareholder representative of the South African Government and has oversight responsibility for state-owned enterprises in key sectors (DPE, 2017). However, some companies are not directly controlled by the DPE, but by various other departments depending on their size and mandate of operation. In Tanzania, the government owns a number of commercial enterprises in the country through the Treasury Registrar; many of these companies are wholly owned (Omolo, 2010).

### **1.1.3 Role of State Corporations in Kenya**

State Corporations, commonly referred to as Parastatals (in Kenya), are established within the provision of State Corporations Act Cap 446 of the laws of Kenya (GoK, 2011). From 1963 when Kenya achieved political independence up to 1979 when a comprehensive review of the State Corporations sub-sector was carried out, the Government's participation in commercial activities grew rapidly and broadly resulting in state dominance in various forms (including monopolies) in many commercial activities (Mwaura, 2007). The establishment of the parastatals was driven by a national desire to accelerate economic and social development; redress regional economic imbalances; increase Kenyan Citizen's participation in the economy;

promote indigenous entrepreneurship; and promote foreign investments (through joint ventures).

According to Njiru (2008), the Kenyan government forms State Corporations and gives them autonomy to meet both commercial and social goals. These corporations are useful in improving service delivery to the public. Kinyua (2012) points out that corporations exist for various reasons including: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or develop marginal areas. These include: to correct market imbalances (National Oil Corporation of Kenya (NOCK)), exploit social-political objectives (Kenya Broadcasting Corporation (KBC)), provide basic necessities such as education (Kenya Institute of Curriculum Development (KICD)), health (Kenyatta National Hospital (KNH)), housing (National Housing Corporation (NHC)), banking (National Bank of Kenya (NBK)), among others.

There are approximately 187 state corporations in Kenya today which are divided into eight broad functional categories based on the mandate and core functions; the eight categories are: Financial Corporations, Commercial/ manufacturing Corporations, Regulatory Corporations, Public universities, Training and research Corporations, Service Corporations, Regional development authorities, Tertiary education and Training Corporations. The total number of State Corporations may have changed owing to time lapse and creation of new ones (GOK, 2012). Recently, there has been a move by the government to merge and dissolve some state corporations to improve efficiency and reduce the wage bill (mobi.nation, 2017). This saw the government constitute a task force, the State Corporations Advisory Committee (SCAC), to study the affected parastatals and provide a report to the president on how to implement the plan. However, the report is yet to be implemented partly due to the condition that for the mergers and job cuts to take effect, parliament should pass the Government-Owned Entities (GOE) Bill 2015 and communication of the report outcome to all affected parastatals.

## **1.2 Statement of the Problem**

According to Kenya's Vision 2030 (RoK, 2007), Kenya aims to create a globally competitive and adaptive Human Resource (HR) base through proper management, rewarding and steering towards global competitiveness, but at its current economic growth there is still need for boosted strategies to achieve sustained growth of 10%. There are currently 187 state corporations in Kenya (SCAC, 2017) and although almost all state corporations allow their members to join unions (COTU, 2017), the corporations do not usually seem to honour CBA signed while others are not interested in realizing solutions, they are determined to win it all instead of reaching a compromise with the other negotiating parties (Ochieng, 2006), which can explain the repeat strikes and unrests witnessed. There has been over 20 documented industrial actions since 2010, and in 2016/2017, over 8,000 university and college lecturers went on strike, same to over 3,000 doctors and over 20,000 nurses (Kamau, 2017). During many strikes, some which last for months, a return to work formula is usually arranged and signed, sometimes before consensus is achieved. As a result, COTU (2017) points out that these industrial actions keep recurring, a situation which greatly affects the corporations' operations, functioning and overall productivity. A case in point is the lecturers' of public universities; they went on strike three times in 2017 alone, thereby affecting universities' operations and their general programmes.

CBA have the capacity to increase organizational performance which in turn leads to Gross Domestic Product (GDP) growth. According to Nyambura (2014), a percentage increase in sectoral performance leads to an increase in wages by 0.05% while a percentage increase in Kenya's GDP leads to an increase in annual wages by 0.48%. If well executed, CBA are necessary to settle on the best rewards, benefits, working conditions and policies for employee development and consistent economic growth. It is estimated that 1.9 million workers are members of trade unions, which covers a share of 11% of the labour force (Kenya Labour Market Profile [KLMP], 2014). Of the unionizable employees in the state corporations, over 85% have joined the relevant industry unions (COTU, 2017), but despite this big proportion of unionized employees, terms and work conditions seem not to have improved due to several strike

threats and the unrests witnessed as recent as 2016/2017. Successful CBA may be an indication of proper organization of the negotiations, good leadership, flexible employer policies, economic factors among others which can lead to reduced industrial actions hence improved performance of the state corporations. Many of the CBAs executed do not last long and functioning of state corporations is affected hence it is the aim of this study to establish the determinants of collective bargaining agreement and their effect on the performance of State Corporations in Kenya, to enable their streamlining for the achievement of Vision 2030.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective of the study was to establish the determinants of collective bargaining agreement on the performance of State Corporations in Kenya.

#### **1.3.2 Specific Objectives**

1. To establish the influence of leadership as a determinant of collective bargaining agreement on the performance of State Corporations in Kenya.
2. To determine the extent of economic factors as determinants of collective bargaining agreement of the performance of State Corporations in Kenya.
3. To evaluate employer policies as determinants of collective bargaining agreement on the performance of State Corporations in Kenya
4. To examine organizational structure as a determinant of collective bargaining agreement on the performance of State Corporations in Kenya.

### **1.4 Research Hypotheses**

1. H<sub>a1</sub>: Leadership in collective bargaining agreement has a significant effect on the performance of State Corporations in Kenya.
2. H<sub>a2</sub>: Economic factors in collective bargaining agreement have a significant effect on the performance of State Corporations in Kenya.
3. H<sub>a3</sub>: Employer policies in collective bargaining agreement have a significant effect on the performance of State Corporations in Kenya.

4. H<sub>a4</sub>: Organizational structure in collective bargaining agreement has a significant effect on the performance of State Corporations in Kenya.

### **1.5 Significance of the Study**

Collective bargaining is integral in any environment where different people are relating especially in an employment relationship. The growth of any economy would be wanting without the inclusion of collective bargaining in the units (work places) that power the economy. Collective bargaining is useful to various parties and individual and this study was significant to the following:

#### **1.5.1 Trade Unions**

There has been a marked change in the performance, growth and level of activities of both state corporations and trade unions in the last few years. High levels of unrest have been observed from various public sector entities due to employees push for improvement of their working conditions, pay among other demands (Mwai, 2013). As the state corporations focus on improving performance, their industrial relations will improve hence improved relations with the unions.

#### **1.5.2 The State Corporations**

According to Bronwyn (2010), collective bargaining helps parties deliberate on key concerns and arrive at an amicable settlement, thus, unrests experienced in state corporations over demands for better pay and improved working conditions can be addressed through collective bargaining. The study was of great significance to human resource managers in state corporations since the obtained findings shed more light on the determinants of collective bargaining agreement and thus help them to understand their effect on performance. The industrial unrests being experienced in many sectors of our economy need to be tamed to encourage and spur economic growth through increased performance; thus, the findings of the study will play an important role in providing information on ways of engaging and achieving successful CBA. The study will help state corporations undertake successful collective

bargaining agreement and help improve the employee-employer relations thus minimizing unrests.

### **1.5.3 The Government and Development Partners**

The study is of great significance to the government since it will help in creating awareness on the determinants of CBA and their role of these determinants on state corporations in Kenya. The study findings will help the ministry responsible for labour to CBA better for improved economic growth. The government can get a further insight on state corporations through this research and will enable them design appropriate policy on industrial relations for improved economic growth (RoK, 2007). The study will guide the policy makers in government on how best to undertake collective bargaining agreement. The government and other development partners will benefit from the study as an invaluable input in planning and implementing CBA in the future in order to improve the quality and capacity of human resources and their performance towards attaining Vision 2030.

### **1.5.4 Scholars and Researchers**

The study will also be of assistance to academicians, scholars and other stakeholders as a platform for further research on collective bargaining and performance management in Kenya's state corporations. The study is important since it will contribute to additional knowledge on theory and practice of human resource management by providing a comprehensive report on how CBA can influence performance in organizations. The academic researchers and scholars will find this research important in helping them understand the determinants of collective bargaining agreement and how they affect performance which in effect will open up other research gaps.

### **1.6 Scope of the Study**

The study sought to explore collective bargaining agreement and the performance of the 187 State Corporations in Kenya. State corporations are important for this study since the government achieves most of its mandate through state entities (Kamau, 2017). Government, in its nature does not transact commercial business hence can only

achieve some commercial objectives through state corporations. The study was conducted in all the State Corporation's in Kenya, and addressed the top, middle level managers and section heads to answer questions as both supervisors and also employees of the state corporations. State corporations in Kenya have been classified into five broad categories based on their mandate and core functions. These are: commercial state corporations; commercial state corporations with strategic functions; executive agencies; independent regulatory agencies; research institutions, public universities, tertiary education and training institutions.

### **1.7 Limitation of the Study**

According to Mugenda and Mugenda (2003), limitation has to do with process-related factors that may have an impact on the results of the study but which have not been taken into account. The limitations the researcher expected to encounter during the study included;

There is limited documented information on collective bargaining activities in Kenya, this is caused by the fact that only minimal research has been carried out on collective bargaining agreements and their effect on performance of state corporations in Kenya. Collective Bargaining Agreements involving State Corporations are rarely made public hence the researcher had to review local and global literature and information on CBAs and state corporations' performance.

Similarly, respondents were not willing to give information for fear of victimization, however, the researcher mitigated this through the use anonymous research instruments thereby assuring them of their confidentiality.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter takes a detailed view of existing literature related to the study. The chapter develops theoretical review, conceptual framework and empirical review that was used in the study in regard to each variable in the study. This led to identification of research gaps and areas for future research.

#### **2.2 Theoretical Framework**

A theory is defined as set of interrelated concepts, definitions, and propositions that present a systematic view of phenomena by specifying relations among variable with the purpose of explaining or predicting the phenomena (Bull, 2006). According to Mvumbi & Ngumbi (2015), the discussion of a theory is an exercise that testifies to the historical role, strength and effectiveness of the theory. Theories are formulated to explain, predict and understand phenomena and in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions (Swanson, 2007). This study was founded on the following underpinning theories.

##### **2.2.1 Path-Goal theory**

This is a leadership theory that was developed in the 1970's by Robert J. House and Terence R. Mitchell and is based on Vroom's (1964) expectancy theory in which an individual acts in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. According to Salamon (2010), the Path-Goal model is a theory based on specifying a leader's style or behavior that best fits the employee and work environment in order to achieve a goal. The goal is to increase your employees' motivation, empowerment and satisfaction so they become productive members of the organization. The path-goal theory can best be thought of as a process in which leaders select specific behaviors that are best suited to the employees' needs and the working environment so that they may best guide the employees through their path in the obtainment of their daily work activities (goals).

Yukl (2011) defines leadership as the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives. Northouse (2013) defines leadership as a process whereby an individual influences a group of individuals to achieve a common goal. These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. The very act of defining leadership as a process suggests that leadership is not a characteristic or trait with which only few certain people are endowed at birth. Defining leadership as a process means that leadership is a transactional event that happens between leaders and their followers.

Path-goal theory originally developed by Evans and later modified by Fiske (1949) was designed to identify a leader's most practiced style as a motivation to get subordinates to accomplish goals. House (1971) asserted that particular situational leader behaviour will accomplish the motivational function. The path-goal theory recognizes four leadership behaviors to increase subordinates' motivation. House and Mitchell (1974) based the four leadership styles on three attitudes exhibited by subordinates: (a) subordinates' satisfaction (b) subordinates' expectations of their leaders, and (c) subordinates' expectations of effective performance.

The four path-goal leadership styles that function to provide structure and/or to subordinates are directive, supportive, participative, and achievement oriented (Johnson, Scholes & Whittington, 2006). The directive leader clarifies expectations and gives specific guidance to accomplish the desired expectations based on performance standards and organizational rules. The supportive leader behaves in a responsive manner thus creating a friendly climate and verbally recognizes subordinates' achievement in some rewarding modus. The participative leader takes

on consultative behaviors such as soliciting subordinates for suggestions prior to making a final decision, albeit, to retain final decision authority. The achievement oriented leader views leadership as a process meaning that leaders affect and are affected by their followers either positively or negatively. It stresses that leadership is a two-way, interactive event between leaders and followers rather than a linear, one-way event in which the leader affects the followers and not vice versa. Defining leadership as a process makes it available to everyone-not just a select few who are born with it. More important, it means that leadership is not restricted to just the one person in a group who has formal position of power (Yukl, 2011).

This theory is relevant to this study since every organization requires leadership to provide direction to its employees hence is in line with the objective on leadership. The leaders' behaviour is aligned to the employee's motivation so as to make them more receptive and engaged towards performance. The leaders conduct and attitude has the ability to influence followers to become role models, give clear command and control, and define the levels of responsibility among different cadres, all aimed at improved organizational performance. Understanding the path-goal theory of leadership requires one to think about the path that subordinates must follow to achieve goals assigned. According to Newman (2002), subordinates are motivated by their leader to achieve these goals when leaders clearly define them, clarify the path to completing them, remove unnecessary obstacles, and provide support to help achieve the assigned goals; hence making leadership an important factor influencing collective bargaining agreement.

### **2.2.2 Efficiency Wage Theory**

This theory was first developed by Carl Shapiro and Joseph Stiglitz in 1984 based on the assumption that shirking workers are completely unproductive and productivity of workers depend positively on their wages and reveals certain mechanisms that explain this dependence (Akerlof & Rachel, 2010). In their labour economics, they posited that the efficiency wage hypothesis argues that wages in some markets are determined by more than simply supply and demand, hence fairly explains economic

factors. Thus, this specifically points to the incentive for managers to pay their employees more than the market-clearing wage in order to increase their productivity or efficiency because the increased labor productivity pays for the higher wages. Efficiency wage model asserts that the productivity of workers in firms is positively correlated with the wages they earn (Rose, 2008).

Efficiency wage model has different explanations to this case seen as sub-models that Polachek and Siebert (1993) identify as: (No) Shirking Model proposes that wage has to be high enough that the utility of working bigger than the utility of shirking, the no-shirking condition ensures that workers are going to work and are productive for the company, also, workers receiving higher wages attract a greater cost to themselves to lose the job hence an incentive for them not to shirk and risk being fired; Gift-exchange recognizes that higher wages are seen by workers as gifts from the firm hence they endeavor to put in extra efforts as a form of a return to the firm for the gift; In fair wage-effort, when workers are paid a wage below what they perceive as fair, they may not apply as much effort as when they get their wage; Adverse selection notes that wages above the labour-market equilibrium draw more workers to the gates of the firm thus allowing the firm to choose better workers from a bigger pool; the turnover model claims that workers paid a higher wage than they would get at other firms are less inclined to quit their jobs thereby the firm's turnover is decreased by savings the costs of hiring and training new workers.

Classical traditions view individuals and entities as largely responsible for their own destiny (Sloane & Witney, 2004). The concept of 'sub-cultures of on traditions and economic status implies that deficiencies may continue over time, owing to lack of appropriate role models, micro and macro factors and lack or inadequate state intervention, attitude among others. During negotiations, all members will want to get to a better economic state so that they can improve their living standards while organizations would rather become capitalist to amass wealth for themselves and grow (Powell, 2002). Bewley (2004) writes that a queue of workers at the factory gate will not pull wages down but will make the employed more motivated to work

hence firms in a sense make use of unemployment. Bewley (2004) also notes that the unemployment benefits might affect the employment mechanism in that, if they are high enough, workers might be equal between being employed and unemployed hence it will in turn diminish the queues at the gates. He concludes that, many observations are predicted by models other than the efficiency wage model, and even within it, many phenomena can be explained by more than one sub-model.

Powell (2002), notes that economic factors was viewed from their role to alleviate poverty, market responses in terms of demand and supply as well as the controls in place which may cause certain adverse choices to be rational. Thus, the efficiency wage theory links well with the objective on economic factors.

### **2.2.3 Human Relations Theory**

Elton Mayo in 1933 advanced human relations theory which originated from a study commissioned on one of the electric companies in the USA in the early 1930s; the company was employing a large number of workers and offering the most attractive pay package and recreational facilities. Despite the favorable pay package, the firm had one of the most discontented workforces, with high levels of absenteeism and low productivity (Armstrong, 2007). The Human Relations theory emphasizes on people's social needs believing that productivity of a worker is directly related to the job satisfaction the employee derives from the performance (Armstrong, 2012). Many state corporations are known to offer relatively poor terms and conditions of employment compared to its private sector players. Employees need recognition and other enablers to facilitate change of attitude towards productivity culture.

Generally an employer sets out and provides its employees with a handbook or workplace policies to set forth expected behavior and procedures within the workplace (Alan, 2004). These employer policies can impact the organization, the employees, unions or other stakeholders' ability and capacity to bring a claim against the company or to undertake a negotiation. According to Alan (2004), policies are critical when an organization sets out to carry on a negotiation processes with other

parties since it affects the success or otherwise of such negotiations which may include CBA.

In labour-management, bargaining interactions involves the on-going relationship between the parties and negotiators must continue so as to resolve disagreements that may occur with respect to the application of bargaining agreement provisions, and employees and managers must work together to produce profitable goods or services if the firm is to be successful (Alan, 2004). If the organization drives a hard bargain that unduly oppresses the employees or if the company treats its workers badly, morale will suffer, and good workers may seek employment elsewhere (Alan, 2004). Employees may also be less committed to firm success, causing a decrease of productivity or a reduction in work quality

This human relations theory is relevant to this study and links well the objective on employer policies since every organization requires to set out policies that will guide how it executes its functions, relates with its employees and other stakeholders. Understanding the theory is useful in assisting organizations, especially State Corporations develop and uphold resourcing strategies, employee relations, and employment guidelines and regulations that guide how the organization will engage other stakeholders especially during collective bargaining agreement (Grewal & Tansuhaj, 2011).

#### **2.2.4 Theory of Alienation**

Karl Marx basically offered a theory of alienation in 1844 rooted in the social structures for which he said acted to break down the natural interconnections that characterize human nature (Wolfgang, 2012). According to Karl Marx, the structure of capitalism causes alienation since in an ideal sense of crucial significance, there is a two class system: capitalists employ the workers thereby owning labour, time and the means of production, tools, raw materials as well as the ultimate products. According to Hans (2000), to survive and have access to tools and nature, workers have to sell their labour time to capitalists.

The duty to bargain does not require that either party to agree to particular demands or the making of concessions; if the organization considers changes that might arguably affect the general organization structure and thus the bargaining or negotiation structure, they should resolve all possible doubts in favour of collective negotiations (Schnabel, Zagelmeyer & Kohaut, 2011). The three argue that the general structure of the organization can substantially affect the way collective bargaining is set out and the eventual outcome. Organization structure defines the level of command, authority and bureaucracy, and span of control within the organization which affects the time it takes to complete negotiations. According to Wolfgang (2012), notions of the importance of the centralization of collective bargaining is very critical and can only be supplemented by coordination; centralized regimes and coordinated ones have been held out as offering scope for improved economic and organizational performance. The structure of the organization is also important in stabilizing underlying relationships between the negotiating parties (Wolfgang, 2012).

The products of workers' labour does not belong to them for use in order to satisfy basic needs but instead belongs to the capitalists who may use it in any way they wish since the workers are usually alienated from productive activities (Newman, 2002). Workers playing small roles in the process often end up feeling that it is the assembly line rather than the people who work on it that produces the final product. Alienation theory fits in this study and relates with the objective on organization structure because according to Newman (2002), workers relate to the tools of work and not to fellow human beings. Depending on the organization structure, it may provide centralized command, high levels of bureaucracy or limited span or control or vice versa which may set employees into fixed units which are structurally and operationally distinct and separate from each other (Wolfgang, 2012). Based on the organization structure, workers in various divisions in the process may not be able to relate with other divisions hence workers work for the sake of the work itself

thereby limiting their relations thus this theory best fits with organization structure.

### **2.2.5 Profit Maximization Theory**

The profit maximization theory could be traced back as early as 1776 as Adam Smith's writing in *The Wealth of Nations* (Thomas, 2010). As Adam Smith argued, every business entity or company (based on contractual duties to owners) would act in self-interest to maximize profit and by so doing increase the aggregate benefit of the society. An organization seeks its objectives through the medium profit, innovativeness and, more specifically, through conversion of its resources into goods and/or services and then obtaining a return on these by selling or offering them to clients. In this respect, performance of a firm depends on revenue generation since: unless revenues are generated and used for generation of future profit and replacement of resources, the firm will eventually run down (Thomas, 2010).

In profit maximization theory, the strategies was driven primarily (but not exclusively) by the objective of maximizing the organization's revenues in the long run with the ultimate purpose of developing sustainable competitive advantage over the competitor. The application of this theory to the field of corporate governance and turnaround is pretty straight forward (Thomas & Mullaly, 2008). The objective of turning around company is to change the company situation from bad to good or better. And the first option and perhaps the only option at that time, is to enhance the company's revenue generation. This means that profitability and by extension profit maximization is the main or perhaps the only objective available for increased productivity and performance of an organization (Gerhart, 2007). Firms' productivity and performance is evidenced by its capacity to generate revenue that can afford it adequate profits, its level of innovativeness and capacity to deliver services. It should also be able to maintain continual growth and sustain sizeable market share while making efforts to understand the elements and dynamics of market competition (Thomas & Mullaly, 2008).

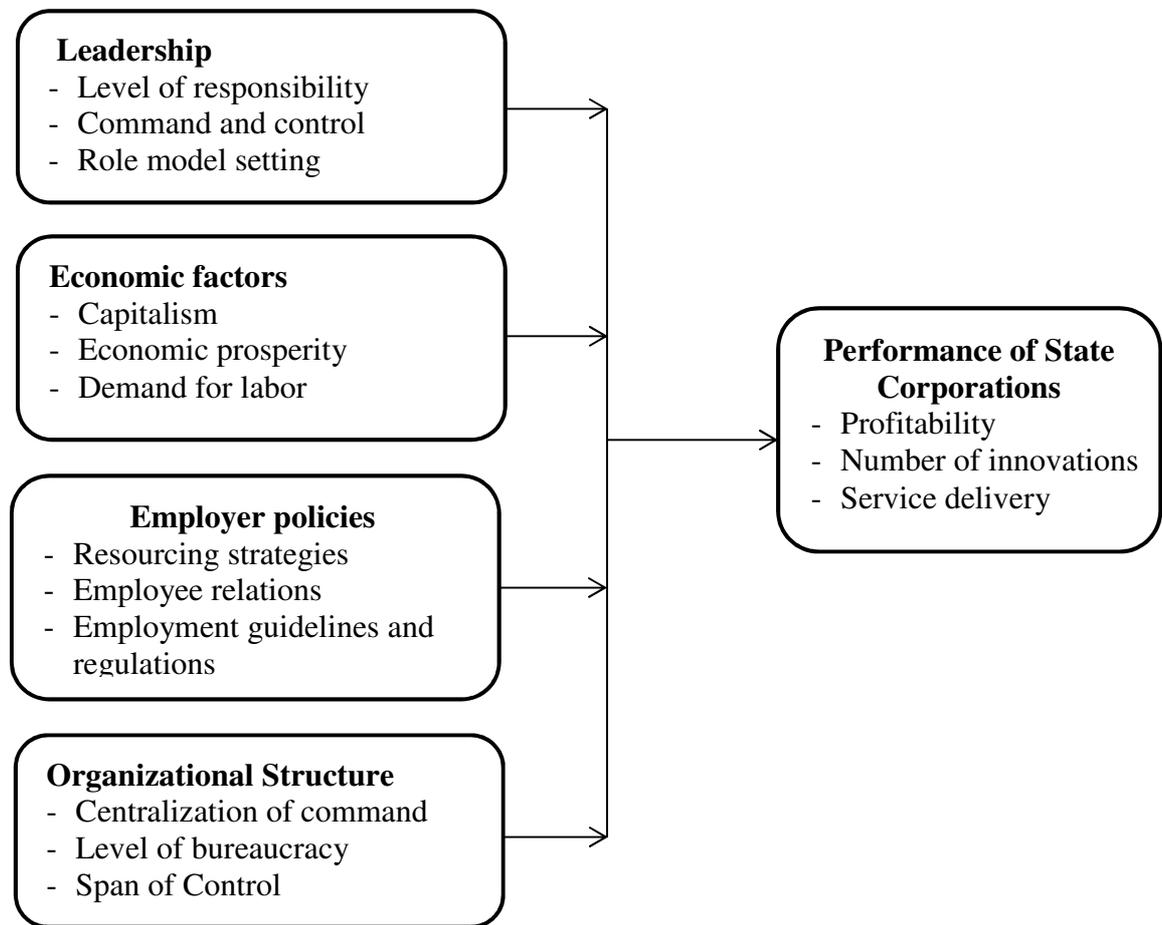
The theory is relevant to this study and links with the objective on performance because profit is the main determinant of performance of an organization. It is a corporation's desire to maximize profits which basically means higher returns at lower costs (Wolfgang, 2012). Every organization would act in self-interest to maximize profit and by so doing enhance their position in the market while endeavoring to meet their mandates and obligation (Thomas, 2010). A state corporation seeks meet its mandate through revenue generation, innovativeness, improved service delivery and through conversion of its resources into goods and/or services and then obtaining a return from them by selling them to clients. In this respect, performance and productivity of the organization will depend on revenues but only if such revenues are ploughed back into the business to improve innovation and service delivery (Gerhart, 2007).

### **2.3 Conceptual Framework**

Mugenda and Mugenda (2003) defines conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depictions of the major variables of the study. It is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. Armstrong (2012) explains that the conceptual framework aims to update and refine the existing concepts to reflect the changes.

Rose (2008) postulates that conceptual framework acts like a map that gives coherence to empirical inquiry and is used to outline possible causes of action or present preferred approach to an idea; hence it is a structure of assumptions and principles that hold together the ideas comprising a broad concept. She further points out that conceptual framework synthesizes ideas for the purpose of organized thinking and providing study direction, and comprise the independent and dependent variables and an examination into their relationship. According to Walliman (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. In this study, the

determinants constitute the independent variables while successful collective bargaining constitutes the dependent variable as illustrated in Figure 2.1.



**Independent Variables**  
**Figure 2. 1: Conceptual Framework**

**Dependent Variable**

### 2.3.1 Leadership

Responsibility without authority is frustrating and authority without responsibility is pernicious (Tannenbaum, 2008). Unless a superior is willing to exercise less control and trust a subordinate, delegation is not possible in anything other than name. Effective leadership is seen as a potent source of management development and sustained competitive advantage for organizational performance improvement (Rowe, 2001). For instance, transactional leadership helps organizations achieve

their current objectives more efficiently by linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done (Zhu, Chew & Spengler, 2005). Visionary leaders create a strategic vision of some future state, communicate that vision through framing and use of metaphor, model the vision by acting consistently and build commitment towards the vision (Avolio & Gardner, 2005). Some scholars like Zhu et al. (2005), suggest that visionary leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance in the new organizations environments.

Mehra, Smith, Dixon and Robertson, (2006) argue that when some organizations seek efficient ways to enable them outperform others; a longstanding approach is to focus on the effects of leadership. According to Kramer and Pittinsky (2016), a command and control approach to leadership uses top-down approach, which fits well in bureaucratic organizations in which privilege and power are vested in senior management. It uses standards, procedures, and output statistics to regulate the organization. Mello (2007) note that transforming organizations are led by transforming leaders who appeal to human characteristics that lift their sights above the routine, everyday elements of a mechanistic, power-oriented system. Transformational leadership exhibits passionate inspiration (Kramer & Pittinsky, 2016) and visibly model appropriate behaviors.

Leadership capabilities are typically defined by the traits, qualities and behaviors of a leader and the traits that reflect quality leadership and leadership theories are most closely aligned to it (Mello, 2007). For a leader to be a role model, employees should be able to emulate their behaviors, character or success since role modelling is a powerful tool for passing on the knowledge, skills and values for increased performance. The key aspects of leadership depends on employees sharing a common vision or goal, designing reward systems for all stakeholders to foster creativity and innovation empowerment and teamwork, timely responses to customer concerns by having all employees take a leadership role as well as share information and expertise (Zhu et al., 2005). Kramer and Pittinsky (2016) note that while

employees who score high in one or two of either aspiration, ability or engagement, can be valuable to an organization, however, it is the individuals who can put together the three areas who have the highest potential to rise to the organization's key leadership roles and succeed.

### **2.3.2 Economic factors**

Capitalism is an economic system and ideology based on private ownership of means of production and their operation for profit focusing on capital accumulation, control of labour, a price system and competitive markets. In many countries, collective bargaining agreements are legally enforceable and employers are obliged to recognize unions where a majority of workers want representation (Peterson, 2012). Union recognition gives room for various categories of protests including: strikes, gheraos, go slow tactics, demonstrations and so on legal immunity, whereas, the employers show their might by undertaking retrenchments, dismissals, lockouts among others (Peterson, 2012). This is. Industrial unrest and action, however, causes industrial recession and decline in national income thereby affecting the economic position of a given industry and the nation at large. Many organizations are capitalistic in nature; this works for them since it ensures that unions' power does not interfere with free market forces especially the labour market. It is, however, necessary for the management to recognize unions and their role and to bargain in good faith, which in turn puts pressure on the unions to formulate plans and demands in a systematic manner.

While negotiations are usually geared towards improving the economic position hence enhancing economic prosperity, it can be successful only when the parties rely on facts and figures to support their points of view; trade unions or employees should be assisted by specialists. Employees' usually expect better living standards through pay rises and increased benefit packages rise hence they put pressure on the management and unions for better terms through collective bargaining agreement. However, when the industry and national economy faces crises, unions' and employees' bargaining power diminishes there by giving the organization an upper

hand in bargaining processes; employees focus more on job survival as opposed to better living standards. According to Carrell and Heavrin (2012), wage related issues - especially wage disparities, lack of welfare and social security, poor working conditions, wave of globalization, new lifestyles, low-cost production alternatives, rising wages and low productivity among others are major consideration during negotiation processes. National economic plans normally interfere with CB processes since they offer indicators and incentives or support on the sectors and areas they consider key for the national development hence distorting open negotiation among employers and unions/ employees (Carrell & Heavrin, 2012).

According to Peterson (2012), a fundamental characteristic of man is his innate urge for self-expression and creative accomplishments and to satisfy this urge one must have a measure of control over his own work situation and personal relationships to the end of his own labour. The supply and demand for labour is an indicator of the market conditions and gives the organization either an advantage or disadvantage during recruitment and selection or during a collective bargaining process. With increased power, unions have a larger say in collective bargaining processes hence organizations may have to bear with unfavorable terms when negotiating the CBA and eventually concede to terms they would have otherwise not accepted (Peterson, 2012).

### **2.3.3 Employer Policies**

Employers with unionized work forces often want to implement new work rules during the term of their collective bargaining agreement (Gallie, Felstead & Green, 2001). Employee resourcing can either be from internal or external employment markets and depending on the organizational policies laid down, it can affect the power balance between the organization, the employees and other stakeholders. Typically, that can be done unless the contract includes a provision that would be contradicted by the new rule. According to Kugler and Pica (2009), before new work rules or other new terms and conditions of employment can be implemented, the employer must give the union an opportunity to demand bargaining about the matter.

If the union asks to bargain, the employer may not implement the new rule without the union's consent or without having first bargained to "impasse."

How employees relate among themselves, with the organization and unions is to a big extent determined by the organizational policies in existence. According to Swanson (2007), employers need to develop policies and procedures for a variety of purposes which include: to let workers know what type of performance and conduct is expected; to protect themselves in the event a worker fails to follow the policies and is let go, and to detail work aspects, such as vacation time, health benefits and pay schedules so that employees spend less time asking questions about those things and more time getting actual work done.

Every organization, regardless of its size, should have in place employment guidelines and regulations to be followed when undertaking various activities within the company, especially when administering human resource management activities. Gallie, Felstead and Green (2001) argue that there is need for management to be cautious about implementing mid-term work rules (or other changes in terms and conditions of employment) without affording the union an opportunity to demand bargaining. Many Boards hold that an employer may not make unilateral changes in any term or condition of employment unless the union has "clearly and unmistakably" waived its right to bargain about the change.

#### **2.3.4 Organizations' Structure**

Centralization of command is common, especially, in many organizations that are hierarchical in nature where most of the functions of the organization are designed in such a way that orders, leadership, guidance and instructions come from one point and spreads through the organization. Ravasi and Schultz (2006) note that organizational culture, a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations and job positions, affect the overall organization structure. Although a company may have own unique structure, there is a diverse and sometimes conflicting culture that

co-exist due to different characteristics of the management team hence it may have both negative and positive aspects. According to Kugler and Pica (2009), organizational structure is a product of developments over many years which begin when an organization comes into existence and understanding the culture molds expectations and influences working style.

Performance largely depends on how well an organization is structured, a number of processes have been identified as drivers behind the changing ideals or values that institutional leaders are supposed to sustain (Bleiklie, 2002). In organizations with high levels of bureaucracy, processes and procedures are long and take time hence the organization rarely benefits from proactivity which may arise spontaneously since the decision making chain is long. Organizations often have very differing structures as well as substructures and systems with embedded qualities. According to Ravasi and Schultz (2006), these qualities bring about a unique structure for an organization which managers need to know if they need to change an organization's working style, strategic direction, or positioning within an industry for culture builds competitive edge since people live and breathe a culture of quality and excellence.

Bleiklie (2002) notes that managers need to feel that the structure allows them to manage in the way they consider necessary to deliver organizational success. In some organizations, some managers have a large span of control compared to others. According to Fabiaan (2015), some have few subordinates while others have a large number. The span of control is majorly determined by the structure of the organization such that flattened organizational structures have a larger control span than tall structures.

Kugler and Pica (2009) point out that since organizations can be viewed as systems, management can also be defined as human action, including design to facilitate the production of useful outcomes from a system, a view that opens the opportunity to manage oneself which is a pre-requisite to attempting to manage others. Companies manage to develop, integrate and sustain a number of key enablers (leadership,

continuous improvement, innovation and employee development, etc.) into their corporate culture. Enablers considerably improve the organizations' performance and contribute towards its success and growth (Mutukwa, 2003), resulting in a positive proactive culture based on the best practices.

### **2.3.5 Performance**

According to Public Procurement and Disposal of Public Assets Authority (PPDA) (2008) performance is a function of effectiveness and efficiency that is defined as achievement of the set objectives and responsibilities from the perspective of the judging party. Performance measures used by most organizations include financial performance; profits, return on assets, return on investment, product market performance consist of sales, market share; shareholder return consists of total shareholder return and economic value added (Hartle, 2009). Superior firm's performance is achieved by developing and sustaining a competitive advantage. Organizational performance factors consist of financial performance such as competitive position, increase in profit, sales volume, market share and firm's reputation. Operational performance include improvement in service quality, reduction in complains, increase in customer satisfaction (Kempe, 2012). Strategy is a key in the overall performance of the organization. The environment influences the link between strategy and performance. The combination of the various factors contributes to the strategies selected which influence the performance of the organization (Musangi, 2013).

According to Mulama (2012) performance management continues to be central to any organization; the need of reform agenda has a considerable convergence on managing performance the world over. He suggests that we should continue to share experiences with countries that have a relatively well integrated performance management models like Australia, Canada, New Zealand, United Kingdom, United States and Botswana. We must re-define the purpose, mandate and core business of the public sector and the appropriate service delivery mechanisms. According to Awino and Mutua (2013), state corporations in Kenya performance indicators are

financial and non-financial. Financial indicators consist of profitability and cost efficiency while non-financial indicators consist of firm image, customer satisfaction and process efficiency. The two argue that performance should be cascaded to all levels of staff through performance appraisal system to ensure that each individual plays their role in the overall output of the organization.

Mulama (2012) notes that performance is measured by calculating the difference between actual performance and the set target and that excellent performance is 100%, very good achievement is 99.9%, good is 76.5%, fair is 53.9% while poor is 38.5%. Awino and Mutua (2013) note that performance indicators for state corporations are classified under 6 categories; finance and stewardship (profitability), service delivery, non-financial, operations, dynamic or innovation and corruption eradication. Awino and Mutua (2013) add that operations in all state corporations have been assigned 55% with the exception of commercial State Corporation which have been assigned 30%, and that operations constitute various elements such as project implementation (completion rate and cost efficiency), ease of doing business and capacity utilization.

## **2.4 Empirical Literature Review**

### **2.4.1 Leadership and Performance**

Leadership is a relationship whereby one person influences the behaviour or actions of other people (Wakabi, 2016). People often use management and leadership interchangeably. While management is all about planning and controlling organizational resources to achieve an organization's objectives, leadership involves the alignment of employees to the expected organizational vision (Amahundu, 2016). Amanchukwu, Stanley and Ololube (2015) argue that leadership styles are the approaches used to motivate followers; leadership is not a "one size fits all" phenomenon hence the styles should be selected and adapted to fit organizations, situations, groups, and individuals. It is thus useful to possess a thorough understanding of the different styles as such knowledge increases the tools available to lead effectively (Wakabi, 2016). Obiwuru, Okwu, Akpa and Nwankwere (2011)

investigated the effects of leadership on organizational performance in Ikosi-Ketu Council Development area of Lagos State, Nigeria. The research used a survey design, and analysis was based on primary data generated through a structured questionnaire administered on respondents. The analysis showed that each of charisma and intellectual stimulation/individual consideration traits of transformational leadership style exerts positive but insignificant effect on followers and performance. The study concluded that transactional leadership style is more appropriate in inducing performance than transformational leadership style. Consequently, the study recommended adoption of transactional leadership style with strategies to transit to transformational leadership style as enterprises develop, grow and mature.

Autocratic leadership is an extreme form of transactional leadership, where leaders have complete power over staff. Staff and team members have little opportunity to make suggestions, even if these are in the best interest of the team or organization (Amanchukwu et al., 2015). This leadership style applies a school of thought where leaders have a lot of control over most if not all decisions made in the organizations. There is little if any, delegation of duties and input from the employees is not solicited or encouraged. Most organizations with this style of leadership have a higher turnover and employee and manager conflicts tend to be more frequent this is due to the diversity of cultures and mindset of the individuals working in the organization (Mulama, 2012).

Ozsahin, Zehir and Acar (2011) linked leadership to firm performance in Turkey. The survey of this study was conducted on 343 middle and senior managers of 125 high performing firms operating in manufacturing industry in Turkey, between the years of 2008-2010. Firms fulfilling the criteria that: (1) being indicated in the list of “Fortune 1000 of Turkey” between the years of 1997-2007, and, (2) not having undergone a loss for those 10 years, are indexed as high performing firms. The obtained data from the questionnaires were analyzed through the SPSS statistical packaged software. Factors analysis, reliability analysis, correlation and regression

analyses were used to evaluate the data. Analysed results revealed that both dimensions of learning orientation (commitment to learning and shared vision and open-mindedness) mediate the effects of the relations-oriented and task oriented leadership on the firm performance. The survey, which was conducted on high performing firms of Turkey survived in series of crises, highlighted the relationship among leadership, learning orientation and firm performance. According to Ozsahin et al. (2011), the most striking result to emerge from the data was that; commitment to learning and shared vision and open-mindedness mediates the effects of task-oriented leadership and relations-oriented leadership behaviour on firm performance.

Wakabi (2016) argues that another benefit of participative leadership is retention since participative style of leadership gives employees an opportunity to improve their income through good performance in addition to the chance to be active in determining the future success of the company. Encouraging employees to be active in the growth of the organization inspires those employees to stay with the organization to see their plans result in success which improves employee retention and cuts down on the costs of turnover (Wakabi, 2016).

Chaudhry and Javed (2012) argue that *laissez-faire*, this French phrase for “let it be” when applied to leadership describes leaders who allow people to work on their own. *Laissez-faire* leaders abdicate responsibilities and avoid making decisions, they may give teams complete freedom to do their work and set their own deadlines. *Laissez-faire* leaders usually allow their subordinate the power to make decisions about their work. This type of leadership can also occur when managers do not have sufficient control over their staff (Amanchukwu et al., 2015). A manager that utilizes participative style creates a serene environment where the employees feel like citizens of the organization, thus leaving the organization was like leaving their home and family (Mulama, 2012). Participative leadership style marks great employee productivity, satisfaction, teamwork, and commitment. It reduces the need for controls, formal rules and procedures which cause low employee absenteeism and turnover (Chaudhry & Javed, 2012).

### **2.4.2 Economic factors and Performance**

Efficiency wage models reject the premise that wages are aligned to the marginal productivity of workers under perfect competition. In contrast, these models argue that paying higher-than-market wages can be a rational choice for firms, in order to increase the work effort of employees (Braithwaite, 2008). This applies particularly if there are sources of alternative income (such as benefits) for the unemployed, and the models assume that individual workers maximise their utility taking account of wages, alternative incomes and efforts, all of which contribute to determining their marginal product.

Recent studies by Dawson (2013), Adkins and Savvides (2012), and, Gwartney, Lawson, and Block (2006) show that institutions that promote economic freedom have a positive effect on economic performance. In addition, a strand of the extant empirical research has scrutinized the extent to which more political freedom leads to less income inequality and to economic prosperity (Adkins & Savvides, 2012).

Studies by Granato, Inglehart and Leblang (2006), Li, Poppo and Zhou (2008), Barro (2009), Bourguignon and Verdier (2010), Easterly (2011), among many others, report that countries with civil liberties have lower levels of income inequality compared to those experiencing civil strife. In many instances, the debate on institutions moves beyond the measure of economic development and onto issues such as corruption, quality of bureaucracy and rule of law. Currently, the bulk of the research on the determinants of economic performance concentrates on the role of institutions in the discussion and its focus has shifted from macroeconomic variables to the quality of institutions (Dawson, 2013). Empirical evidence from several studies (Osman, Alexiou & Tsaliki, 2012; Rodrik, Subramanian & Trebbi, 2012; Acemoglu, Aghion, Griffith & Zilibotti, 2003; Easterly, 2011) suggests that the positive correlation between good economic policies and development is the result of good institutions, which, once they are introduced into the analysis, make the correlation disappear.

Schneiberg and Bartley (2008) commented that researchers have amassed evidence for the proliferation of regulation and new forms at the national and transnational levels, the extent to which new forms actually reshape markets and organizational behavior on the ground. Any form of business economic regulation can be vulnerable to empty ritualism (Braithwaite, 2008), but many scholars see in regulatory capitalism an overriding opportunity to harness the power of markets to achieve social goods in efficient, effective, and democratically legitimate ways (Gunningham, Kagan & Thornton, 2003); empirical research into the nature, workings, and impacts of regulatory capitalism is necessary to understand and explain contemporary social, political, and economic power relations.

Understanding and explaining the impact of different regulatory developments in an independent and rigorous way is also an important aspect of policy evaluation and accountability of regulatory capitalism without evidence of its impacts (Jordana & Levi-Faur, 2004). Regulatory capitalism privileges business rather than state provision of goods and services with a concomitant emphasis on business responsibility for how goods and services are provided (Braithwaite, 2008). The fact that businesses are responsibilized to a large degree by the policy goals and values set by regulation means that compliance is an exceedingly broad concept.

### **2.4.3 Employer Policies and Performance**

Staffing strategy refers to a company's decision regarding where to find employees, how to select them and the mix of employee skills and statuses (Noe, 2008). Employee resourcing strategies exist to provide the people and skills required to support the business strategy; it is concerned with any means available to meet the needs of the firm for certain skills and behaviour (Armstrong, 2010).

The objective of resourcing strategies is to obtain the right basic material in the form of workforce endowed with the appropriate qualities, skills, knowledge and potential for future training (Armstrong, 2010). Organizations can take one of three actions to

fulfil their employee resourcing: reallocate tasks between employees, so that existing staff take on more or different work; reallocate people within the company; and recruit new staff from the external job market. Emphasis should be placed on flexible working practices, requiring multi-skilled workers and sophisticated assessment and development programmes. Gaining competent employees at all levels of the organization stems from changes in recruitment and selection philosophy (Huselid, 2005).

Two aspects of a company's staffing strategy influence training: the criteria used to make promotions and assignment decisions (assignment flow) and the places where the company prefers to obtain the human resource to fill open positions (supply flow) (Noe, 2008). According to Johnson et al. (2006), recruitment is a key method of improving the strategic capability of an organization as well as redeployment and redundancy planning. To successfully face the increasing uncertainty and competitiveness what is required is performing employees to build performing organizations (Pattanayak, 2008). In order to ensure the on-going delivery of government programs and services, all sectors require a continuous supply of fully qualified people in the right positions at the right time. Noe (2008) notes that deciding what skills new employees were selected on and what skills the company will develop is a staffing strategy. The companies also need to motivate good employees to remain and work with the organization.

William and Kinicki (2008) argue that when employment rates are high companies are desperate to attract, retain and motivate key people. They further mention that even in tough economic times there are always industries and occupations in which employers feel they need to bend backwards to retain their human capital. Organizational behavior studies suggest that employee retention is dependent upon levels of organizational commitment and the policies in place. A study by Noe *et al.* (2006) has established a direct link between employee retention rates and employee performance. According to Hitt, Ireland and Hoskisson (2011) people should be placed in positions that fit them best, this is based on believe that failure to properly

allocate employees would result in forfeiture of the company's competitive position. Successful firms have policies and willingness to dismiss employees who engage in counterproductive behaviour which ensures that productive employees are not made miserable by supervisors or co-workers who engage in unproductive, disruptive or dangerous behavior.

#### **2.4.4 Organizational Structure and Performance**

Lavie (2010) gave evidence that the level of organizational structure and strategies is positively related to company effectiveness. Grewal and Tansuhaj (2011) reported that more successful companies have well defined organizational structures in sharp contrast to less successful companies. Focusing on large firms (Ekpu, 2004) found a positive relationship between the unstructured organizational patterns and large firm financial performance. Organizational structure is normally described as the way responsibility and power are allocated, and work procedures are carried out among organizational members. Robbin and DeCenzo (2009) argue that the organizational structure performs a significant role in the achievement of organizations set objectives and accomplishment of its strategic goals and direction. Organization's structure becomes more relevant when it is in harmony with the objective mission, competitive environment and resources of the organization. The two believe that one-cap-fits-all is non-existence in an organizational structure design as no two firms are entirely similar and as such faces different challenges from its environment.

Mansoor, Aslam, Barbu, Capusneanu and Lodhi (2012) reportedly assert that performance effect of organizational structure is moderated by changes in the environment and hence, to attain desired superior performance by an organization adequate attention is required to have an organizational structure that can match the prevailing environment dynamism in place. These structures are characterized with different attributes such as control, service delivery, communication, organizational knowledge, task, prestige, governance and values. Hajipour, Mohammad and Arash (2011) studied on relationship between organization structure, strategy type and organizational characteristics. Results indicate organizational structure determines

organizational characteristics. Mansoor et al. (2012) contend that ideal organizational structure is a recipe for superior performance. Organizational structure includes the nature of layers of hierarchy, centralization of authority, and horizontal integration. It is a multi-dimensional construct in which concerns: work division especially roles or responsibility including specialization, differentiation or departmentalization, centralization or decentralization, complexity; and communication or coordination mechanisms including standardization, formalization and flexibility.

Oyewobi, Windapo and Rotimi (2013) study on impact of organizational structure and strategies on construction organizations performance, found that organization structure has no direct impact on both financial and non-financial performance. Qingmin, Helmut and Juergen (2012) study in Austria and China found that organizational structure influence performance directly and indirectly. According to Robbin and DeCenzo (2005), organization structure has two essential functions which are control and coordination. Controls involves making sure that decision makers at all levels use the managerial or hierarchical constrains as of one of the criteria in making their decisions. According to Bucic and Gudergan (2014), there are four generic types of control mechanism which include centralization, formalization, outputs and cloning.

Robbin and DeCenzo (2009) defines formalization as degree to which jobs are standardized while defines centralization as a situation where decisions are made at the top of the organization. Bucic and Gudergan (2014) consider decentralization as pushing decision authority downward to lower level employees. There are different types of organizational structure which include divisional structure, functional structure geographical structure, horizontal structure, hybrid structure and matrix structure. According to Bucic and Gudergan (2014), organizational structure is the formal system of task and reporting relationships that controls, coordinates and motivates employees so that they cooperate to achieve organizational goals. Adeoye and Elegunde (2012) found that external environment had impact on organization performance in study of food and beverage industry in Nigeria.

## **2.5 Critique of the Existing Literature**

Borjas (2013) notes that a significant proportion of employees in the world engage much low skilled labour in an attempt to cut on labour costs, and that, general services at various corporations in developing countries are very poor because of low wages, lack of job security and low level of skills acquisition. Workers are exposed to poor conditions of employment, poor management and low pay, and until recently, many employees were not allowed to join trade unions. Ochieng (2006) states that, many corporation jobs offer very minimal possibility of promotion and professional development especially for those who begin at the low pay grades. An evaluative study by Omolo and Omiti (2004) of the minimum wage policy in Kenya argued that the working conditions in some state corporations were poor and cannot accord their workers attainment of reasonable standards of living. Currently, the legal minimum wage in Kenya is slightly above Kshs. 10,000/- , although some employees are still paid lower, but the level of inflation and cost of living have risen steadily over the years faster than the wage increases (Danish Trade Council for International Development and Cooperation (DTCIDC), 2016).

While the Constitution of Kenya (2010) and the labour laws have opened up space for employee relations and industrial action, DTCIDC (2016) notes that collective bargaining has not improved working conditions for many workers both in private and public sector since many are only hired on a casual basis, and the use of temporary employment has a negative effect on workers' ability to unionize. According to a wage rates report by the Kenya National Bureau of Statistics (KNBS), wages are way below expenditure requirements in many households. Mireri (2000) examined the impact of state development on employment creation in Kenya and found that weak trade union movement in the country, inefficient and inadequate social security, absence of employment benefits and low pay are among the key problems faced by state corporations' workers.; many workers are occasionally threatened with sacking whenever they voice their dissatisfaction with the working conditions in place.

In their study, Omolo and Omiti (2004) note that management usually has a negative attitude towards trade unionism. This may be a reason why some state corporations only reservedly allow unionization of their workers who strongly embrace the union, although, the workers fear too much involvement may lead to dismissal since according to Cowu (2017), a number of workers have over time been coerced by their employers either to resign from the unions or to join the management group. Omolo and Omiti (2004) further explain that non-recognition and disrespect of unions by the management is a major factor hindering the improvement of the welfare of workers. Kenya's labour laws and constitution guarantee workers the right to freedom of association and collective bargaining (RoK, 2010). However, enjoyment of such right is dependent on a trade union being accorded recognition and respect by the employer.

The theoretical framework and empirical literature demonstrates that past theories/models and empirical studies have not clearly addressed the relationship between CBA and performance in organizations, especially state corporations. In his study on strategic planning and performance of the state corporations of the government of Kenya, Mwai (2013), concentrated on strategic planning and performance thereby leaving out matters to do with employee relations and collective bargaining. Determinants of collective bargaining agreement were not considered an important factor in the study.

A study on influence of corporate entrepreneurship on the performance of State Corporations in Kenya by Awino (2015) focuses on workers as the pillars for development who deserve good treatment given the intense competition, and that managers and organizations are constantly seeking new sources of competitive advantages; he, however, did not discuss collective bargaining in the state corporations. On their part, Kehinde, Idris and Oluitan (2014) carried out a study on collective bargaining, but their study only looked at time as a factor when negotiating collective bargaining while disregarding all other factors.

Mulabe (2013) carried out a study on human resource strategic orientation, employee outcomes, organizational factors and performance of state corporations in Kenya. The study found out that the joint effect of organizational factors on the relationship between human resource strategic orientation and employee outcomes is greater than the effect of the organizational factors. None of the organizational factors under study focused on employee relations or collective bargaining although performance was the main focus. Although Schnabel, Zagelmeyer and Kohaut (2011) established numerous determinants of CBA in their study, they didn't not link them to performance hence there is need to explore the effect of determinants of the CBA on performance of organizations. Nyanjom (2013) studied factors influencing employee retention in the state corporations in Kenya and established that employee's retention was influenced by employee's empowerment, training and career development, employee compensation, performance appraisal and employees commitment. However, the study did not seek to establish whether collective bargaining agreement affect retention of employees or their performance.

## **2.6 Research Gaps**

Napathorn and Chanprateep (2011) posits that collective bargaining is generally bipartite consisting of negotiations between an employer and employees' representative, although the government may be involved at times, who determine the conditions of employment. The literature reviewed, however, does not bring out the forms of agreements as it is known that such situations consists the management, the workers, and an intervener. Similarly, majority of the literature on collective bargaining does not focus on Kenya.

A study by Lekmat and Selvarajah (2008) examined collective bargaining activities in 400 auto-parts manufacturing companies randomly chosen from the Thailand Automotive Industry directory 2006-2007. The study suggested collective bargaining is a combination of many factors that have significant influence on a firm's performance; however, they did not point out the specific factors hence the need for

this study to bring out the key determinants. A study on strategic planning and performance of the state corporations of the government of Kenya by Mwai (2013) concentrated on strategic planning and performance of state corporations but did not look on either employee relations or collective bargaining agreement. Employee relations are a key pillar in any institution and would be a critical factor in strategic planning.

According to Kehinde, Idris and Oluitan (2014), there are factors that affect the time it takes to negotiate collective bargaining agreement. While the two focused on collective bargaining, their study only looked at time as a factor when negotiating collective bargaining while disregarding all other factors. Similarly, the study was general and did not focus on state corporations. Awino (2015), on a study on influence of corporate entrepreneurship on the performance of State Corporations in Kenya found out that although workers are pillars for development and deserve good treatment, the context of intense competition, and that managers and organizations are constantly seeking new sources of competitive advantages, he did not discuss collective bargaining in the state corporations.

## **2.7 Summary of Literature Review**

This chapter highlights the literature reviewed and other studies carried out in collective bargaining by various institutions and personalities. Of importance, it reviewed the following variables leadership, employer policies, organizational structure and economic factors as some of the key determinants of collective bargaining in state corporations in Kenya. Several theories have also been reviewed to enable a clear understanding of the topic and the issue at hand. Theories studied include; the collective bargaining theory, the human relations theory, the efficiency wage model, the theory of alienation, and the profit maximization theory. These theories emphasize on people relations, social needs, productivity and workers monetary value all geared towards employee and organizational work performance. The variables reviewed have been developed into a conceptual framework to show how they influence collective bargaining agreement.

The researcher has also empirically reviewed past studies related to collective bargaining agreement and performance in state corporations. This has made it possible to analyze the research gaps as well as make a critique of existing literature. The rising number of labor strikes and industrial unrests in Kenya and Africa in general should awaken employers and governments to consider reviewing labour laws to streamline and align them with the labour market needs for economic growth progression.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focused on the research design, methodology and procedures that were adopted in carrying out the study. It sets out various stages and phases that were followed in completing the study. The overall scheme, plan and that was employed to gather data for the study. The researcher identifies the research design, research location, target population, sampling and sampling technique, data collection, pilot test, reliability and validity of instruments, data collection procedures and data analysis and presentation.

#### **3.2 Research Philosophy**

Research philosophy is a belief about the way in which data about a phenomenon should be gathered, analyzed and used (Wang, 2012). Bajpai (2011) explains that research philosophy deals with the source, nature and development of knowledge. The term epistemology (known to be true) as opposed to doxology (what is believed to be true) encompasses the various philosophies of research approach. Two major research philosophies have been identified in the Western tradition of science, namely positivist (also scientific) and interpretivist (also anti-positivist).

Positivists believe that reality is stable and can be observed and described from an objective viewpoint that is without interfering with the phenomena being studied. They contend that phenomena should be isolated and that observations should be repeatable. This often involves manipulation of reality with variations in only a single independent variable so as to identify regularities in, and to form relationships between, some of the constituent elements of the social world. Predictions can be made on the basis of the previously observed and explained realities and their inter-relationships. Positivism has a long and rich historical tradition. It is so embedded in our society that knowledge claims not grounded in positivist thought are simply dismissed as not scientific and therefore invalid (Wang, 2012).

This research adopted the positivism approach, which is based on the idea that science is an only way to learn about the truth. In positivism studies the role of the researcher is limited to data collection and interpretation through objective approach and the research findings are usually observable and quantifiable (Dudovskiy, 2011). Trustworthy knowledge was gained from factual information from the State Corporations in Kenya. Science is the underlying ground for positivism, since it is deterministic based on the assumption that X causes Y under certain circumstances. This research assumed that leadership, economic factors, company policies and organizational structure in CBA influenced performance in State Corporations. Dudovskiy (2011) points out that the mechanical nature of scientific approach can be explained in a way that researchers develop hypotheses to be proved or disapproved via application of specific research methods. This research had four hypotheses that were stated based on the specific objectives of the study.

### **3.3 Research Design**

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothari & Garg, 2014). Newing (2011) posits that it is the overall strategy and process that one chooses to integrate the different components of the study in a coherent and logical way; thereby ensuring that the research problem is addressed effectively. It is the general plan of how one goes about answering the research questions and gives the structures within which the study is implemented (Thomas, 2010).

This study adopted descriptive research design. A descriptive research design was preferred since the design is used when the problem has been well designed and where the researcher can engage in a field survey by going to the population of interest in order for the respondents to explain certain features about the problem under study (Mugenda & Mugenda, 2003). It helps to gain new insights, discover new ideas and for increasing knowledge of the phenomenon since it uses a pre-planned design for analysis and also determines and reports the way things are.

Creswell (2013) observes that a descriptive research design is used when data is collected to describe persons, organizations, settings or phenomena. The choice of this design is informed by the fact that the study seeks to describe a single variable (performance) in a single population (state corporations). The objectives are stated clearly and there is a clear cut definition of population. The methods of data collection were tested for validity and reliability, conditions which according to Kombo and Tromp (2010) must be present in descriptive studies. It is useful for identifying variables and hypothetical constructs which can be further investigated through other means. Such a design is concerned not only with the characteristics of individuals but with the characteristics of the whole sample thereof. It provides information useful to the solutions of local issues (problems).

### **3.4 Target Population**

Population is basically the entire group of individuals, events, or objects having a common observable characteristic. Cooper and Schindler (2014) define a population as the total collection of elements about which one wishes to make inferences. Mugenda and Mugenda (2003) argue that target population in statistics is the specific population about which information is desired. According to Bajpai (2011), a population is a well-defined set of people, services, elements and events, group of things or households that are being investigated which implies that the population of interest is homogeneous. The target population comprised all the State Corporations in Kenya which are 187 (SCAC, 2017), this is necessitated by the researcher's desire to study the determinants of CBA on the performance of all the State Corporations. The state corporations are important for this study since the government achieves most of its mandate through state entities (Kamau, 2017). It is also many of these state corporations that are affected by industrial actions and that have seen many of their unionized employees go on strike.

These State Corporations are subdivided into five categories which include: Commercial State Corporations (34); Commercial State Corporations with Strategic Functions (21); Executive Agencies (62); Independent Regulatory Agencies (25);

and Research Institutions, Public Universities, Tertiary Education and Training Institutions (45). The interest in this population was driven by the fact that state corporations, due to the perceived weaknesses and actions of the parties to CBA, are vulnerable to industrial unrests which in effect affects their performance. The unit of analysis was all the 187 State Corporations in Kenya while the unit of observation was the Heads of Human Resources in the sampled 95 State Corporations

### **3.5 Sampling Frame**

A sample is a carefully selected subgroup or subset that is a representative of the population under study (Teddlie & Yu, 2007). A sampling frame describes the list of all the units in population from which the sample was selected (Cooper & Schindler, 2014). Mugenda and Mugenda (2003) also note that sampling frame is the actual set of units from which a sample has been drawn. According to Sekaran (2003), it is a list of items where a representative sample is drawn for the purposes of research. It is the source material or device from which a sample is drawn and forms the physical representation of the target population and comprises all the units that are potential members of a sample (Kothari, 2004). It is the methods used in drawing samples from a population usually in such a manner that the sample will facilitate determination of some hypothesis concerning the population. The heads of departments and supervisors were picked as the respondents for this study. The sampling frame of this study was all the 187 State Corporations in Kenya (SCAC, 2017) (the sample frame is part of the appendices).

### **3.6 Sample Size and Sampling Techniques**

Kothari (2004) posits that sampling technique refers to the method of selecting a sample. Kombo and Tromp (2010) refer to stratified random sampling as the dividing of the population into homogenous subgroups then taking a simple random sample from each subgroup. Kothari (2004) further notes that stratified random sampling is used when a population from which a sample is to be drawn does not constitute a homogenous group. The State Corporations are not homogenous due to their different mandates and functions. Simple random sampling occurs when the

researcher selects units of observation from a given set without any particular criteria (Emmel, 2013). It helps the researcher to get the desired representation of various items from the population without any particular criteria hence avoiding instances of biasness. Thus, the study will adopt stratified random sampling.

The essence of stratification was to ensure inclusion, in the sample, of each subgroup which otherwise would be omitted entirely by other sampling methods because of their numbers. This technique was chosen as it is said to reduce variances within stratum (Kothari, 2004). According to Mugenda, (2008) stratified random sampling helps the researcher achieve the desired representation of various subgroups in the population where the population embraces a number of distinct categories of different sizes, hence stratification will help to bring about homogeneity in the sample. The strata comprised: i) Commercial State Corporations (34); ii) Commercial State Corporations with Strategic Functions (21); iii) Executive Agencies (62); iv) Independent Regulatory Agencies (25); and v) Research Institutions, Public Universities, Tertiary Education and Training Institutions (45), as per the total population of 187 State Corporations.

According to Kothari (2004), size of a sample refers to the number of items to be selected from the universe to constitute a sample. A sample is a carefully selected subgroup or subset that is a representative of the population under study (Teddlie & Yu, 2007). Choosing a sample size is basically to determine the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inference about a population from a sample; as the population increases the sample size should increase, and the larger the sample, the less the noise (Emmel, 2013). The researcher selected a sample of 50% of the state corporations in Kenya. The state corporations were selected using stratified random sampling method. Stratification was done by sector. Each sector (stratum) contributed 50% of its total number of corporations to the overall sample. The final respondents were picked randomly from each stratum (the sample frame is part of the appendices). The heads of departments was the

respondents in the study. 95 state corporations was selected which formed 50.8% of the target population as shown in Table 3.1. 50.8% is a manageable sample.

$$n = \left[ \frac{n_0}{1 + \frac{(n_0 - 1)}{N}} \right]$$

where:

n = sample size

N = Population

$$= \left[ \frac{187}{1 + \frac{(187 - 1)}{187}} \right] = 93.78 \approx 94$$

**Table 3. 1: Sample Size**

<b>Category</b>	<b>Total Population</b>	<b>Sample Proportion</b>	<b>Sample Size</b>
Commercial State Corporations	34	50%	17
State Corporations with Strategic Functions	21	50%	12
Executive Agencies	62	50%	31
Independent Regulatory Agencies	25	50%	12
Research Institutions, Public Universities, Tertiary Education & Training Institutions	45	50%	23
<b>Total</b>	<b>187</b>	<b>50.8%</b>	<b>95</b>

### 3.7 Data Collection Instruments

This study used questionnaires to collect primary data from State Corporations. According to Kothari (2004), information obtained using questionnaires is normally free from bias and researchers influence, thus it is accurate and valid. The study used questionnaire and secondary data. The choice of questionnaires was informed by the fact that they gather information over a large sample and are more appropriate when

addressing sensitive issues since it offers greater anonymity. The questionnaire consisted of both structured and open ended questions, and Likert rating scales relating to leadership, economic factors, employer policies and organization structure. Both qualitative and quantitative data will be sought and the researcher ensured that the questions are clear and easy to understand and the sequence of the questions easy to follow (Kumar, 2011). Secondary data was obtained from relevant literature, company records and data collected by other people for other purposes. It was also collected through review of published literature such as journal articles, published theses and text books. These sources were reviewed to give insight in the search for primary information, insight on the research variables and the development of instruments.

### **3.8 Data Collection Procedures**

The researcher obtained an introductory letter from the University and a research permit from The National Commission for Science, Technology & Innovation (NACOSTI). This was followed by the recruitment of research assistants. The researcher collected both primary and secondary data for this study. The primary data was collected at source while secondary data was collected from published and reference materials such as reports and journals. The questionnaires were self-administered; self-administered questionnaires are advantageous in that they cost less than personal interviews and also enable the researcher to contact participants who might otherwise be inaccessible. The questionnaires were hand-delivered to the respondents for immediate response and where the respondents are either reluctant to fill immediately or are busy, then, the drop and pick method was used, where the researcher left the questionnaire with the respondent to fill on their own then pick it later at an agreed time.

### **3.9 Pilot Testing**

Cooper and Schindler (2014) indicated that a pilot test is conducted to detect weaknesses in design and instrumentation and to provide proxy data for selection of a probability sample. According to Bryman (2012), the purpose of pilot testing is to

establish the accuracy and appropriateness of the research design and instruments. A pilot study is conducted when a questionnaire is given to just a few people with an intention of pre-testing the questions. Pilot test is an activity that assists the researcher in determining if there are flaws, limitations, or other weaknesses within the instrument design and allows him to make necessary revisions prior to the implementation of the study (Kvale, 2007).

The researcher carried out a pilot study to pre-test the validity and reliability of data collected using the questionnaire. For this pilot study, the researcher selected a pilot group of 10 state corporations from the total population of 187 that did not have formed part of the sample population. Saunders, Lewis and Thornhill (2009) recommend a pilot test of between 5% and 10% of the study sample. 10% of the sample was 9.5 hence 10 units. Whatever procedure one uses to collect data, it must be examined to check the extent to which it is likely to give the expected results. This in turn relates to reliability and validity. The reliability and validity of any research depends to a large extent on the appropriateness of the instruments (Walliman, 2011). Essentially the researcher must ensure that the instrument chosen is valid and reliable.

### **3.9.1 Reliability of Research Instruments**

Mugenda and Mugenda (2003) define reliability of an instrument as the degree of stability by comparing results of repeated measurements. If the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Reliability estimates are used to evaluate the stability of measures administered at different times to the same individuals or using the same standard or the equivalence of sets of items from the same test or of different observers scoring a behavior or event using the same instrument (Walliman, 2011).

Reliability in this study was improved by standardizing conditions under which the measurements are taken to ensure external forces are minimized. The greater the degree of consistency and stability in an instrument, the greater is its reliability. The internal consistency reliability test is of particular importance because it measures the

degree to which all the items in a measurement/test measure the same attribute. Internal consistency thus implies a high degree of generalizability across the items within the test. Cronbach's alpha is the most common estimate of internal consistency of items in a scale (Creswell, 2013). The Cronbach alpha coefficient and inter-item correlation coefficients are used to assess the internal consistency of the measuring instrument. Coefficient alpha reflects important information on the proportion of error variance contained in a scale. The most common reliability coefficient is the Cronbach's Alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test–internal coherence of data (Kipkebut, 2013). Reliability coefficient (alpha) ranges from 0-1, where 0 represents an instrument full of errors, and 1 represents total absence of error. The Kuder-Richardson (K-R) 20 was based on the following formula;

$$KR-20 \text{ is } [n/n-1] * [1-(\Sigma p*q)/Var]$$

where: n = sample size for the test,

Var = variance for the test,

p = proportion of people passing the item,

q = proportion of people failing the item.

$\Sigma$  = sum up (add up).

In other words, multiply each question's p by q, and then add them all up. If there are 10 items, multiply p by q ten times, then add those ten items up to get a total.

**Table 3. 2: Internal Consistency - Cronbach alpha**

<b>Cronbach's alpha</b>	<b>Internal consistency</b>
$\alpha \geq 0.9$	Excellent( high stakes testing)
$0.7 \leq \alpha < 0.9$	Good (low stake testing)
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

The findings indicated that leadership had a coefficient of 0.941, economic factors had a coefficient of 0.902, employer policies had a coefficient of 0.918 while organizational structure had a coefficient of 0.818. Organizational performance factors had a coefficient of 0.937.

### **3.9.2 Validity of Research Instrument**

Validity, according to Kothari (2004) is the degree to which an instrument measures what it is supposed to measure, it is a utility, an extent to which differences found with a measuring instrument reflect the differences among those being tested. Validity determines whether the research instrument truly measures that which it was intended to measure or how truthful the research results are. Researchers generally determine validity by asking a series of questions and often look for the answers in the research of others (Walliman, 2011).

Therefore, validity helps to give evidence that confirms answers we have found with our measuring tool. Confirmatory factor analysis (CFA) (a special form of factor analysis, commonly used in social research) for exploratory of variables was used for validity test. Data validity plays an important role towards generalization of the gathered data to reflect the true characteristics of the study problem.

Comments received were incorporated to improve the instrument, thus the face validity was enhanced by the instruments review. According to Bless, Higson-Smith and Kagee (2006), face validity is concerned with the way the instrument appears to the participant such that an instrument may appear insultingly simplistic, far too difficult, or too repetitive.

## **3.10 Data Analysis and Presentation**

### **3.10.1 Data Analysis**

According to Mugenda and Mugenda (2003) data analysis includes examining, categorizing and tabulating evidence to pave the way for data to be transformed into

information through interpretation. The completed questionnaires were checked for completeness and consistency to ensure that all questions are answered and also for any false or inconsistent information. The collected data was edited to eliminate errors and omissions in order to ensure accuracy, completeness and clarity. The collected data was then tabulated and coded. This reduced them to small number of classes that enabled the researcher to tabulate and identify relevant themes. A descriptive analysis was then done. Descriptive statistics (mean, median, mode, range, variance, and standard deviation) was used to summarize the data. The data was subjected to reliability tests to check the levels of internal consistence and stability using Cronbach alpha, while validity tests was done using the Confirmatory factor analysis. Although the data was expected to be normal, a test for normality was done using the Kolmogorov Smirnov. The independent variables were not expected to be correlated; however, an estimate for multicollinearity was done using the Variance inflation factor to determine any linear relationship among the variables. The variability of the variables was tested for heteroscedasticity; correlation was checked using correlation coefficient while regression was checked using Ordinary Least Squares.

All quantitative data was measured in real values, qualitative data was analyzed by use of content analysis method. As explained by Teddlie and Yu (2007) content analysis is a research technique used to make replicable and valid inferences by interpreting and coding textual material, which enables a more objective evaluation than comparing content based on the impressions of a researcher (Cooper & Schindler, 2014).

### **3.10.2 Diagnostic tests**

#### **Normality**

A normal distribution is assumed by many statistical procedures. Normal distributions take the form of a symmetric bell-shaped curve. Test for normality of the dependent variable was done by use of Kolmogorov Smirnov, which according to Marsaglia, Tsang and Wang (2003) is a non-parametric test of the equality of

continuous, one-dimensional probability distributions that can be used to compare a sample with a reference probability distribution (one-sample K–S test), or to compare two samples (two-sample K–S test) test.

### **Multicollinearity**

One of the assumptions of linear regression analysis is that the independent variables are not correlated with each other meaning there is no linear relationship among the explanatory variables (Gujarati, 2003). Multicollinearity is a statistical phenomenon in which there exists a perfect or exact relationship between the predictor variables making it difficult to come up with reliable estimates of their individual coefficients (Joshi, Kulkarni & Deshpande, 2012). One way to estimate multicollinearity is the variance inflation factor (VIF), which assesses how much the variance of an estimated regression coefficient increases when predictors are correlated. If no factors are correlated, the VIFs will all be 1 but if the VIF is greater than 1, the regressors may be moderately correlated. A VIF between 5 and 10 indicates high correlation that may be problematic and that would require the researcher to remove highly correlated predictors from the model. Likewise, high multicollinearity is signaled when high R-squared and significant F tests of the model occur in combination with non-significant t-tests of coefficients (David, 2012).

### **Heteroscedasticity**

Heteroscedasticity is the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it. A group of variables is heteroscedastic if there are sub-populations that have different variabilities from others. The variability can be quantified by the variance or any other measure of statistical dispersion which is a proof of absence of homoscedasticity. The existence of heteroscedasticity is a major concern in the application of regression analysis (or in the analysis of variance) since it can invalidate statistical tests of significance that assume that the modelling errors are uncorrelated and uniform hence indicating that their variances do not vary with the

effects being modelled (David, 2012). Usually, the ordinary least squares estimator is still unbiased in the presence of heteroscedasticity; it is inefficient because the true variance and covariance are underestimated. Since heteroscedasticity concerns expectations of the second moment of the errors, its presence may be referred to as misspecification of the second order (Dougherty, 2011).

### **Autocorrelation**

According to Gujarati (2003), correlation is a quantity measuring the extent of interdependence of variable quantities. Autocorrelation is correlation between the elements of a series and others from the same series separated from them by a given interval, the relationship between the determinants of CBA and performance of state corporations. The DW statistic is the most practiced test for autocorrelation which is based on Ordinary Least Square (OLS) residuals with values ranging from 0 to 4. If the D value is 4 then there is negative autocorrelation, 2 means no autocorrelation and 0 means positive autocorrelation (Mahdavi, 2013). In the event of autocorrelation, there is need to transform the model so that in the transformed model the error term is serially independent, then apply OLS to the transformed model to give the usual Best Linear Unbiased Estimator (BLUE). According to Mahdavi (2013), since one of the basic assumptions in linear regression model is that the random error components or disturbances are identically and independently distributed, it is assumed that the correlation between the successive disturbances is zero.

### **3.10.3 Statistical Modeling**

This study used multiple regression model to measure the determinants of CBA on performance of state corporations in Kenya. There are four independent variables in this study thus the multiple regression model was as follows:

$$Y_0 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:-

$Y_s$  = Performance of State Corporations

$\beta_0$  = constant (coefficient of intercept)

$X_1$  = Leadership

$X_2$  = Economic Factors

$X_3$  = Employer Policies

$X_4$  = Organization Structure

$B_1 \dots B_4$  = regression coefficient of the four variables.

$\varepsilon$  = error term

Inferential statistics such as T-test and analysis of variance (ANOVA) to include F-statistics was used to test the significance of the overall model at 5% level of significance. The chi-square was used to measure association between Leadership, Economic factors, Employer polices and Organizational Structure and the Performance of State Corporations.

### **3.10.4 Structural Equation Modeling**

Structural equation modelling (SEM) is a multivariate statistical analysis technique that is used to analyze structural relationships. The technique is the combination of factor analysis and multiple regression analysis, and is used to analyze the structural relationship between measured variables and latent constructs. Model Analysis through SEM helps to confirm validity of underlying observable variables to the latent variables. SEM was used to analyze the structural relationship between the measured variables and latent constructs. After the specification of the outer measurement models, the inner structural model was developed and fitted.

### **3.11 Hypotheses Testing**

A hypothesis is a predictive statement capable of being tested by scientific methods, which relates an independent variable to some dependent variables. Thus, hypothesis states what we are looking for and it is a proposition which can be put to a test to

determine its validity. The alternative hypothesis which is also the research hypothesis is the one which the researcher wishes to prove (Kothari & Garg, 2014).

The P-value was computed and inferences were made. The level of significance, which is the amount of risk the researcher is willing to accept in the research, was also relevant in hypothesis testing. The level of significance is always 5% (0.05) or 10% (0.10) which is always denoted by the letter  $\alpha$  (alpha) (Kothari & Garg, 2014). The P-value was compared with  $\alpha$  (alpha) to help in establishing whether the alternative hypothesis is to be accepted. The null hypothesis was rejected in favour of the alternative hypothesis at alpha multiplied by 100% level of confidence, if the P-value is higher than the alpha. The P-value is the smallest level of significance at which the given sample observations would lead the researcher to reject the null hypothesis (Kothari & Garg, 2014).

**Table 3. 3: Operationalization of variables**

<b>S/ No</b>	<b>Type of Variable</b>	<b>Variable name</b>	<b>Indicator</b>	<b>Scale</b>	<b>Questionnaire Item</b>
1.	Independent	Leadership	Tick	Ordinal (Likert Scale)	Section I
2	Independent	Economic factors	Tick	Ordinal (Likert Scale)	Section II
3	Independent	Employer policies	Tick	Ordinal (Likert Scale)	Section III
4	Independent	Organizations' structure	Tick	Ordinal (Likert Scale)	Section IV
5	Dependent	Performance	Tick	Ordinal (Likert Scale)	Section V

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter covers the findings of the study on the determinants of collective bargaining agreement on the performance of state corporations in Kenya. The chapter opens by analyzing the results from the pilot study (reliability and validity), the return rate of the research instruments and the analysis of respondents' demographic information. The main findings of the research questions are procedurally analysed based on the specific objectives of the study which were to establish the role of leadership, economic factors, employer policies and organizational structure as determinants of collective bargaining agreement on the performance of state corporations in Kenya. The chapter also covers the inferential analysis of the study model and the optimal model.

#### **4.2 Results of the Pilot Study**

The study conducted a pilot test analysis on state corporations to ascertain if the research instrument would bring out reliable and valid information. The pre-test was conducted on ten respondents drawn from state corporations not included in the study. The results are presented on the reliability and validity of the research instruments as herein shown.

##### **4.2.1 Reliability**

According to Sasaka, Namusonge and Sakwa (2014), reliability is the ability of the research instrument to give the same answer in the same circumstances from time to time. If respondents answer a questionnaire the same way on repeated situations, then the questionnaire is said to be reliable. As the findings in Table 4.1 portray, Cronbach's alpha was used to determine the reliability of the questionnaire used in this study. It is evident that Cronbach's alpha for each of the independent variables was well above the lower limit of acceptability of 0.70. The findings indicated that leadership had a coefficient of 0.941, economic factors had a coefficient of 0.902,

employer policies had a coefficient of 0.918 while organizational structure had a coefficient of 0.818. Organizational performance factors had a coefficient of 0.937.

**Table 4. 1: Reliability Analysis**

<b>Variable</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>
Leadership	9	0.941
Economic factors	9	0.902
Employer policies	8	0.918
Organizational structure	7	0.818
Organizational Performance	8	0.937
Overall	41	0.783

#### **4.2.2 Validity**

To enhance the content validity, expert opinion from Professionals in this field, researcher's thesis supervisors were sought. Their comments were incorporated to improve the instrument. The face validity was enhanced by the instruments review. According to Bless, Higson-Smith and Kagee (2006), face validity is concerned with the way the instrument appears to the participant such that an instrument may appear insultingly simplistic, far too difficult, or too repetitive. Such flaws affect the respondent's willingness to complete the questionnaire. In the case of construct validity, a five point Likert scale was used. The Likert scale is where respondents gave their opinions or views that enabled the researcher collect data that was objective. Construct validity involved generalizing from that program or measures to the concept of the program or measures.

#### **4.3 Response Rate**

The study surveyed 95 respondents from state corporations in Kenya using a structured questionnaire. A total of 92 questionnaires were filled and returned for analysis. This implied that a response rate of 96.8% was obtained. On the other hand, 2 questionnaires were not returned and 1 was returned while not fully filled. This represented a non-response rate of 3.2%. According to Mugenda and Mugenda

(2003) as cited by Theuri, Mugambi and Namusonge (2015), a response rate of 50% is adequate, 60% good while 70% response rate is very good. This implies that the 96.8% response rate obtained in this study is adequate for analysis and making conclusions and recommendations of the study.

**Table 4. 2: Response Rate**

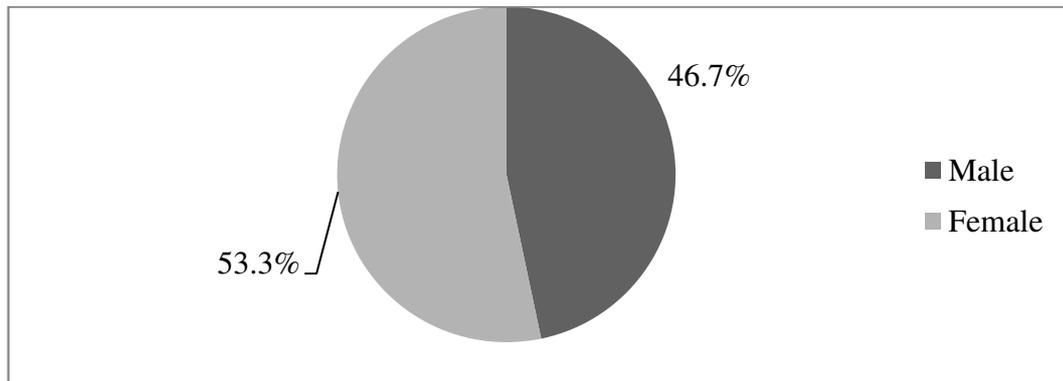
<b>Sample Size</b>		<b>Response Rate</b>		<b>Non-Response Rate</b>	
<b>Frequency</b>	<b>Percentage</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Frequency</b>	<b>Percentage</b>
<b>95</b>	100%	92	96.8%	3	3.2%

#### **4.4 Demographic Information of the Respondents**

According to Cooper and Schindler (2014), demographic information in a study is essential in establishing a good rapport between the researcher and the respondent out of which the respondent becomes more willing to give information on the main research questions. Through background information, the researcher is able to identify whether the respondent is in a position and competent to respond to the research questions as intended in the study. In a similar way, this study sought to establish the demographic data of the respondents which included; gender, age bracket, level of education, work experience and the position held at the organization.

##### **4.4.1 Distribution of Respondents by Gender**

The study sought to establish the gender of the respondents. The findings as shown in Figure 4.1 revealed that majority of the respondents, 53.3% (49) were female and the rest of respondents, 46.7% (43) were male. The findings imply that the state corporations could be employing more females than males which signify a continued empowerment of women and promotion of gender equality. The findings however concur with the suggestion by Creswell (2010) that a well-represented study ought to have both genders achieved in the responses out of which the responses are diverse.



**Figure 4. 1:** Gender of the Respondents

#### 4.4.2 Distribution of Respondents by Age

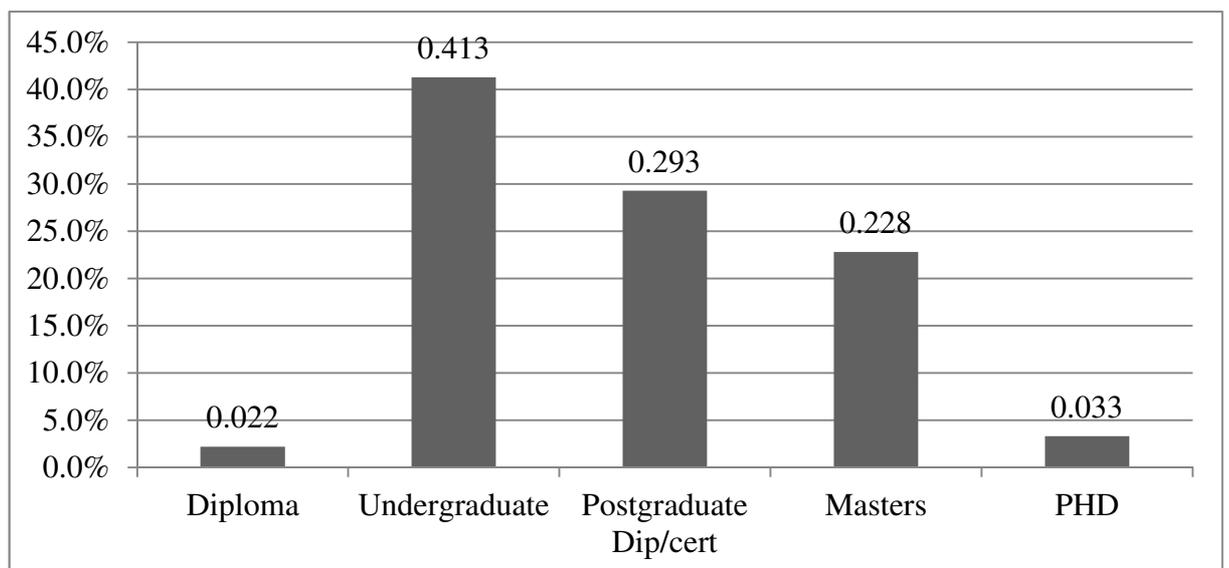
The distribution of respondents by age was sought in the study. The respondents were asked to indicate their age bracket as provided in the questionnaire. The findings as indicated in Table 4.3 shows that 3.3% of the respondents were aged between 18 years and 30 years, 44.6% of the respondents were aged between 31 years and 40 years, 39.1% of the respondents were aged between 41 years and 50 years whereas 13% of the respondents were aged above 51 years. The findings imply that majority of employees at the state corporations were middle aged and that the corporations did not employ many youth an indication that they could be upholding level of experience. According to Creswell (2010), a study with age of the respondents distributed effectively across various ages ought to have more diverse responses.

**Table 4. 3: Age of the respondent**

Options	Frequency	Percent
18-30 Yrs	3	3.3%
31-40Yrs	41	44.6%
41-50 Yrs	36	39.1%
51 Yrs and Above	12	13.0%
<b>Total</b>	<b>92</b>	<b>100.0%</b>

#### 4.4.3 Highest Level of Education

The study sought to establish the respondents' highest level of education. As the findings on figure 4.2 portray, 2.2% of the respondents had diploma as their highest level of education, 41.3% of the respondents had undergraduate degree level of education, 29.3% of the respondents had attained both postgraduate diploma and certificate as their highest levels of education, 22.8% of the respondents had a master's degree as their highest level of education while 3.3% of the respondents had PhD as their highest level of education. The findings show that the respondents were well educated which made it easy for them to understand and answer the questions well.

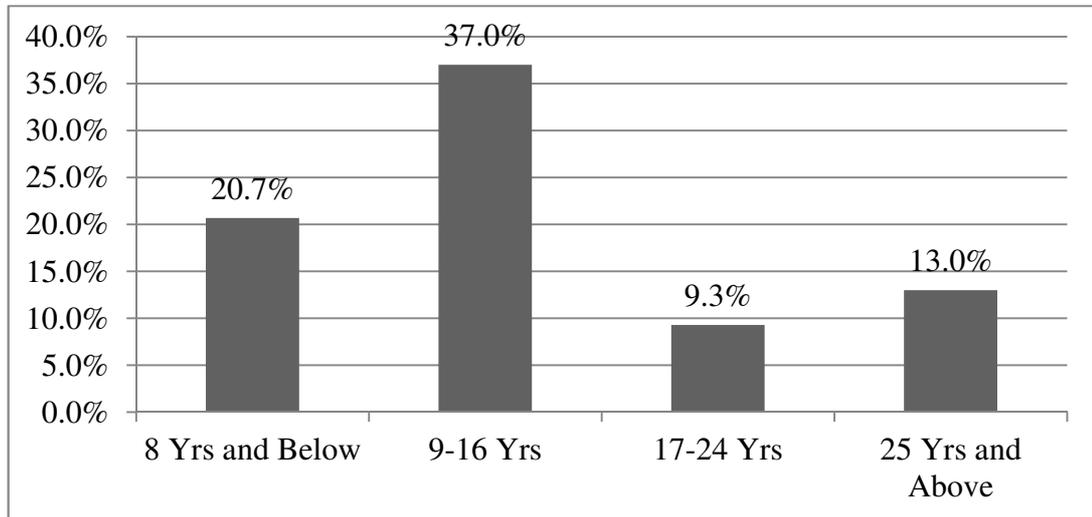


**Figure 4. 2: Highest Level of Education**

#### 4.4.4 Working Experience

The study sought to establish the respondents' work experience. The findings in Figure 4.3 show that 20.7% of the respondents had worked in their respective firms for a period of less than 8 years, 37% of the respondents had worked in their firms for the period between 9 to 16 years, 29.3% of the respondents had worked in their firms for the period 17 to 24 years and 13% of the respondents had worked in their firms for the period above 25 years. The findings show that majority of the respondents had worked in their firms for more than 9 years. This shows that the

respondents had good experience on activities of their firms and therefore stood a better chance to respond to the research questions.



**Figure 4. 3: Respondents' Working Experience**

#### **4.4.5 Category of Corporation**

The study sought to establish the category of corporation that the respondents worked in. The findings were as indicated in Table 4.4 below whereby 22.8% of the respondents were in commercial with strategic functions, 22.8% of the respondents were in pure commercial, 10.9% of the respondents were in the executive agencies, 20% of the respondents were in independent regulatory agencies institutions while 20% of the respondents were in research institutions, public universities, tertiary education and training institutions. The finding shows that the respondents were drawn averagely from different categories which helped in making a good conclusion since inclusion of all categories uniformly reduced the chances of biasness towards corporations prone to industrial actions

**Table 4. 4: Category of corporation**

<b>Options</b>	<b>Frequency</b>	<b>Percent</b>
Commercial with Strategic Functions	21	22.8%
Pure Commercial	21	22.8%
Executive agencies	10	10.9%
Independent regulatory agencies institutions	20	21.7%
Research Institutions, Public Universities, Tertiary Education and training Institutions	20	21.7%
<b>Total</b>	<b>92</b>	<b>100.0%</b>

#### **4.5 Descriptive Analysis of the Study Variables**

##### **4.5.1 Leadership level of responsibility**

The first objective of the study was to assess the role of leadership as a determinant of collective bargaining agreement on the performance of State Corporations in Kenya. The study sought to establish the ability of the organizational leadership to steer organizational performance through collective bargaining. The respondents were asked to respond to specific statements formulated based on the sub-constructs of the variable which were; level of responsibility, role modeling and command and control. A five-point Likert's scale was used as the measure where 1 was strongly disagree, 2 disagree, 3 uncertain, 4 agree and 5 strongly agree.

##### **a. Level of Responsibility**

The study sought to establish the respondents' level of agreement or disagreement with specific statements regarding leadership level of responsibility and firm performance. The findings, as indicated in Table 4.5 revealed that majority of the respondents agreed with the statement that leaders understand their roles well by a mean of 3.02 and a standard deviation of 1.18. On the second statements, the majority of the respondents agreed with the statement that the leaders take change over the organizational activities by a mean of 3.09 and a standard deviation of 1.22 whereas on the last statement, majority of the respondents agreed with the statement

that the leaders delegates various roles to their juniors by a mean of 3.10 and a standard deviation of 1.27.

The findings compare with those by Mello (2007) who found that leadership was mainly an aspect of get committed through specific traits and capabilities to be responsible and progressively making decisions that are coherent to organizational goals and objectives. According to Ozsahin *et al.* (2011), a leader who understand their roles appropriately and delegates their duties to other employees steer firm performance by passing skills and competencies to the entire team thus translating to increased productivity and performance. As the Path-Goal theory highlights, the leader's style can best be outlaid by the level of responsibility which is an indication that one is ready and committed to steer the organizational activities to success (Salamon, 2010).

**Table 4. 5: Leadership level of responsibility**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
Leaders understand their roles well	3.02	1.18
Leaders take charge over the organizational activities	3.09	1.22
Leaders delegate various roles to juniors	3.10	1.27

**b. Command and Control**

The research aimed at establishing the respondents' level of agreement on the specific statements regarding command and control and its influence on firm performance. According to the findings as shown on Table 4.6, majority of the respondents agreed with the first statement that the organization's delegation policy affects collective bargaining by a mean of 3.56 and standard deviation of 1.10. On the second, majority of the respondents agreed with the statements that there is a clear line of authority and command by a mean of 3.34 and a standard deviation of 1.19. The other statement, majority of the respondents agreed that employees obey and respect the leaders by a mean of 3.29 and a standard deviation of 1.20. On the

last statement, majority of the respondents agreed that all levels of responsibility have some authority by a mean of 3.51 and a standard deviation of 1.19. The findings draw support from the Path-goal theory which outlines the leader's style of leadership and the ability to lead as an example as the main drivers of firm performance and success (Fiske, 1949; Northouse, 2013). The findings imply that the delegation policies adopted by the state corporations as well as lack of clear line of authority and control could be the main hindrances to performance of the state corporations in Kenya. According to Kramer and Pittinsky, (2016), delegation of duties should be such that the objectives of both leaders is aligned to one common goal thus enhancing performance even employee productivity even in the absence of the actual leader.

**Table 4. 6: Command and control**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
The organization's delegation policy affects collective bargaining	3.56	1.10
There is a clear line of authority and command	3.34	1.19
Employees obey and respect the leaders	3.29	1.20
All levels of responsibility have some authority	3.51	1.19

### **c. Role Model Setting**

The study sought to establish the respondents' level of agreement or disagreement with various statements regarding role model setting as an aspect of leadership and its influence on organizational performance. The findings are as shown in Table 4.7 whereby on the first statement that there was effective control mechanism, the majority of the respondents agree by a mean of 3.21 and a standard deviation of 1.11. On the second statement that most leaders followed the rules they set to the employees, majority of the respondents agreed with the statement by a mean of 3.55 and a standard deviation of 0.83. On the ability of leaders to lead by example in most spheres in the organization, majority of the respondents agreed with the statement as evidenced by a mean of 3.71 and a standard deviation of 0.95. On the last statement

that leaders exercised their own style of leadership, majority of the respondent agreed with the statement by a mean of 3.82 and a standard deviation of 0.94. The qualitative results showed that most of the state corporations surveyed upheld leadership as a driver to collective bargaining agreement. The findings imply that most of the leaders in the state corporations did not lead by example despite this being a tightly crucial aspect of enhancing organizational performance. According to Obiwuru *et al.* (2011), leaders who set and lead by example are more likely to steer firm performance than those that adopt a command style of leadership whereby they ask the employees to do what they themselves cannot do. Tannenbaum (2008) suggested that employees follow more of what their leaders do than what they say.

**Table 4. 7: Role Model Setting**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
There is effective control mechanism	3.20	1.11
Most leaders follow the rules they set for the employees	3.55	0.83
Leaders set (lead by) examples in most spheres in the organization	3.70	0.95
Leaders exercise their own style	3.28	1.31

The qualitative results showed that leadership influenced the collective bargaining agreement and the performance of the state corporations. The respondents were asked to explain whether their respective organizational leadership played a role in enhancing the success of collective bargaining agreement. The respondents indicated that their leaders were keen in embracing collective bargaining agreement but due to limited or inadequate engagement, the process did not attain success as intended. One of the respondents' stated that "*As much as we have a committed leadership that is ready to take care of the employees, we still feel that the styles of leadership applied do not effectively embrace CBAs*" As indicated in the Path-Goal theory, leaders are pacesetters and their styles of leadership determine the commitment and satisfaction of the employees (Northouse, 2013). Through proper leadership

therefore, CBAs are constituted in a balanced approach while upholding the needs of the employees and the organizational requirements.

#### **4.5.2 Economic Factors**

The second objective of the study was to determine the influence of economic factors as determinants of collective bargaining agreement of the performance of state corporations in Kenya. The study sought to unearth the extent to which economic factors as key determinants of collective bargaining contribute to organizational performance among state corporations in Kenya. The main measures of the variable were; capitalism, economic prosperity and demand for labour. The respondents were asked specific questions based on these measures and the findings are as herein presented.

##### **a. Capitalism**

The respondents' views on their levels of agreement or disagreement with specific statements on capitalism as an economic factor and its influence of organizational performance were sought. The findings as shown in Table 4.8 revealed that on the first statement that the company management was forceful, majority of the respondents disagreed with the statement as evidenced by a mean of 2.67 and a standard deviation of 1.05 while on the second statement that union and its representatives had very little voice in the company, the respondents agreed with the statement as evidenced by a mean of 3.87 and a standard deviation of 0.86. The other statement was that employees were not free to engage in union activities and in this, majority of the respondents agreed with the statement by a mean of 3.93 and a standard deviation of 0.91 and on the last statement that all communication from the company must be copied to the management, the respondents agreed with the statement as shown by a mean of 3.57 and a standard deviation of 1.02.

The findings are in line with those by Peterson (2012) who upholds the need for engaging employees and giving them space to out their needs and concerns. This is to mean that employees are provided with a free-World environment such that they

can join any trade union as long as it doesn't interfere with the organizational plans and programmes. This is so as to ensure that the concerns of the workers are heard in a more understandable manner thus ensuring motivation and continued productivity (Carrell & Heavrin, 2012).

**Table 4. 8: Capitalization**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
The company management is forceful	2.67	1.05
Union and its representatives have very little voice in the company	3.87	0.86
Employees are not free to engage in union activities	3.93	0.91
All communication from the company must be copied to the management	3.57	1.02

**b. Economic Prosperity**

The study sought to prove the respondents' level of agreement on the statements regarding the economic prosperity as an economic factor determining the collective bargaining agreement. The results of the study were as shown in Table 4.9 below. The first statement was that many employees' standards of living were high and in this majority of the respondents agreed with the statement as shown by a mean of 3.90 and a standard deviation of 0.77, also on the second statement that the salary and perks in the company were industry competitive, majority agreed with the statement as evidenced by a mean of 4.05 and a standard deviation of 0.85. The respondents further agreed that the organizations provided sufficient benefit packages to employees as evidenced by a mean of by a mean of 3.78 and a standard deviation of 0.91 while on the last statement that there was adequate job security, majority of the respondents disagreed with the statement as shown by a mean of 2.48 and a standard deviation of 0.79.

The findings imply that the state corporations were well rewarding and promoting the economic status of the employees but at the same time did not assure the

employees of their job security an aspect that could affect their commitment and performance. The findings compare with those by Easterly (2011) who found that the state of the employees and the ability of the firm to ensure the staff members are well kept and capable to afford their basic and economic needs steers their productivity and so to the organizational performance. According to Peterson (2012), the economic prosperity of employees determines their ability to get committed to the organization and avail their abilities for firm performance. As the Efficiency Wage theory contemplates, employees will work for different reasons but one that most prevails is the wage (Polachek & Siebert, 1993). Every worker has to feel compensated for the services rendered for him or her to continue actively performing their duties.

**Table 4. 9: Economic prosperity**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
Many employees' standards of living is high	3.90	0.77
The salary and perks are industry competitive	4.05	0.85
The organizations provides sufficient benefit packages to employees	3.78	0.91
There is adequate job security	3.48	0.79

**c. Demands for Labor**

The views of the respondents on their agreement level of the statements regarding demands for labor were sought in the study. The findings as shown in Table 4.10 revealed that majority of the respondents disagreed with the first statement that labor market is very stable by a mean of 2.22 and a standard deviation of 1.82. On the statement that there is high supply of labor in the market, majority of the respondents agreed as evidenced by a mean of 3.89 and a standard deviation of 0.99. The third statement was that employees are highly skilled where majority of the respondents agreed with the statement by a mean of 3.70 and a standard deviation of 0.94, while on the last statement that the employees turnover is low, majority of the respondents disagreed with the statement as evidenced by a mean of 2.87 and a standard deviation

of 1.26. The findings imply that as much as there is high supply of labor and skills in the market, the ability of the market to absorb this labour is not withstanding where there is more saturation of skilled labour than the job market can absorb. The findings reap support from the argument by Kugler and Pica (2009) that due to increasing labour supply and declining of labour demand as a result of unfavourable economic trends leading to organizations retrenching to save operational costs, companies increase the bargaining power hence the employees are not properly maintained and motivated for retention and promoting productivity.

**Table 4. 10: Demands for Labor**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>
The labor market is very stable	2.22	1.82
There is high supply of labor in the market	3.89	0.99
Employees are highly skilled	3.70	0.94
The employee turnover is low	2.87	1.26

The respondents were asked to indicate their views on the importance of economic factors during negotiations for CBAs. Majority indicated that their economic wellbeing played a key role in determining how effective they took CBAs and the frameworks in which they entered into bargains. One of the respondents' stated; *"Yes we agree with the benefits and work environment that has been provided as far as the CBA is concerned, however, the pay rise and promotions towards enhancing the economic value and development of the employee is also critical and the management should consider this"*. The qualitative results revealed that indeed the employees were willing to have their views hard and given the right freedom to join trade unions of their choice. However, majority commented that the magnitude and the impact of the trade unions determined whether the management would allow them a space to join the unions or not.

### **4.5.3 Employer Policies**

The third objective of the study was to assess the influence of employer policies as determinants of collective bargaining agreement on the performance of State Corporations in Kenya. The study sought to find out the extent to which policies by the employers influence organizational performance among state corporations. The specific measures of the variable were; resourcing strategies, employee relations, employment guidelines and regulations. The respondents were asked to indicate their level of agreement or disagreement on specific statements based on a five-point Likert's scale. The findings are as herein presented.

#### **a. Resourcing Strategies**

The study sought to find out respondents' level of agreement with the statements on resourcing strategies as an aspect of employer policies. As the findings in Table 4.11 portray, on the first statement that the organization has clear recruiting and selection policies, majority of the respondents disagreed with the statement as proved by a mean of 2.81 and a standard deviation of 1.49 whereas on the second statement that there are opportunities for employee growth, majority agreed by a mean of 3.45 and a standard deviation of 1.17. The other statement was that the organization has clear strategies on staff ration and welfare, majority of the respondents agreed with the statement by a mean of 3.62 and a standard deviation of 1.04, and on the last statement that the promotions are competitive and open, majority of the respondents agreed with the statement as shown by a mean of 3.63 and a standard deviation of 1.12.

The findings revealed that as much as the recruiting systems by the organizations were not clear same case to selection policies, the promotions were competitive and open an aspect that makes the employees more productive and committed to their jobs. The findings are in concurrence with the Human relations theory which upholds the need for organizations to enhance the social welfare of the employees by ensuring that they are effectively rewarded and promoted and setting strategies to retain the talented employees (Armstrong, 2012). Providing the employee with the

requirements of the policies and terms of employment serves to make the employee prepared and set to operate in the organization.

**Table 4. 11: Resourcing Strategies**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
The organization has clear recruiting & selection policies	2.81	1.49
There are opportunities for employee growth	3.45	1.17
The organization has clear strategies on staff ration and welfare	3.62	1.03
The promotions are competitive and open	3.63	1.11

**b. Employee Relations**

The study sought to find out the agreement level of the respondents on the statements regarding employee relations. The findings as shown in Table 4.12 revealed that majority of the respondents disagreed with the first statement which was indicated that employees are free to interact with each other as evidenced by a mean of 2.91 and a standard deviation of 1.47.

On the second statement that the organizations have union recognition agreement, majority of the respondents disagreed with the statement as shown by a mean of 2.98 and a standard deviation of 1.23 while on the third statement that employees are allowed to join recognized unions for their own choice, majority of the respondents were neutral with the statement as shown by a mean of 3.04 and a standard deviation of 1.25, whereas on the last statement that there is open door policy and the management is easy to reach, majority agreed with the statement as depicted by a mean of 3.77 and a standard deviation of 1.10. The findings concur with those by Hitt et al. (2015) who established that most organizations that underperform as a result of poor relations between the employees and the organizations which leads to lack of trust and commitment among the employees. Grewal and Tansuhaj (2011) while supporting the human relations theory argued that among the main aspects of

human resource that help steer firm growth and performance is the level of relationship between the firm management and the organization.

**Table 4. 12: Employee Relations**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>
Employees are free to interact with each other	2.91	1.47
The organizations has union recognition agreement	2.98	1.23
Employees are allowed to join recognized unions for their choice	3.04	1.25
There is open door policy and the management is easy to reach	3.77	1.10

### **c. Employment Guidelines and Regulations**

The respondents' views were sought on their agreement level on statements regarding employment guidelines and regulations as an aspect of employer policies. The findings on Table 4.13 revealed that majority of the respondents agreed with the first statement that there is no victimization in the organization as shown by a mean of 3.53 and a standard deviation of 1.07. The other statement was that the company has clear guidelines on all organizational activities and in this majority of the respondents agreed by a mean of 3.36 and a standard deviation of 1.07. The third statement was that court orders are usually strictly adhered to and in this majority of the respondents disagreed with the statement as evidenced by a mean of 2.25 and a standard deviation of 1.74 while on the last statement that policies and guidelines are regularly updated, majority of the respondents disagreed as shown by a mean of 2.35 and a standard deviation of 1.71.

The findings concur with those by Kugler and Pica (2009) who established that the employment rules and guidelines should be aligned in a way that is aimed at enhancing employee productivity and providing a better working environment but not towards oppressing the employee and denying hem space. As the Human Relations theory highlight, every policy by the employers has to be aligned in a way

that brings the employees closer to the management for easier engagement and meeting their needs (Armstrong, 2007).

**Table 4. 13: Employment Guidelines and Regulations**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
There is no victimization in the organization	3.53	1.07
The company has clear guidelines on all organizational activities	3.36	1.23
Court orders are usually strictly adhered to	2.25	1.74
Policies and guidelines are regularly updated	2.57	1.71

The respondents were further asked to indicate whether their respective organizational policies played a role in collective bargaining agreement negotiations. Most of the respondents indicated that indeed the policies of their employers were the key focus at the CBA negotiations. They explained that through the laid out policies, the CBAs were aligned in a way that it both favoured the interests of the employees while at the same time upholding the organizational policies. According to Noe (2008), the policies put across by the organization determine the willingness of the employees to get into the CBAs and how well their issues will be articulated in the CBAs.

#### **4.5.4 Organization Structure**

The fourth objective of the study was to assess the influence of organizational structure as a determinant of collective bargaining agreement on the performance of state corporations in Kenya. The study was determined to establish how various prospects of organizational structure that influence firm performance among Kenyan State corporations. The variable was derived based on specific measures which included; centralization of command, level of bureaucracy and span of control. Likert's scale (five points) was used to measure the respondents' level of agreement where 1 is strongly disagree, 2 disagree, 3 uncertain, 4 agree and 5 strongly agree.

### **a. Centralization and Command**

The study sought to establish the respondents' level of agreement on the statements regarding centralization and command as an aspect of organizational structure. The findings as shown in Table 4.14 revealed that majority of the respondents disagreed with the first statement that all directions were given by the executive as evidenced by a mean of 2.61 and a standard deviation of 1.02 while on the second statement that decision making was from top to bottom, majority of the respondents disagreed with the statement as shown by a mean of 2.88 and a standard deviation of 1.10. The respondents further disagreed with the statement that employees had little say in the organization matters as evidenced by a mean of 2.77 and a standard deviation of 1.07 while on the last statement that the final authority rests with the CEO, majority disagreed as shown by a mean of 2.89 and a standard deviation of 1.50.

The findings imply that state corporations have not idealized the decentralization mode of management which ensures that employees are taking directives and guidelines from one source to avoid confusions and conflict of commands and controls. The findings further reveal that state corporations have not embraced self-dependent governance whereby there are not external forces that come-in to dictate how things should be done in an organization. According to Wolfgang (2012) while elaborating the theory of alienation, the structures formulated in an organization helps break down the roles and information flow thus making it effective to offer directions in both the top-bottom and bottom top criteria.

**Table 4. 14: Centralization and Command**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
All directions are given by the executive	2.61	1.02
Decision making is from top to bottom	2.88	1.10
Employees have little say in the organization matters	2.77	1.07
Final authority rests with the CEO	2.89	1.50

### **b. Level of Bureaucracy**

The respondents' level of agreement or disagreement with specific statements on bureaucracy level as an aspect of organizational structure was sought. The findings as shown in Table 4.15 revealed that the majority of the respondents agreed with the first statement that employees have observe protocol in communication and actions as shown by a mean of 3.64 and a standard deviation of 1.29. On the statement that there were many levels of authority, majority agreed as portrayed by a mean of 3.44 and a standard deviation of 1.16. The respondents agreed by a mean of 3.38 and a standard deviation on 1.12 on the other statement that task execution takes time due to authorization challenges. On the last statement that employees have to seek clearance from their seniors, majority of the respondents agreed with the statement by a mean of 3.30 and a standard deviation of 1.28.

The findings compare with those by Hajipour et al. (2011) who found that as a result of a well outlined communication structure and reduce levels of authority; the employees are kept on their toes through effective management thus enhancing their productivity and performance. According to Bucic and Gudergan (2014), through formalized and cloned hierarchical constrains in an organization, the command flow and information sharing is properly integrated thus making the requirements and expectations of the management to the employees properly communicated to steer firm performance.

**Table 4. 15: Level of Bureaucracy**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
Employees have to observe protocol in communication and actions	3.64	1.29
There are many levels of authority	3.45	1.16
Task execution takes time due to authorization challenges	3.38	1.12
Employees have to seek clearance from their seniors	3.30	1.28

### c. Span of Control

The study sought to find out the respondents' level of agreement on the statement regarding the span of control as an aspect of organizational structure. As shown in Table 4.16, the findings revealed that majority of the respondents agreed with the first statement that there were few managers in the company as shown by a mean of 3.61 and a standard deviation of 1.14 while on the second statement that many supervisors are under a single manager, majority of the respondents disagreed with the statement by a mean of 2.96 and a standard deviation of 1.23. The respondents disagreed that a big number of employees was supervised by few supervisors as shown by a mean of 2.93 whereas on the last statement that there was a strict control of all the organizations functions by the CEO, majority of the respondents agreed with the statement as evidenced by a mean of 3.65 and a standard deviation of 1.33.

The findings compare with those by Fabiaan (2015) who upholds the need for a properly aligned organizational structure that upholds the communication among the employees and puts together the organizational systems for efficient operations. CBAs drive their policies and success to the acceptance and finable with the organizations from which the members belong to. This is to mean that the organizational structure of such firms have to be flexible so as to allow for any alterations as a result of CBAs.

**Table 4. 16: Level of Agreement on Span of Control**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
There are few managers in the company	3.62	1.14
Many supervisors are under a single manager	2.96	1.23
A big number of employees is supervised by a few supervisors	2.93	1.18
There is a strict control of all the organizations functions by the CEO	3.65	1.33

The qualitative results confirmed that organizational structure played a key role in promoting the success of CBAs and the organizational performance. The respondents were asked to indicate the role played by their respective organizational structures during the CBA negotiations. The respondents indicated that the flow of information in their companies and the span of control determined the extent to which the management was committed towards meeting the needs of the employees and giving a room to a more balanced CBA. A respondent wrote on the questionnaire *“The structure of our company does not allow for effective communication between the management and the employees. This therefore gives a loophole for an imbalanced CBA whereby the management can put the organizational interests first leaving out the needs of the workers”* According to Hajipour *et al.* (2011), the bureaucracy levels as well as the centralization in an organization enables a properly aligned systems of operation whereby the organizational policies are communicated across the organization and every employee is involved thus enhancing their commitment and easier of coming to an agreement during negotiations for CBAs.

#### **4.5.5 Performance of State Corporations in Kenya**

The main aim of the study was to assess the influence of determinants of collective bargaining agreement on the performance of state corporations in Kenya. The dependent objective of the study was therefore the performance of state corporations in Kenya. The variable was measured by profitability, innovation and service delivery. Specific statements were used whereby the respondents were asked to rate them based on the Likert’s scale. The responses are as herein presented.

##### **a. Firm Profitability**

The respondents’ level of agreement on the statement regarding the firm profitability was sought. The findings as shown in Table 4.17 revealed that majority of the respondents agreed with the first statement that the company generates high level of revenue by a mean of 3.82 and a standard deviation of 0.87. On the second statement that the company declares healthy dividends, majority of the respondents agreed with the statement by a mean of 3.88 and a standard deviation of 0.89. The third statement

was that the net income of the company was consistently high and in this, majority of the respondents agreed with the statement by a mean of 4.00 and a standard deviation of 0.81 while on the last statement that employees and creditors were paid timely, majority agreed as shown by a mean of 3.95 and a standard deviation of 0.88. The findings imply that as much as profitability was concerned, the state corporations were relatively recording increased profits. According to Kempe (2012), organizational performance and growth is mainly determined by the profitability of the firm which enables an organization to expand and diversify for competitiveness.

**Table 4. 17: Organizational Profitability**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>
The company generates high level of revenue	3.81	0.87
The company declares healthy dividends	3.88	0.89
The net income of the company is consistently high	4.00	0.81
Employees and creditors are paid timely	3.95	0.88

**b. Number of Innovations**

The study aimed at establishing the agreement level of respondents on statements on innovation as an aspect of firm performance. The findings as shown in Table 4.18 revealed that on the first statement that there was use of modern technology in the company, majority of the respondents agreed with statement as evidenced by a mean of 3.53 and a standard deviation of 1.38. The second statement was that the company invested in research and development where majority of the respondents agreed with the statement as shown by a mean of 3.65 and a standard deviation of 1.14. The third statement was that the company rewarded the members of staff who came up with new developments and in this majority of the respondents agreed as evidenced by a mean of 3.61 and a standard deviation of 1.02 while on the last statement that the company was a member of the industry association, majority of the respondents agreed with the statement as shown by a mean of 3.54 and a standard deviation of 1.28. The findings imply that most of the state corporations upheld innovation as a key driver towards competitiveness and performance. According to Hartle (2009), an

innovative organization is the best example of a firm that is objected towards achieving competitiveness and firm growth and performance.

**Table 4. 18: Level of Agreement with Statements on Innovation**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
There is use of modern technology in the company	3.53	1.38
The company invest in research and development	3.65	1.142
The company rewards staff who come up with new developments	3.61	1.02
The company is a member of the industry association	3.54	1.28

### **c. Service Delivery**

The study sought to find out the respondents' agreement level with the statements on service delivery as a measure of organizational performance. The findings as shown in Table 4.19 indicated that on the first statement that there was focus on customer feedback, majority of the respondents disagreed with the statement as shown by a mean of 2.14 and a standard deviation of 1.82. The second statement was that the company was keen in fulfilling clients' details and in this majority disagreed as shown by a mean of 2.71 and a standard deviation of 1.67. The other statement was that the company continually upgraded its services delivery platform where majority of the respondents disagreed with the statement as shown by a mean of 2.41 and standard deviation of 1.97 while on the last statement that the company regularly trained its staff on service delivery, majority of the respondents disagreed as shown by a mean of 2.66 and a standard deviation of 1.99. The findings imply that most of the state corporations do not uphold service delivery despite this being a crucial aspect in explaining the future of an organization as far as performance is concerned. Thomas (2010) stated that a well performing organization is more likely to embrace effective and high level of customer service unlike a poorly performing organization that may not uphold customer service delivery.

**Table 4. 19: Agreement level with Statements on Service Delivery**

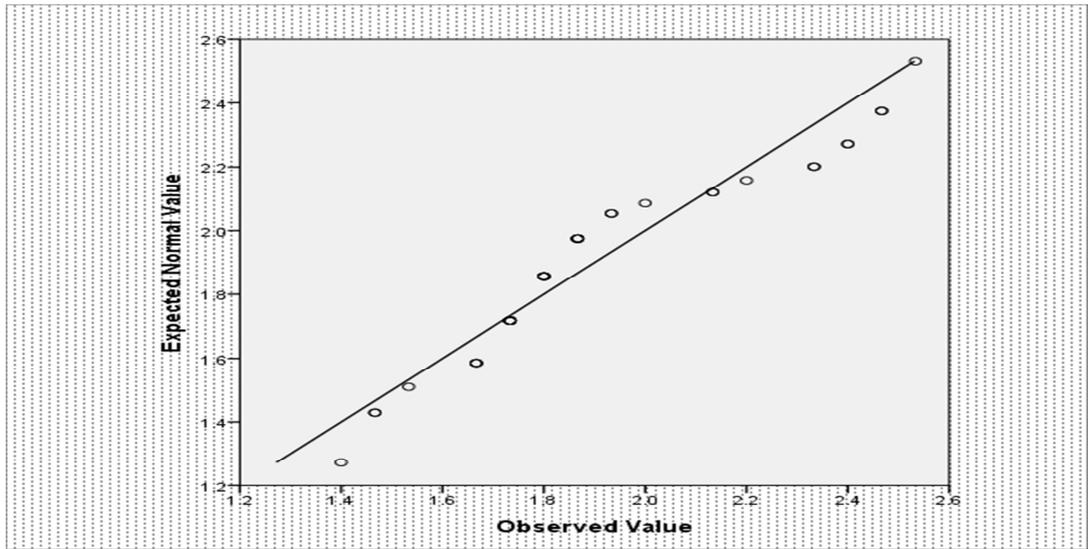
<b>Statements</b>	<b>Mean</b>	<b>Std. Dev.</b>
There is focus on customer feedback	2.14	1.82
The company is keen in fulfilling clients details	2.71	1.67
The company continually upgrades its services delivery platform	2.41	1.97
The company regularly trains its staff on service delivery	2.66	1.99

#### **4.6 Diagnostic Tests**

A regression model was adopted in the study to establish the statistical relationship between the independent and the dependent variables. The model however, has several assumptions such that if they are not met, the results may be biased. These assumptions include the assumption that the data is normality distributed (normality), the assumption that the data is not auto-correlated, no multicollinearity and that there is no heteroscedasticity in the sample data. This study therefore carried out the diagnostic tests to ensure that the assumptions of regression model are met.

##### **4.6.1 Normality Test**

Normality can be defined as the shape of the data distribution for an individual metric variable and its correspondence to the normal distribution, the benchmark for statistical methods (Hair, Black, Babin, & Anderson, 2010). Regression assumes that the data on variables under analysis are normally distributed (Hair et al., 2010). Q-Q Plot and Skewness and kurtosis were used to test for the normality distribution in the study variables. The findings as shown in Figure 4.4 indicated that the points on the plot formed a linear pattern passing through the origin with a unit slope. It is visually clear that the residuals were normally distributed and therefore, the model could be applied in the analysis (Brooks, 2008).



**Figure 4. 4 Q-Q Plot for Normality Test**

Many of the statistical procedures in parametric tests are based on the assumption that the data follows a normal distribution (Ghasemi & Zahediasl, 2012). The normal distribution peaks in the middle and is symmetrical about the mean. Data does not need to be perfectly normally distributed for the tests to be reliable. According Ghasemi and Zahediasl (2012), Kolmogorov-Smirnov (K-S) test is the most popular and appropriate test for normality test. A Normally distributed data when using Kolmogorov-Smirnov should have a significant value of above the standard value of 0.05 to exemplify that the variable under consideration is not statistically significant to normal distribution. Table 4.20 shows all variables with the distribution of the variables of the study with reference to K-S test. The findings show that the variables have significance values higher than 0.05 thus implying that they are normally distributed.

**Table 4.20: Kolmogorov-Smirnov Test for Normality**

Variables	Kolmogorov-Smirnov <sup>a</sup>		
	Statistic	Df	Sig.
Leadership	.160	92	.107
Economic Factors	.096	92	.085
Employer Policies	.018	92	.125
Organizational Structure	-.136	92	.061
Firm Performance	.071	92	.093

#### **4.6.2 Multicollinearity**

Multicollinearity exists when the standard errors of estimated coefficients of two or more independent variables are inflated (Simon, 2004). To test for multicollinearity the study adopted Variance Inflation Factor (VIF) approach to test for multicollinearity. This study adopted the rule of thumb for VIF value of 10 as the threshold (Neter, Kutner, Wasserman and Nachtsheim, 1996). The VIF values of greater than 10 would indicate presence of multicollinearity. These results s indicted in Table 4.21 revealed that the VIF values of the independent variables were within the threshold of 10 (ten). The tolerance value was greater than 0.1 ruling out the possibility of multicollinearity (Field, 2009).

**Table 4.21: Results for Multicollinearity Test**

<b>Variable</b>	<b>Tolerance</b>	<b>VIF</b>
Leadership	0.785	1.275
Economic Factors	0.785	1.274
Employer Policies	0.642	1.513
Organizational Structure	0.661	1.513
<b>Mean Tolerance/VIF</b>	<b>0.718</b>	<b>1.394</b>

The result, therefore implied non- existence of a multicollinearity problem among the independent variables and hence the level of multicollinearity in the model could be tolerated. The multicollinearity diagnosis indicated that that there was no threat of multicollinearity problem and therefore, all the independent variables could be used for further analysis using the regression model. A VIF of less than five and tolerance value greater than 0.2 are recommended. The results therefore indicated that the values for tolerance and VIF were within an acceptable range.

#### **4.6.3 Autocorrelation**

The test for autocorrelation was performed to establish whether residuals were correlated across time. Regression analysis assumptions require that residuals should not be correlated across time and thus the Wooldridge test for autocorrelation which is also Lagrange multiplier LM test was adopted in this study. The results of autocorrelation test are as indicted in Table 4.22.

The null hypothesis is rejected if no first order serial/auto correlation exists. The results indicated that we failed to reject the null hypothesis that there is no serial autocorrelation of any order and that residuals were not auto correlated (Durbin-Watson (D) = 2.269).

**Table 4.22: Autocorrelation Tests Results**

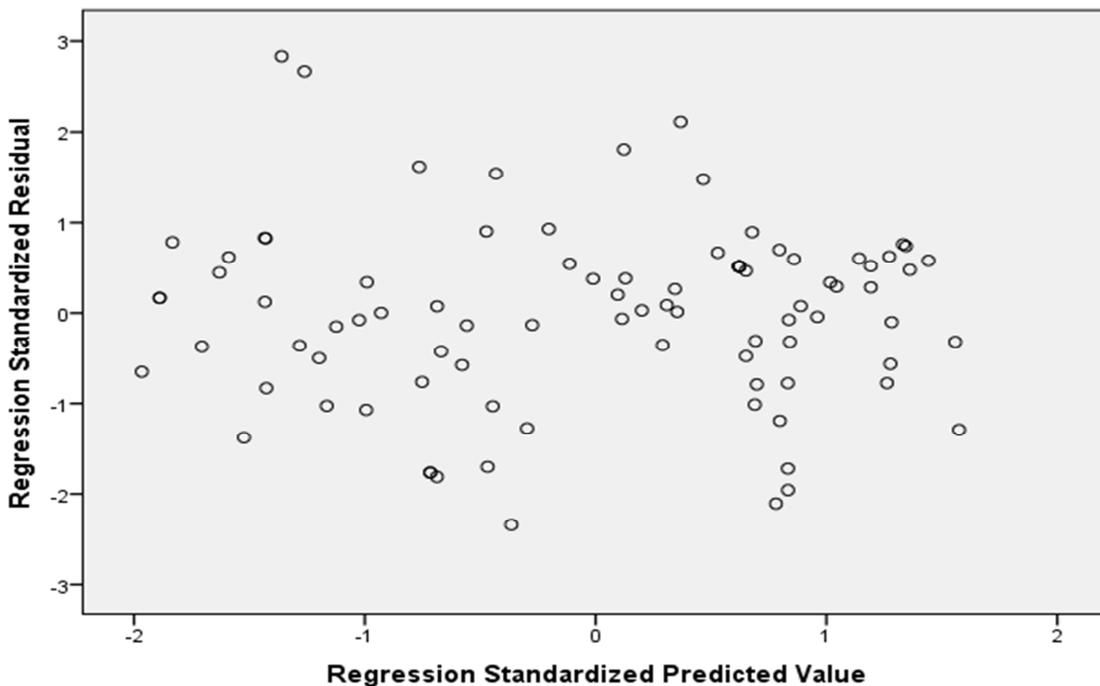
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Autocorrelation Tests
Wooldridge test for autocorrelation in panel data
H0: no first order autocorrelation
Prob > D = 2.269

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#### 4.6.4 Heteroscedasticity

A test for heteroscedasticity was carried out in the study. The null hypothesis was that there was no heteroscedasticity in the model for the study. A scatter plot was used to test for heteroscedasticity. The findings as shown in Figure 4.5 revealed that the plots had no standard flow an indication that there was no heteroscedasticity. The study therefore fails to reject the null hypothesis that there is no heteroscedasticity.



**Figure 4. 5 Scatter plot for Heteroscedasticity**

#### 4.7 Factor Analysis

##### 4.7.1 Confirmatory Factor Analysis for Leadership

Factor analysis was conducted to reduce items of Leadership as the first variable. Leadership construct was measured using 3 items thereby the construct was factor

analyzed in order to come up with an appropriate measure. The study found that KMO had a value of 0.648 and Bartlett's test,  $\chi^2 = 155.44$ ,  $p = .000$ . The KMO value is high (more than 0.5) and this indicates that a factor analysis will be useful with the study data. The value of Bartlett's test is less than 0.05 and this indicates that a factor analysis will be useful in the study. The results are presented in Table 4.23.

**Table 4.23: KMO and Bartlett's Test for Leadership**

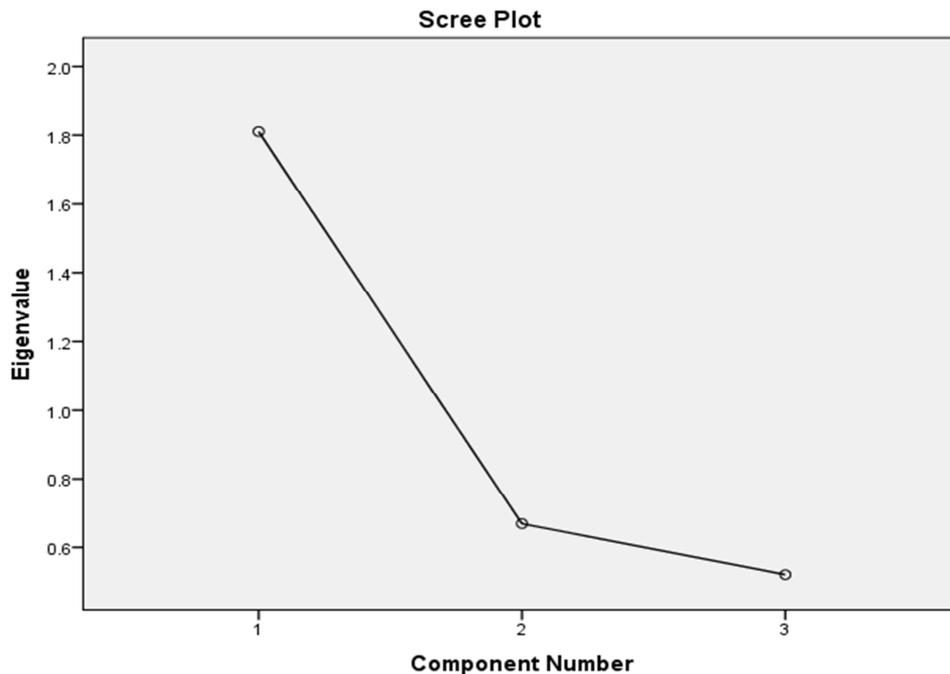
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.648
Bartlett's Test of Sphericity		Approx. Chi-Square
	Df	155.44
	Sig.	3
		.000

#### 4.7.1.1 Total Variance and Scree Plot and Component Matrix for Leadership

The findings suggest that much of the variances in each of the original variables are explained by the extracted factors. Total variance explained for leadership showed that one component explained 60.344% of the total variability in the three items. The results are presented in Table 4.24. The results for scree plot indicated that component one had Eigen value that was greater than one. The findings are in agreement with total variance explained results for leadership. The results on scree plot are presented in Figure 4.6.

**Table 4.24: Total Variance Explained for Leadership**

Component	Total	Initial Eigenvalues		Extraction Sums of Squared Loadings		
		% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.810	60.344	60.344	1.810	60.344	60.344
2	.669	22.294	82.638			
3	.521	17.362	100.000			



**Figure 4. 6 Scree Plot for Leadership**

#### 4.7.2 Confirmatory Factor Analysis for Economic Factors

The study carried out Factor analysis to reduce items of economic factors as the second variable. Economic factors construct was measured using 3 items thereby the construct was factor analyzed in order to come up with an appropriate measure. The study found that KMO had a value of 0.638 and Bartlett's test,  $\chi^2 = 344.463$ ,  $p = .000$ . The KMO value is high (more than 0.5) and this indicates that a factor analysis will be useful with the study data. The value of Bartlett's test is less than 0.05 and this indicates that a factor analysis will be useful in the study. The results are presented in Table 4.25.

**Table 4.25: KMO and Bartlett's Test for Economic factors**

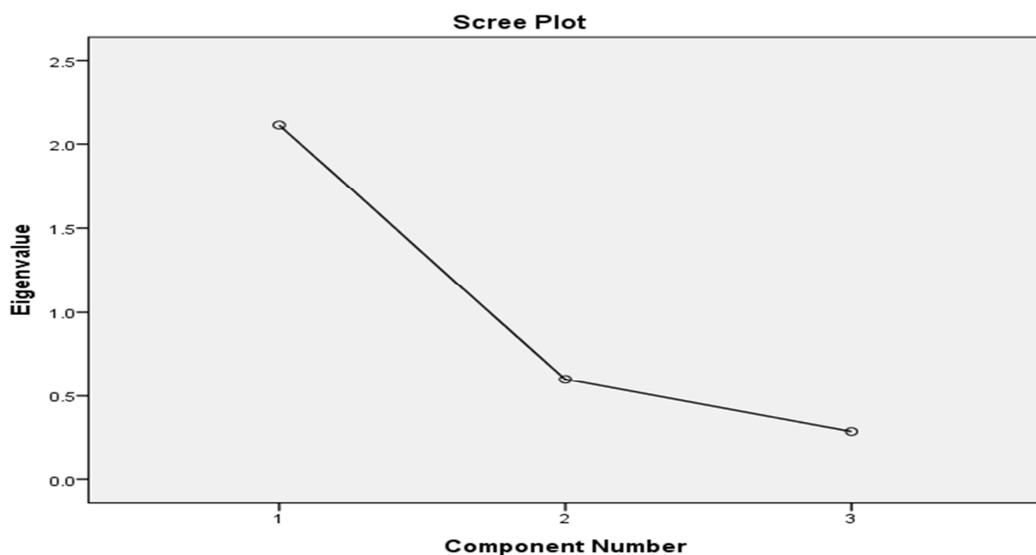
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.638
Bartlett's Test of Sphericity	Approx. Chi-Square	344.463
	Df	3
	Sig.	.000

#### 4.7.2.1 Total Variance, Scree Plot and Component Matrix for Economic Factors

Total variance explained for economic factors showed that one component explained 70.423% of the total variability in the three items. The results are presented in Table 4.26. The results for scree plot indicated that component one had Eigen value that was greater than one. The findings corroborate total variance explained results for economic factors. The results on scree plot are presented in Figure 4.7. The findings indicate that all three components of economic factors have factor loadings that are greater than 0.5. The study therefore used the component with the highest factor loading of 0.904 to compute summated factor scores for economic factors. The result is as shown in Table 4.26.

**Table 4.26: Total Variance Explained for Economic factors**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.113	70.423	70.423	2.113	70.423	70.423
2	.600	19.993	90.416			
3	.288	9.584	100.000			



**Figure 4. 7** Scree Plot for Economic factors

### 4.7.3 Confirmatory Factor Analysis for Employer Policies

Factor analysis was conducted to reduce items of employer policies as the third variable of the study. Employer policies construct was measured using 3 items thereby the construct was factor analyzed in order to come up with an appropriate measure. The study found that KMO had a value of 0.686 and Bartlett's test,  $\chi^2 = 281.135$ ,  $p = .000$ . The KMO value is high (more than 0.5) and this indicates that a factor analysis will be useful with the study data. The value of Bartlett's test is less than 0.05 and this indicates that a factor analysis was useful in the study. The results are presented in Table 4.27.

**Table 4.27: KMO and Bartlett's Test for Employer policies**

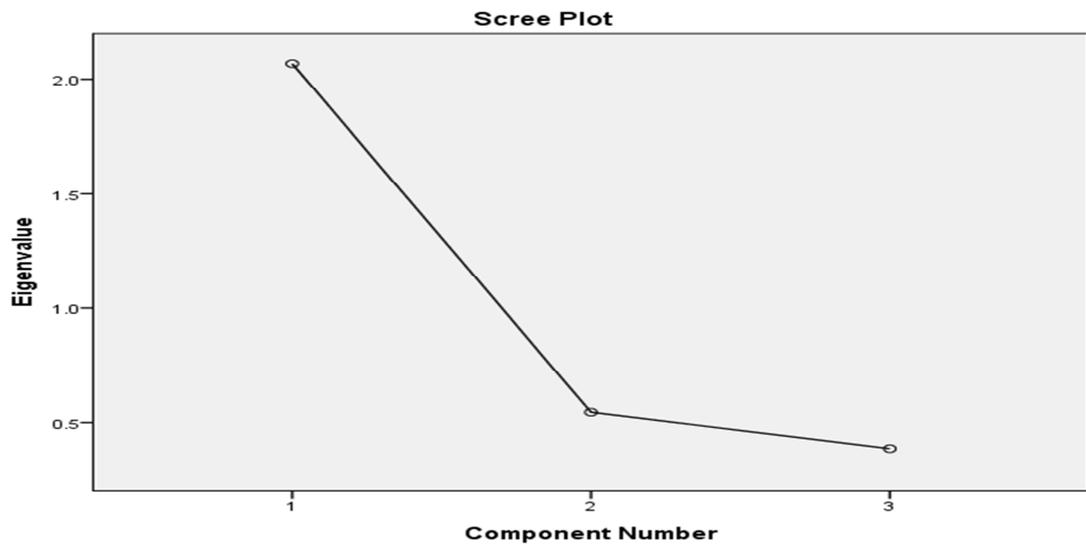
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.686
Bartlett's Test of Sphericity	Approx. Chi-Square	281.135
	df	3
	Sig.	.000

#### 4.7.3.1 Total Variance, Scree Plot and Component Matrix for Employer policies

Total variance explained for employer policies showed that one component explained 69% of the total variability in the three items. The results are presented in Table 4.28. The results for scree plot indicated that component one had Eigen value that was greater than one. The results are in agreement with total variance explained results for employer policies. The results on scree plot are presented in Figure 4.8. The study used the component with the greatest factor loading to compute summated factor scores for employer policies.

**Table 4.28: Total Variance Explained for Employer policies**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.069	68.958	68.958	2.069	68.958	68.958
2	.545	18.171	87.129			
3	.386	12.871	100.000			



**Figure 4. 8** Scree Plot for Employer policies

#### **4.7.4 Confirmatory Factor Analysis for Organizational Structure**

Factor analysis was conducted to reduce items of organizational structure which was the fourth and last independent variable in the study. Organizational structure construct was measured using 3 items thereby the construct was factor analyzed in order to come up with an appropriate measure. The study found that KMO had a value of 0.6 and Bartlett's test,  $\chi^2 = 247.752$ ,  $p = .000$ . The KMO value was more than 0.5 and this indicates that a factor analysis was useful with the study data. The value of Bartlett's test was less than 0.05 and this indicates that a factor analysis will be useful in the study. The results are presented in Table 4.29.

**Table 4.29: KMO and Bartlett's Test for Organizational structure**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.6
Bartlett's Test of Sphericity	Approx. Chi-Square	247.752
	df	3
	Sig.	.000

#### 4.7.4.1 Total Variance, Scree Plot and Component Matrix for Organizational Structure

The total variance explained results for organizational structure indicated that one component explained 63.505% of the total variability in the three items. The results are presented in Table 4.30. The results for scree plot indicated that component one had Eigen value that was greater than one. The findings corroborate total variance explained results for organizational structure. The results on scree plot are presented in Figure 4.9.

**Table 4.30: Total Variance Explained for Organizational structure**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.905	63.505	63.505	1.905	63.505	63.505
2	0.759	25.294	88.798			
3	0.336	11.202	100			



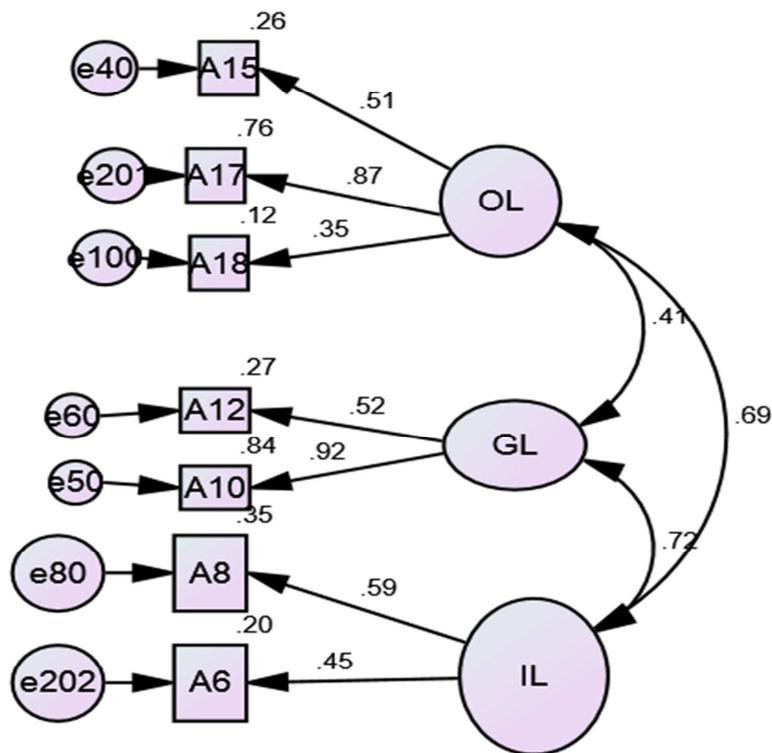
**Figure 4. 9** Scree Plot for Organizational structure

#### **4.8 Structural Equation Modelling**

The Structural Equation Modelling (SEM) was used to analyze the structural relationship between measured variables and latent constructs. Model Analysis through SEM helps to confirm validity of underlying observable variables to the latent variables. After the specification of the outer measurement models, the inner structural model was developed and fitted. The results are herein presented systematically based on the specific objectives of the study.

##### **4.8.1 Leadership**

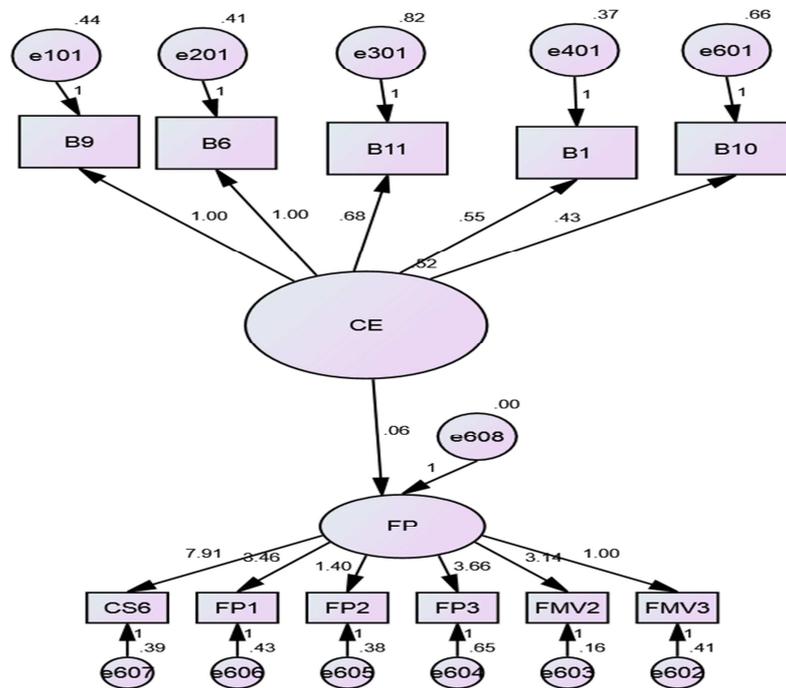
The first objective in the study was to establish the role of leadership as a determinant of collective bargaining agreement on the performance of state corporations in Kenya. The structural equation modeling for the variable was carried out and the results are as shown in Figure 4.10. The findings revealed that all the sub-constructs of leadership had a positive coefficient an indication that they influenced the performance of state corporations.



**Figure 4. 10** Measurement Model of Leadership

#### 4.8.2 Economic Factors

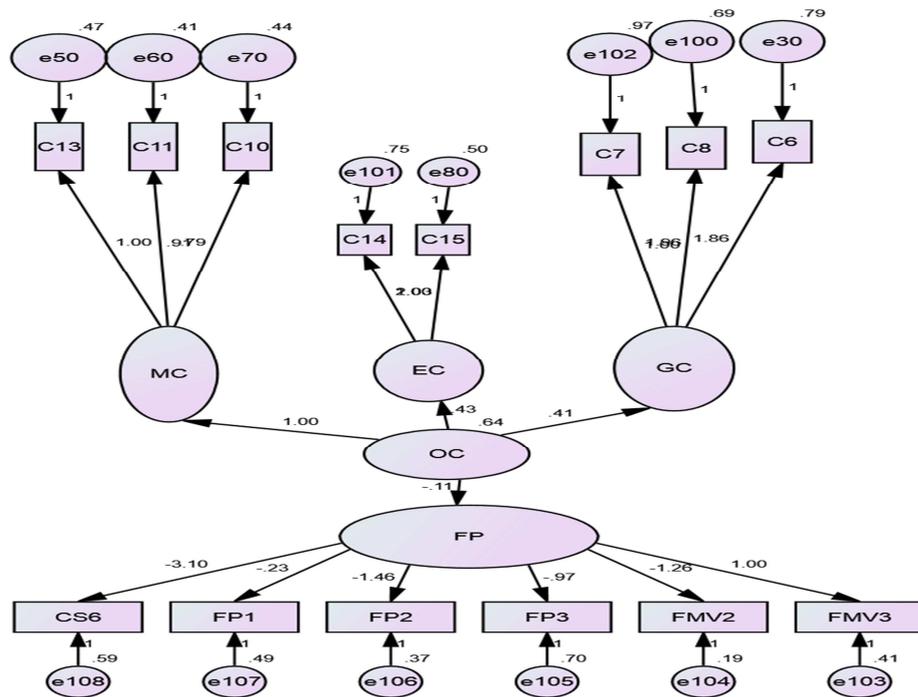
The second objective of the study was to assess the influence of economic factors as determinants of collective bargaining agreement on the performance of state corporations in Kenya. The relationship between economic factors and firm performance was sought using a structural model as herein presented in Figure 4.11. The results revealed that the average path coefficient beta ( $\beta$ ) value was 0.572 implying that a unit change in economic factors explained up to 57.2% increase in performance of state corporations in Kenya.



**Figure 4. 11** Structural Equation Model for Economic Factors

### 4.8.3 Employer Policies

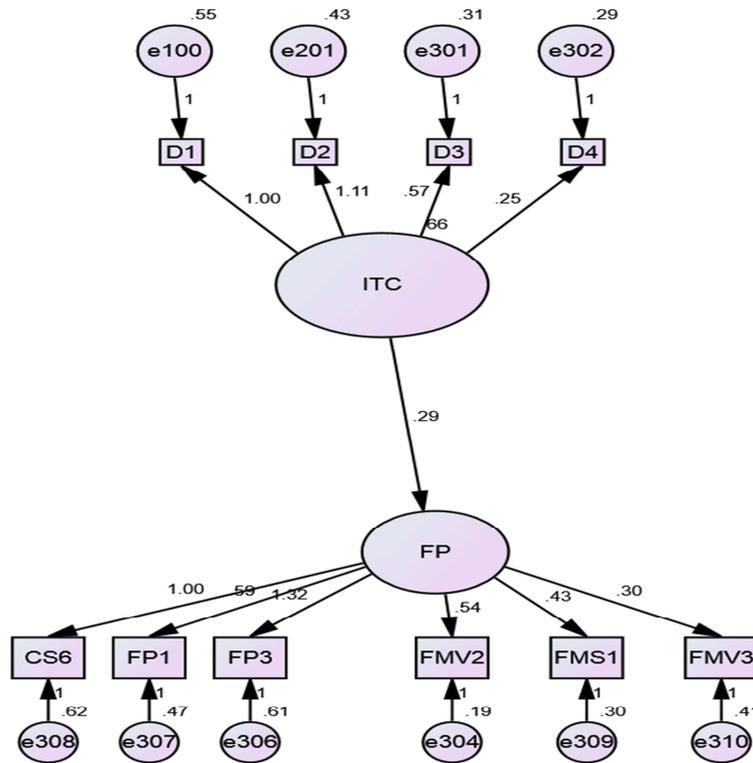
The third objective of the study was to explore the influence of employer policies on performance as a determinant of collective bargaining agreement on the performance of state corporations in Kenya. The relationship between employer policies and performance of state corporations was sought using structural equation modeling. This analysis was carried out to evaluate the extent to which the individual predictors of employer policies influenced each other and how they were of influence to the performance of state corporations in Kenya. The findings as shown in Figure 4.12 revealed that Resourcing Strategies (RC), Employer Relations (MC) and Employment Guidelines (GC) influenced each other by correlation coefficients of 0.83, 0.98 and 0.64 respectively. This implies that all the sub-constructs of employer policies had a significant influence on the performance of state corporations.



**Figure 4. 12 Structural Model on Employer Policies**

#### 4.8.4 Organizational Structure

The fourth objective of the study was to establish the influence of organizational structure as a determinant of collective bargaining on the performance of state corporations in Kenya. The relationship between organizational structure and performance of state corporations was tested using the SEM. The findings as shown in Figure 4.13 revealed that organizational structure had a coefficient value of 0.29 when structured against firm performance an indication that a unit change in organizational structure influenced up to 29% of the performance of state corporations in Kenya.



**Figure 4. 13 Structural Model on Organizational Structure**

#### 4.9 Inferential Analysis of the Study Model

According to Mello (2007), a good study ought to incorporate at least one approach of measurement of the relationship between variables so as to viably explain whether the variables have any significant relationship or not. In this case, therefore, the study used inferential statistics to exemplify the relationship between the independent and dependent variables with and without the moderator. According to Northouse (2013), inferential statistics tends to clearly explain why and how certain variables relate thus giving the researcher a more concrete ground to make conclusions and recommendations. In this study, regression model was used where the model summary, variance (ANOVA) and standardized coefficients were applied`

##### 4.9.1 Influence of Leadership on Firm Performance

**Ha<sub>1</sub>:** *Leadership in collective bargaining agreement has a significant effect on the performance of State Corporations in Kenya.*

The study adopted a regression model to help in establishing the statistical effect of the organizational leadership on organizational performance in state corporations in Kenya. The model was of the form:  $Y = \beta_0 + \beta_1 X_1 + \epsilon$

The results for the model summary are as presented in Table 4.31 where  $R^2$  (coefficient of multiple determinants) is shown. As the model depicts, the adjusted  $R^2$  is 0.810, an indication that there is a strong relationship between leadership and performance of state corporations in Kenya. This means that a proportion of 81.0% of performance of state corporations in Kenya can be explained by the singular effect of organizational leadership.

**Table 4.31: Model Summary for Leadership and Firm Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.903 <sup>a</sup>	.815	.810	.38565

The model significance was presented using the ANOVA test. Results in Table 4.32 shows that the significance of the F-value of 139.171 which is greater than the F-critical and significant at  $0.000 < 0.05$ . This implies that leadership has a positive and significant effect on the performance of state corporations in Kenya.

**Table 4.32: ANOVA for Leadership**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	82.793	1	82.793	139.171	.000 <sup>b</sup>
Residual	18.739	91	.206		
<b>Total</b>	<b>101.533</b>	<b>92</b>			

a. Dependent Variable: Performance of State Corporations

b. Predictors: (Constant), Leadership

As shown in Table 4.33, the unstandardized coefficient for the variable was 0.610 and the P-value is 0.000. The new model now becomes  $Y = 0.057 + 0.610X_1 + \varepsilon$  thus implying that at a significance level of 0.000, leadership will impact the performance of state corporations by up to 61.0%. The findings also indicate that the t-statistics (22.592) is higher than the t-critical (0.740) an indication that leadership significantly influences performance.

**Table 4. 33: Coefficients for Leadership**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.057	.077		0.740	.091
Leadership	.610	.027	.634	22.592	.000

a. Dependent Variable: Performance of State Corporations

Based on the above findings, the study therefore accepts the alternative hypothesis that leadership in collective bargaining agreement has a significant effect on the performance of State Corporations in Kenya. The findings compares with those by Nind (2014) who found that as a result of improved level of responsibility, command and control as well as role modeling, firm performance was enhanced hence the scholar concluded that leadership had a positive and significant influence of firm performance.

#### **4.9.2 Influence of Economic Factors on Firm Performance**

*Ha<sub>2</sub>: Economic factors in collective bargaining agreement have a significant effect on the performance of State Corporations in Kenya*

To identify the statistical relationship between economic factors as collective bargaining determinants and firm performance, multiple regression using the following model was adopted:  $Y = \beta_2 + \beta_2X_2 + \varepsilon$

The model summary as shown in Table 4.34 below revealed that the R-value is 0.714. Therefore, R-value (.714) for the economic factors suggested that there is a strong effect of the independent variable on performance of state corporations in Kenya. It can also be observed that the coefficient of determination, the adjusted R-square ( $R^2$ ) value is 0.491, which represents 49.1% variation of the dependent variable (organizational performance), which is due to the change in independent variable (economic factors).

**Table 4. 34: Model Summary for Economic Factors**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714 <sup>a</sup>	.509	.491	.20128

a. Predictors: (Constant), Economic Factors

b. Dependent Variable: Performance of State Corporations

From the ANOVA results on economic factors and organizational performance as shown in Table 4.35, it is evident that an F statistic of 405.259 which is greater than the F-critical of 15.660 was observed which indicated that the model was significant. This was supported by a P-value of (0.000). The reported P-value of (0.000) was less than the conventional P-value of (0.05) thus implying that model applied can significantly predict the change in the performance of state corporations in Kenya as a result of economic factors. The study, therefore, accepted the alternative hypothesis  $H_{A2}$  at 95% confidence interval, meaning there was a significant relationship between economic factors and organizational performance of state corporations in Kenya.

**Table 4. 35: ANOVA for Economic Factors**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.660	1	15.660	405.259	.000 <sup>b</sup>
	Residual	28.048	91	.308		
	Total	43.708	92			

a. Dependent Variable: Performance of State Corporations

The coefficients for economic factors and performance of state corporations are as shown in Table 4.36. From the coefficients, the new model now becomes  $Y = 0.133 + 0.784X_2 + \epsilon$ . This implies that at a p-value of 0.000, a unit increase in economic factors results to 78.4% increase in the performance of the state corporations in Kenya. The findings further revealed that the t-calculated was 27.034 which greater than the t-critical of 3.093 an indication that the economic factors statistically significantly influences performance of state corporations. The alternative hypothesis is hereby accepted and the inculcation made that economic factors have a positive and significant effect on performance of state corporations in Kenya.

**Table 4. 36: Coefficients for Economic Factors**

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	.133	.043		3.093	.021
Economic Factors	.784	.029	.509	27.034	.000

a. Dependent Variable: Performance of state Corporations

#### 4.9.3 Employer Policies and Firm Performance

The third objective of the study was to examine the impact of employer policies as determinants of collective bargaining agreement on performance of state corporations in Kenya. Regression model was adopted to determine the relationship between employer policies and organizational performance. The model was of the form:

$$Y = \beta_0 + \beta_3X_3 + \epsilon$$

The model summary shown in Table 4.37 revealed that the goodness of fit for the regression between employer policies and performance of state corporations was satisfactory. This is evidenced by adjusted R squared ( $R^2$ ) of 0.525 which indicates that 52.5% of the variances in the performance of state corporations are explained by the variances in the employer policies.

**Table 4. 37: Model Summary for Employer policies**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784 <sup>a</sup>	.615	.525	.37068

a. Predictors: (Constant), Employer policies

b. Dependent Variable: Performance of State Corporations

An ANOVA test was performed to further attest the relationship between employer policies and performance of state corporations in Kenya. The results are as summarized in Table 4.38 below. The table shows that the variable has a P-value equal to 0.000 while the F-statistic was 217.103 demonstrating that the model is statistically significant in explaining the change in the dependent variable, considering that the P-value is less than 0.05 at the 95% level of confidence.

**Table 4. 38: ANOVA (Employer policies)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	121.251	1	121.251	217.103	.000 <sup>b</sup>
	Residual	342.457	91	3.763		
	Total	463.708	92			

a. Dependent Variable: Performance of State Corporations

b. Predictors: (Constant), Employer policies

The regression coefficient shown in Table 4.39 indicates that employer policies is statistically significant since its p-value is less than 0.05 (p-value =0.000). Using the coefficient in Table 4.39, the regression model turns to be:

$$Y = 0.311 + 0.802X_3 + \varepsilon$$

The findings imply that a unit change in employer policies positively influence upto 80.2% increase in performance of state corporations in Kenya. The t-calculated was 8.278 implying that employer policies significantly influenced performance. The alternative hypothesis is therefore accepted; the employer policies have a positive and significant effect on performance of state corporations in Kenya.

**Table 4.39: Regression Coefficients for Employer Policies**

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	.311	.106		2.934	.001
Employer Policies	.802	.097	.784	8.278	.000

a. Dependent Variable: Performance of State Corporations

#### 4.9.4 Organizational Structure and Firm Performance

*H<sub>a4</sub>: Organizational structure has a significant effect on organizational performance of state corporations in Kenya*

The fourth objective of the study was to determine the influence of organizational structure as a determinant of collective bargaining agreement on performance of state corporations in Kenya. Regression analysis was carried out to establish the statistical relationship between organizational structure and organizational performance. The model was of the form;  $Y = \alpha + \beta_4 X_4 + \varepsilon$

The model summary on Table 4.40 revealed that the adjusted R squared ( $R^2$ ) value for the variable was 0.231 an indication that 23.1% of performance of state corporations in Kenya is explained by a variance change in the organizational structure.

**Table 4. 40: Model Summary (Organizational structure)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.502 <sup>a</sup>	.252	.231	.068

a. Predictors: (Constant), Organizational structure

b. Dependent Variable: Performance State Corporations

The ANOVA test results revealed a F calculated of 217.103 which was greater than the F-critical an indication that the model was significant. The P-value for the

variable was 0.000 which is less than the standard p-value of 0.05 an indication that organizational structure has a significant relationship with organizational performance.

**Table 4. 41: ANOVA Test for Organizational Structure**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	69.993	1	69.993	217.103	.000 <sup>b</sup>
	Residual	208.223	91	2.288		
	Total	278.216	92			

a. Dependent Variable: Performance of State Corporations

b. Predictors: (Constant), Organizational structure

The regression coefficients for organizational structure as shown in Table 4.42. From the results, the new model for the variable now becomes;

$$Y = 1.201 + 0.585X_4 + \epsilon$$

The findings revealed that organizational structure has a positive influence on performance of state corporations in Kenya as evidenced by the unstandardized B coefficient of 0.585. The results also portray that organizational structure has a significant influence on performance as shown by the P-value of  $0.000 < 0.05$ . The findings further showed that the t-statistic was 6.724 which is greater than the t-critical implying that organizational structure significantly influences performance.

From the results, the study accepts the alternative hypothesis that organizational structure has a significant and positive influence on the performance of state corporations in Kenya. The findings herein confirm that indeed organizational structure is a key aspect in determining the performance of state corporations in Kenya.

**Table 4. 42: Regression Coefficients for Organizational Structure**

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	1.201	.201		5.975	.000
Organizational Structure	.585	.087	.502	6.724	.000

a. Dependent Variable: Performance of State Corporations

#### 4.10 Analysis of the Overall Regression Model

An overall regression model was carried out to determine the combined effect of leadership, economic factors, employer policies and Organizational structure as the independent variables on the performance of state corporations as the dependent variable. The findings on model fitness (model summary) are as shown in Table 4.43 which revealed that all the determinants of collective bargaining focused on in the study had a strong effect on the performance of state corporations in Kenya. This is evidenced by the adjusted  $R^2$  value of 0.551 which means that leadership, economic factors, employer policies and organizational structure explained up to 55.1% of the overall performance of state corporations in Kenya.

**Table 4. 43: Model Summary (Overall Model)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.751 <sup>a</sup>	.564	.551	.108

a. Predictors: (Constant), Leadership, economic factors, employer policies and Organizational structure

b. Dependent Variable: Performance State Corporations

The analysis of variance (ANOVA) for the overall model is as shown in Table 4.44 The results depicted that when combined, leadership, economic factors, employer policies and organizational structure had a significant influence on the performance

of state corporations in Kenya. This is evidenced by the P-value of  $0.000 < 0.05$  and the F-calculated of 120.155 which is way higher than the F-critical.

**Table 4. 44: ANOVA Test for the Overall Model**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	183.520	4	45.880	120.155	.000 <sup>b</sup>
	Residual	94.696	88	1.076		
	Total	278.216	92			

a. Dependent Variable: Performance of state corporations

b. Predictors: (Constant), Leadership, Economic factors, Employer policies And Organizational structure

The regression coefficients of the overall model are as shown in Table 4.45. The results revealed that leadership, economic factors, employer policies and organizational structure had a significant and positive influence on the performance of state corporations in Kenya. The model now becomes:

$$Y = 0.934 + 0.501X_1 + 0.297X_2 + 0.539X_3 + 0.391X_4 + \epsilon$$

The model output reveals that a unit change in leadership would lead to 50.1% increase in the performance of state corporations in Kenya. A unit change in economic factors would lead to 29.7% increase in organizational performance while a unit change in employer policies would lead up to 53.9% increase in organizational performance. According to Rosser, Lynch, Haskamp, Gentile and Yalif (2007), the main prospects of collective bargaining agreement that have a direct impact on organizational performance and competitiveness are leadership, favorable economic trends, proper and integrated firm policies and organizational structure. The findings also concur with the argument by Nind (2014) that the determinants of collective bargaining agreement had a significant effect on firm performance.

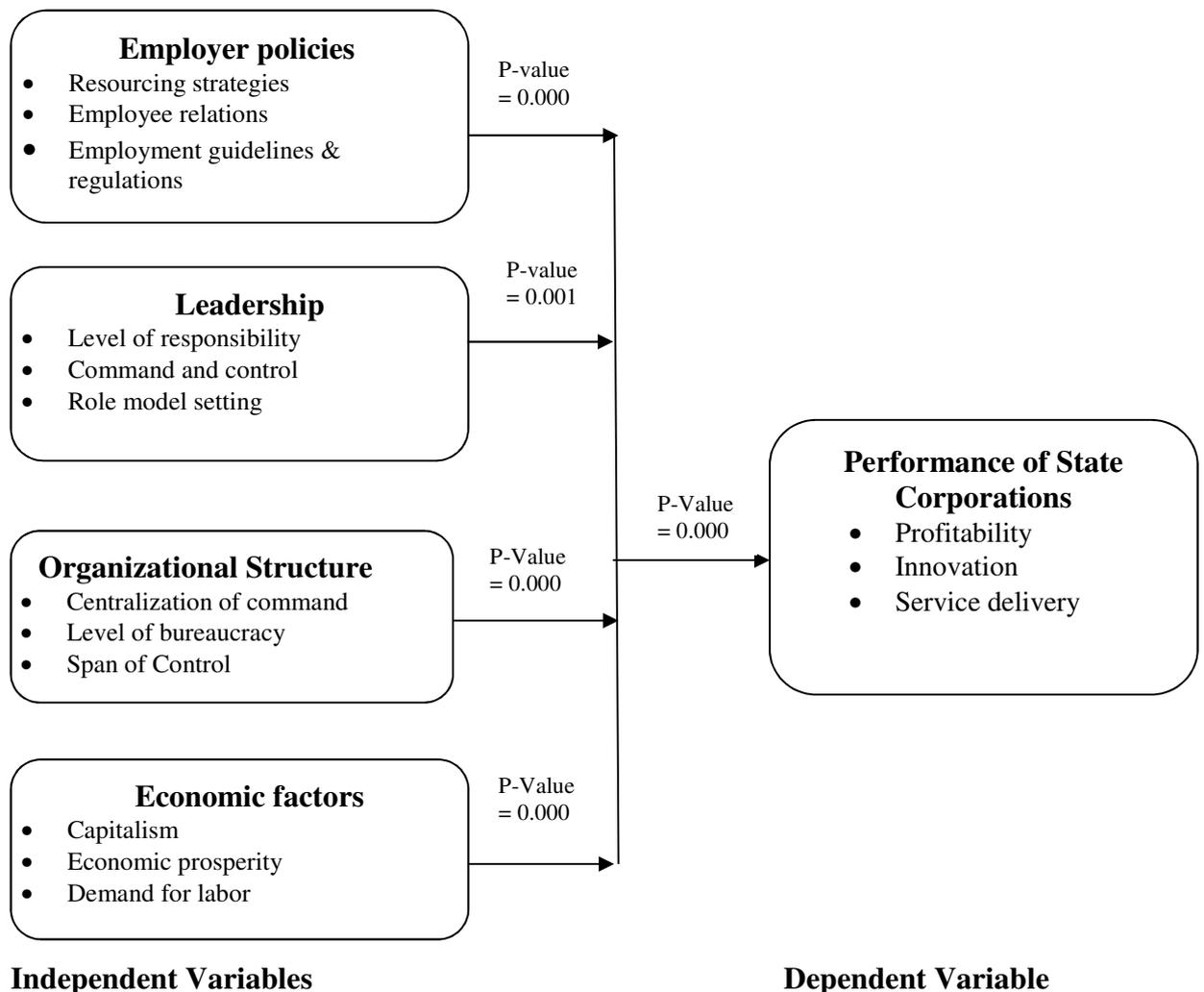
**Table 4. 45: Regression Coefficients**

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
<b>1</b> (Constant)	.934	.129		7.240	.000
Leadership	.501	.078	.411	6.423	.000
Economic factors	.297	.074	.236	4.014	.001
Employer policies	.539	.069	.509	7.812	.000
Organizational structure	.391	.072	.372	5.431	.000

a. Dependent Variable: Performance of State Corporations

#### 4.11 Optimal Model

According to the results of the overall model, all the variables had a significant and positive effect on performance of state corporations. However, according to Keraro (2014) and Brooks (2008) it would be interesting and necessary to find out the hierarchical significance of the independent variables to the dependent Variable. The conceptual framework presented in the literature review section is meant to hypothesize the relationship between dependent variables and the dependent variable (Brooks, 2008). However, there are those variables that contribute more to the dependent variable than others or in other words they have varied levels of significance while others could even be insignificant. The optimal model therefore was carried out to show the actual flow of variables in conceptual framework.



**Figure 4. 14: Revised Conceptual Framework**

As shown in Figure 4.14, the variables are arranged as per their levels of significance from the highest to the lowest. As evidenced in the regression coefficients of the overall model, employer policies has the highest (0.539), followed by leadership with 0.501, organizational structure with 0.391 while economic factors has the lowest with a Beta coefficient of 0.297.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter presented the summary of findings of the study on the influence of determinants of collective bargaining agreement on performance of state corporations in Kenya. The chapter also covered the conclusions of the study based on the findings as well as recommendations of the study. These were presented systematically based on the specific objectives of the study. The chapter summed up by presenting the recommendations for further studies.

#### **5.2 Summary of Findings of the Study**

The study obtained a response rate of 96.8% which was possible due to the small number of the sampled respondents. This was considered adequate for analysis as well as making conclusion and recommendations of the study. Majority of the respondents were females while many were aged between 31 and 50 years and with undergraduate and post-graduate as the highest level of education. Most of the sampled respondents had a working experience of between 9 and 16 years.

##### **5.2.1 Organizational Leadership and Firm Performance**

The first objective of the study was to establish the influence of leadership as a determinant of collective bargaining agreement on performance of state corporations in Kenya. The study established that the level of responsibility by the leaders was mildly embraced where majority of the leaders did not delegate their duties while a medium number of the leaders did not take charge of the organizational activities and understand their role and responsibilities appropriately. The findings further revealed that the leaders of the state corporations adhered to command and control as the central measure of effective leadership whereby there was clear definition of roles and the employees were bound to submit to the leaders. The findings portrayed that the leaders set the example to employees by doing what they would like them to do thus steering employee performance. The inferential analysis of the study model revealed that indeed organizational leadership had a positive and significant

influence on the performance of state corporations in Kenya. The implication herein is that effective leaders have been able to enhance firm performance through setting examples to those that they lead as well as adhering to the command and information flow out of they get the best out of the employees.

### **5.2.2 Influence of Economic Factors on Firm Performance**

The second objective of the study was to establish the influence of economic factors as of collective bargaining agreement on the performance of state corporations in Kenya. The study found that capitalism, being a key economic factor determining the collective bargaining agreement was the main aspect affecting the performance of state corporations. The respondents indicated that the organizational management was not forceful but at the same time indicated that unions and any form of representation was not given any attention in the organizations while employees were not free to fake part in organizational activities. This is an indication that the state corporations did not give the employees adequate time to participate in union activities and this could be a cause for employee underperformance. The study further established that economic standards of the employees was upheld in the organizations where majority of the respondents indicated that their living standards were high while they were given adequate rewards and competitive salaries. The study further revealed that the labour demand was low among the state corporations with high supply of labour and high employee turnover with skilled labour being readily available. This implies that as a result of labour supply being high, most of the organizations did not give a listening ear to the employees since their bargaining power was high thus affecting the employees' commitment and productivity. The results of the model also revealed that economic factors positively and significantly influenced the performance of state corporations in Kenya.

### **5.2.3 Employer Policies and Firm Performance**

The third objective of the study was to assess the influence of employer policies as determinants of collective bargaining agreement on the performance of state corporations in Kenya. The study established that sourcing strategies were key to

firm performance whereby the organizations embraced open and competitive promotion and recognition procedures and upheld the welfare of the employees. However, the findings revealed that the corporations did not keep the recruiting procedures open and clear a matter that might the recruiting of the best talents thus affecting firm performance. The findings further portrayed that employee relations were not upheld in the state corporations whereby majority of the respondents indicated that they were not free to interact with each other and that the organizations had no union recognition agreement. The study also established that the guidelines of the employment and employee requirements were upheld in the organizations whereby there was no victimization in the organizations and the policies were clear. However, the organizations did not review the policies regularly a matter that could prevent conformity with changes. The model output revealed that employee relations positively and significantly influences the performance of state corporations in Kenya.

#### **5.2.4 Organizational Structure and performance of State corporations in Kenya**

The fourth objective of the study was to establish the influence of organizational structure as a determinant of collective bargaining agreement on the performance of state corporations in Kenya. The study established that the state corporations did not uphold the prospect of command and control despite this being a central aspect of promoting an effective organizational structure whereby majority of the respondents indicated that the executive did not give all the directions and decision making was not from top to bottom s it is in the case of an effective organizational culture. The findings further reveled that majority of the respondents disagreed that employees had little say on the organization and that final authority rested on the CEOs alone. Moreover the study established that the level of bureaucracy at the state corporations was at a medium stake with the respondents agreeing that the employees were required to follow some given protocol as far as communication was concerned and that execution of tasks was tedious and time consuming due to the need to follow authority from different parties. Most of the companies had few managers while few supervisors were under a single manager small number of employees being

supervised by fewer supervisors. The findings imply that the management and control span in the state corporations was not framed towards achieving the best goals and promote efficiency due to delays caused by increased role divisions and reporting channels. The results on both the univariate and overall model revealed that organizational structure had a positive and significant influence on performance of state corporations in Kenya.

### **5.3 Conclusion of the Study**

#### **5.3.1 Leadership**

The study concluded that organizational leadership was a critical driver to organizational performance among state corporations in Kenya. The findings outlined the prospects of leadership such as command and control and role modeling as the main determinants of leadership prosperity as far as enhancing collective bargaining agreement between the employer and the employee is concerned while steering firm performance. The study concluded that the state corporations had effective leadership capabilities but did not put them into practice for the purpose of enhancing performance.

#### **5.3.2 Economic Factors**

The study concluded that economic dimension of firm was a key factor in determining the performance of the firm. Through enhanced lifestyles of the employees and keeping them comfortable and motivated, their productivity is enhanced thus promoting firm performance. However, the study concluded that the state corporations had high bargaining power as far as labour was concerned since the supply of labour was high with most of the employees having skilled labour which is readily available. This makes the employees underperform since their benefits are not adequately catered for as a result of increased labour supply.

#### **5.3.3 Employer Policies**

On the influence of employer policies, the study concluded that the policies set by the employers have a critical role in determining firm performance. This is because

as a result of enhanced employee relations and well-articulated employee requirements, there is reduced conflict and duplication of duties hence more productivity from the workforce. The study concluded that the corporations did not allow the employees to be free to join any union while representation of the employees at the unions was highly discouraged. This would possibly make employees shy away from communicating their needs and preferences hence their satisfaction diminishes the same case to productivity.

#### **5.3.4 Organizational Structure**

The study further concluded that organizational structure significantly influenced the performance of state corporations in Kenya. The flow of information and command control from one level of authority to another determined the efficiency of the organizations in conducting their mandate. The study concluded that as a result of too many bureaucracies, delays were experienced in delivering the mandate of the corporations since there should be approvals by many parties hence affecting the overall performance of the organizations.

#### **5.4 Recommendations of the Study**

Based on the findings of the study, the following recommendations can be drawn on;  
**Policy Implications:** There has been scanty and unclear literature and information on the determinants of CBA on performance of state corporations in Kenya. The study exemplifies the main pillars to CBA as employer policies, organization structure, economic factors and leadership and notes that firms should use them to set policies

**Theoretical Implication:** Little has been done previously to link the theories in this study with the aspects of collective bargaining agreement. This study brings a clear view on how the theories uphold collective bargaining agreements as a way of avoiding industrial actions and promoting performance. The theories explain the value and linkage of the variables in enhancing relationships in the work place.

**Pragmatic Implications:** The study points out the enablers of collective bargaining agreement and how they can singularly affect firm performance. It elaborates the ways the management can engage employees to have collective bargaining agreements done successfully through consideration of leadership, economic factors, organizational structure and employer policies to avoid the costly and damaging industrial actions.

Similarly, based on the findings, the following recommendations can be made on each of the specific variables of the study:

#### **5.4.1 Leadership**

That the state corporations through the management should ensure effective leadership through example setting and involving employees in decision making and other organizational matters so as to put them on board towards enhancing firm performance

#### **5.4.2 Economic Factors**

The management of state corporations should ensure effective rewarding and promotion of employees as a way of making them comfortable and economically empowered so as to perform better. Employees should be steered towards aligning their goals to those of the organization so as to not only contribute to firm growth but also to their personal growth and development.

#### **5.4.3 Employer Policies**

Organizational management should embrace a supportive culture to the employees and provide them with an environment that is conducive for working and interaction. Employees should be allowed to air their views and be involved in decision making and allowed to join any trade union that they find addressing their issues. This way, they were motivated to contribute more to firm performance.

#### **5.4.4 Organizational Structure**

The organizational structure is crucial to firm performance. There should be clear definition of roles to void duplication while the reporting levels should be reduced to avoid delays in execution of duties due to many approval requirements. The management should ensure that there are effective communication channels from employees to give their views and offered feedback effectively as well.

#### **5.5 Contribution of the Study to the Existing Knowledge**

The previous studies have addressed collective bargaining as a determinant to performance but did not focus on the pillars or enablers of the collective bargaining agreement. This study contributes to the existing knowledge by pointing out the enablers/determinants of collective bargaining and how they singularly contribute to firm performance.

The study further contributes to policy by exemplifying the main pillars of collective bargaining agreement as employer policies, organizational structure, economic factors and leadership. This is to imply that the state corporations and other organizations ought to address the collective bargaining in terms of the set policies by the employer, the economic conditions, the adopted structure by the organization as well as the leadership state of the organization.

The study contributes to theory by pointing out that the four determinants of collective bargaining agreement (employer policies, organizational structure, economic factors and leadership) can be best explained by human relations theory, efficiency wage theory, path-goal theory as well as theory of alienation. Moreover, these theories can be used to explain the need for enhancing the relationship between the employer and the organizational management through collective bargaining agreement thus they can be used in a similar study.

The study also contributes to the practice by pointing out that employer policy, organizational structure, economic factors and leadership have a statistical

relationship with organizational performance. This is an indication that when formulating the collective bargaining agreement, both the employees and the organizational management should put into consideration the structure of the firm, the economic factors, the available leadership as well as the policies by the employer.

### **5.6 Recommendations for Further Studies**

The study focused on determinants of collective bargaining agreement and their influences on performance of state corporations in Kenya. There should be a study to establish other prospects of influencing performance of state corporations which are exceedingly facing performance challenges.

The study focused on state corporations in Kenya while there are other industries and organizations even in the private sector facing the same problems as far as collective bargaining agreement determinants and performance is concerned. There should be a study to therefore unveil influence of these prospects while focusing on other sectors. There should be a study to unveil the other factors contributing to performance of state corporations apart from the determinants of CBA.

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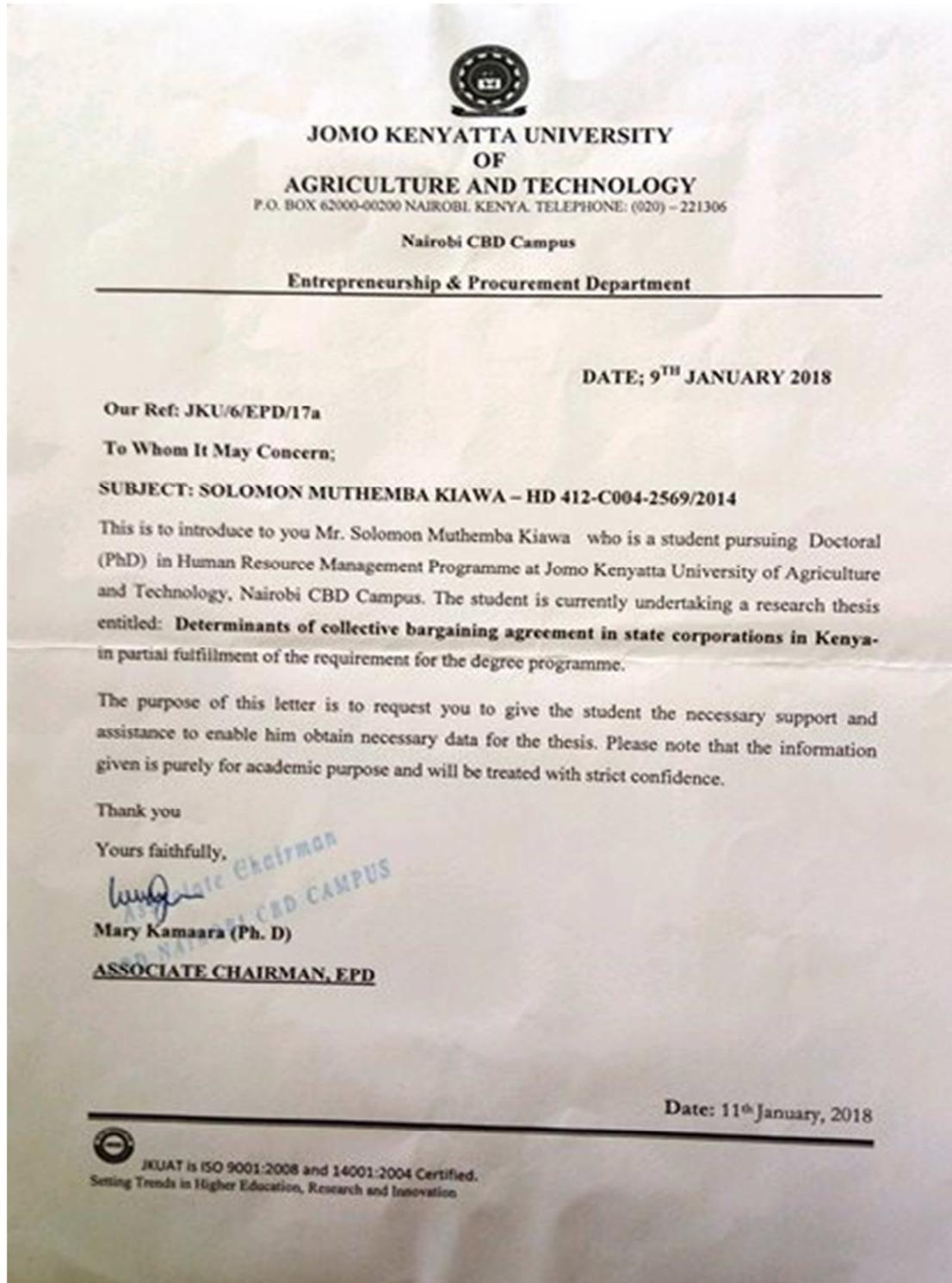
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## APPENDICES

### APPENDIX I – LETTER FROM EPD (UNIVERSITY)



**APPENDIX II- INTRODUCTORY LETTER – STATE CORPORATION**

**SOLOMON MUTHEMBA KIAWA**

**P.O Box 567-00200 NAIROBI**

**Date**

**CHIEF EXECUTIVE OFFICER**

Dear Sir/ Madam,

**RE: THESIS**

I am a PhD, Human Resource Management, student at the Jomo Kenyatta University of Agriculture and Technology (JKUAT) carrying out a research study on **“Determinants of Collective Bargaining Agreement on the Performance of State Corporations in Kenya.”** A questionnaire has been designed and will be used to gather relevant information to address the research objectives of the study. I kindly request for permission to collect information from select members of your staff; the information collected will be strictly for academic purposes, will not be used for any other purposes and will be treated in strict confidence. Strict ethical principles will be observed to ensure confidentiality and the study outcomes and reports will not include reference to any individuals.

Thank you in advance for your anticipated co-operation

Yours Faithfully,

**Solomon Muthemba Kiawa**

## APPENDIX III- RESEARCH PERMIT

CONDITIONS	REPUBLIC OF KENYA NACOSTI National Commission for Science, Technology and Innovation RESEARCH CLEARANCE PERMIT Serial No.A 17223 CONDITIONS: see back page
<ol style="list-style-type: none"><li>1. The License is valid for the proposed research, research site specified period.</li><li>2. Both the Licence and any rights thereunder are non-transferable.</li><li>3. Upon request of the Commission, the Licensee shall submit a progress report.</li><li>4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.</li><li>5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.</li><li>6. This Licence does not give authority to transfer research materials.</li><li>7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.</li><li>8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.</li></ol>	

<p><b>THIS IS TO CERTIFY THAT:</b> <b>MR. SOLOMON MUTHEMBA KIAWA</b> of <b>JOMO KENYATTA UNIVERSITY OF</b> <b>AGRICULTURE AND TECHNOLOGY,</b> <b>567-200 NAIROBI,</b> has been permitted to conduct research in <i>All Counties</i></p> <p>on the topic: <b>DETERMINANTS OF</b> <b>COLLECTIVE BARGAINING AGREEMENTS</b> <b>ON THE PERFORMANCE OF STATE</b> <b>CORPORATIONS IN KENYA</b></p> <p>for the period ending: <b>25th January, 2019</b></p> <p> ..... <b>Applicant's</b> <b>Signature</b></p>	<p>Permit No : NACOSTI/P/18/94597/20771 Date Of Issue : 25th January, 2018 Fee Received : Ksh 2000</p> <p></p> <p> ..... <b>Director General</b> <b>National Commission for Science,</b> <b>Technology &amp; Innovation</b></p>
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**APPENDIX IV- RESEARCH QUESTIONNAIRE**

Questionnaire for Survey on **Determinants of Collective Bargaining Agreement on the Performance of State Corporations in Kenya**

**Part I: Bio Information**

1. Gender:

Male       Female

2. Age:

18-30yrs     31- 40 yrs       41-50 yrs       51 and above

3. Highest Education Level

Diploma     Bachelors Degree     Postgraduate Diploma/Cert

Masters Degree     Doctorate Degree

4. Working Experience

8 years and below       9 - 16 Years       17 -24years

25 years and above

5. Category of corporation:

Commercial with strategic functions       Commercial

Executive agencies       Independent Regulatory Agencies  
Institutions

Research Institutions, Public Universities, Tertiary Education and Training  
Institutions

**Part II:**

Using a scale of 1-5, please indicate your agreement/ disagreement levels with the statements in the tables. The rating scale indicates agreement levels as follows: 1- Strongly Agree, 2 – Agree, 3- Neither Agree nor Disagree, 4 – Disagree, 5 – Strongly Disagree

<b>Section I – Leadership</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Level of Responsibility</b>						
<b>1</b>	Leaders understand their roles well					
<b>2</b>	Leaders take charge over the					

	organizational activities					
3	Leaders delegates various roles to their juniors					
4	All employees are charged with some responsibility					
	<b>Command and Control</b>					
5	The organization's delegation policy affects collective bargaining					
6	There is a clear line of authority and command					
7	Employees obey and respect the leaders					
8	All levels of responsibility have some authority					
	<b>Role Model Setting</b>					
9	There's effective control mechanism					
10	Most leaders follow the rules they set for the employees					
11	Leaders set (lead by) example in most spheres in the organization					
12	Leaders exercise their own style					

13. Do you believe your organizations carries out successful collective bargaining agreement? .....

14. If **YES**, what do you think the organizational leadership does to enhance successful collective bargaining agreement and does it affect its performance?.....  
 .....

15. If **NO**, what do you think the organizational leadership needs to do to enhance successful collective bargaining agreement and will it affect its performance?

.....  
 .....

<b>Section II: Economic Factors</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Capitalism</b>						
<b>1</b>	The company management is forceful					
<b>2</b>	Union and its representatives have very little voice in the company					
<b>3</b>	Employees are not free to engage in union activities					
<b>4</b>	All communication from the company must be copied to the management					
<b>Economic Prosperity</b>						
<b>5</b>	Many employees' standards of living are high					
<b>6</b>	Salary & perks are industry competitive					
<b>7</b>	The organization provides sufficient benefit packages to employees					
<b>8</b>	There is adequate job security					
<b>Demand for Labour</b>						
<b>9</b>	The labour market is very stable					
<b>10</b>	There is high supply of labour in the market					
<b>11</b>	Employees are highly skilled					
<b>12</b>	The employee turnover is low					

13. How important are economic factors to your company when negotiating CBA and does it affect its performance?.....  
 .....  
 .....

<b>Section III: Employer policies</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Resourcing strategies</b>						
<b>1</b>	The organization has clear recruitment and selection policy					
<b>2</b>	There are opportunities for employee growth					
<b>3</b>	The organization has clear strategies on staff retention and welfare					
<b>4</b>	The promotions are competitive and open					
<b>Employee relations</b>						
<b>5</b>	Employees are free to interact with each other					
<b>6</b>	The organization has union recognition agreement					
<b>7</b>	Employees are allowed to join recognized unions of their choice					
<b>8</b>	There is open door policy and the management is easy to reach					
<b>Employment Guidelines and regulations</b>						
<b>9</b>	There is no victimization in the organization					

<b>10</b>	The company has clear guidelines on all organizational activities					
<b>11</b>	Court orders are usually strictly adhered to					
<b>12</b>	Policies and guidelines are regularly updated					

13. Do your organizational policies play a role during negotiation for CBA and do they affect the organization's performance? .....

.....

.....

<b>Section IV: Organizational structure</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Centralization of command</b>						
<b>1</b>	All directions are given by the executive					
<b>2</b>	Decision making is from top to bottom					
<b>3</b>	Employees have little say in organizational matters					
<b>4</b>	Final authority rests with the CEO					
<b>Level of Bureaucracy</b>						
<b>5</b>	Employees have to observe protocol in communication and actions					
<b>6</b>	There are many levels of authority					
<b>7</b>	Task execution takes long due to authorization challenges					
<b>8</b>	Employees have to seek clearance from their seniors					

<b>Span of Control</b>						
<b>9</b>	There are few managers in the company					
<b>10</b>	Many supervisors are under a single manager					
<b>11</b>	A big number of employees is supervised by a few supervisors					
<b>12</b>	There is strict control of all the organizations functions by the CEO					

13. How does the company's organizational structure during negotiations for CBA affect its performance?.....

.....

.....

<b>Section V: Performance</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Profitability</b>						
<b>1</b>	The company generates high levels of revenue					
<b>2</b>	The company declares healthy dividends					
<b>3</b>	The net income of the company is consistently high					
<b>4</b>	Employees and creditors are paid timely					
<b>Innovation</b>						
<b>5</b>	There is use of modern technology in the company					
<b>6</b>	The company invests in research and development					
<b>7</b>	The company rewards staff					

	who come up with new developments					
<b>8</b>	The company is a member of the industry association					
	<b>Service Delivery</b>					
<b>9</b>	There is focus on customer feedback					
<b>10</b>	The company is keen on fulfilling client details					
<b>11</b>	The company continually upgrades its service delivery platform					
<b>12</b>	The company regularly trains its staff on service delivery					

13. How is the organizational performance affected by CBA?

.....  
 .....

**THE END**

**THANK YOU FOR TAKING YOUR TIME TO FILL THIS QUESTIONNAIRE**

## **APPENDIX V: LIST OF STATE CORPORATIONS IN KENYA**

### **a. Purely Commercial State Corporations**

1. Agro-Chemical and Food Company
2. Kenya Meat Commission
3. Muhoroni Sugar Company Ltd
4. Nyayo Tea Zones Development Corporation
5. South Nyanza Sugar Company Limited
6. Chemilil Sugar Company Ltd
7. Nzoia Sugar Company Ltd
8. Simlaw Seeds Kenya
9. Simlaw Seeds Tanzania
10. Simlaw Seeds Uganda
11. Kenya National Trading Corporation (KNTC)
12. Kenya Safari Lodges and Hotels Ltd
13. Golf Hotel Kakamega
14. Kabarnet Hotel Limited
15. Mt Elgon Lodge
16. Sunset Hotel Kisumu
17. Jomo Kenyatta Foundation
18. Jomo Kenyatta University Enterprises Ltd.
19. Kenya Literature Bureau (KLB)
20. Rivatex (East Africa) Ltd
21. School Equipment Production Unit
22. University of Nairobi Enterprises Ltd.
23. University of Nairobi Press (UONP)
24. Development Bank of Kenya Ltd.
25. Kenya Wine Agencies Ltd (KWAL)
26. KWA Holdings
27. New Kenya Co-operative Creameries
28. Yatta Vineyards Ltd
29. National Housing Corporation
30. Research Development Unit Company Ltd

31. Consolidated Bank of Kenya
32. Kenya National Assurance Co. (2001) Ltd
33. Kenya Reinsurance Corporation Ltd
34. Kenya National Shipping Line

**b. State Corporations with Strategic Functions**

1. Kenya Animal Genetics Resource Centre
2. Kenya Seed Company (KSC)
3. Kenya Veterinary Vaccine Production Institute
4. National Cereals & Produce Board (NCPB)
5. Kenyatta International Convention Centre
6. Geothermal Development Company (GDC)
7. Kenya Electricity Generating Company (KENGEN)
8. Kenya Electricity Transmission Company (KETRACO)
9. Kenya Pipeline Company (KPC)
10. Kenya Power and Lighting Company (KPLC)
11. National Oil Corporation of Kenya
12. National Water Conservation and Pipeline Corporation
13. Numerical Machining Complex
14. Kenya Broadcasting Corporation
15. Postal Corporation of Kenya
16. Kenya Development Bank (After merger of TFC, ICDC, KIE, IDB, AFC)
17. Kenya EXIM Bank to be enacted
18. Kenya Post Office Savings Bank
19. Kenya Airports Authority (KAA)
20. Kenya Ports Authority (KPA)
21. Kenya Railways Corporation (KRC)

**c. State Agencies - Executive Agencies**

1. Biashara Kenya (After merging Small and Micro enterprises Authority, Women Fund, Uwezo Fund and Youth Enterprises Development Authority)

2. Internal Revenue Service (After transfer of Customs department from KRA)
3. Kenya Intellectual Property Service  
(After merging Kenya Copyright Board, Kenya Industrial Property Institute, and Anti-Counterfeit Agency)
4. Kenya Investment Promotion Service (After merging KTB, EPC, Brand Kenya Board & KenInvest)
5. Konza Technopolis Authority
6. Bomas of Kenya
7. Water Services Trust Fund
8. Leather Development Council
9. Agricultural Development Corporation
10. Anti-Female Genital Mutilation Board
11. Constituency Development Fund
12. Crops Development and Promotion Service (new) - To be developed
13. Customs and Boarder Security Service (successor to the Kenya Citizens and Foreign Nationals Management Service) - To be developed
14. Drought Management Authority
15. Export Processing Zones Authority (EPZA)
16. Financial Reporting Centre
17. Fisheries Development and Promotion Service (new) To be developed
18. Higher Education Loans Board
19. Information and Communications Technology Authority
20. Investor Compensation Fund Board
21. Kenya Academy of Sports
22. Kenya Accountants & Secretaries National Examination Board (KASNEB)
23. Kenya Deposit Protection Authority
24. Kenya Ferry Services Ltd (KFS)
25. Kenya Film Development Service
26. Kenya Institute of Curriculum Development
27. Kenya Law Reform Commission
28. Kenya Medical Supplies Authority
29. Kenya National Bureau of Statistics

30. Kenya National Examination Council (KNEC)
31. Kenya National Highways Authority (KeNHA)
32. Kenya National Innovation Agency
33. Kenya Ordnance Factories Corporation
34. Kenya Roads Board (KRB)
35. Kenya Trade Network Agency
36. Kenya Wildlife and Forestry Conservation Service - To be enacted
37. Kenyatta National Hospital
38. LAPSSET Corridor Development Authority
39. Livestock Development and Promotion Service (new) -To be enacted
40. Local Authorities Provident Fund
41. Moi Teaching and Referral Hospital
42. Nairobi Centre for International Arbitration
43. National Aids Control Council
44. National Cancer Institute of Kenya
45. National Coordinating Agency for Population & Development
46. National Council for Law Reporting
47. National Council for Persons with Disabilities
48. National Hospital Insurance Fund
49. National Industrial Training Authority
50. National Irrigation Board
51. National Museums of Kenya
52. National Quality Control Laboratories
53. National Social Security Fund Board of Trustees
54. National Youth Council
55. Nuclear Electricity Board
56. Policy Holders Compensation Fund
57. Sports Kenya
58. The Kenya Cultural Center
59. Tourism Fund
60. Unclaimed Financial Assets Authority
61. Water Resources Management Authority

62. National Campaign Against Drug Abuse Authority

**d. State Agencies - Independent Regulatory Agencies**

1. Agricultural, Fisheries and Food Authority
2. Commission for University Education
3. Communications Commission of Kenya
4. Competition Authority
5. Council for Legal Education
6. Energy Regulatory Commission
7. Health Services Regulatory Authority - To be enacted
8. Kenya Bureau of Standard (KBS)
9. Kenya Civil Aviation Authority (KCAA)
10. Kenya Film Regulatory Service
11. Kenya Maritime Authority
12. Kenya National Accreditation Service
13. Kenya Plant and Animal Health Inspectorate Service
14. Livestock Regulatory Authority - To be enacted
15. National Commission for Science, Technology and Innovations
16. National Construction Authority
17. National Environmental Management Authority (NEMA)
18. National Land Transport & Safety Authority
19. Public Benefits Organizations Regulatory Authority
20. Public Procurement Oversight Authority
21. Technical and Vocational Education and Training Authority
22. Tourism Regulatory Authority
23. Water Services Regulatory Board
24. Financial Supervisory Council (After merger of Capital Markets Authority, Insurance Regulatory Authority, Retirement Benefits Authority, and SACCO Societies Regulatory Authority) - To be enacted
25. Mining and Oil Exploration Regulatory Service

**e. State Agencies - Research Institutions, Public Universities, Tertiary Education and Training Institutions**

1. Bukura Agricultural College
2. Chuka University
3. Cooperative University
4. Dedan Kimathi University
5. Egerton University
6. Embu University
7. Garissa University
8. Jaramogi Oginga Odinga University of Science and Technology
9. Jomo Kenyatta University of Agriculture and Technology
10. Karatina University
11. Kenya Agricultural and Livestock Research Organization
12. Kenya Forestry Research Institute
13. Kenya Industrial Research & Development Institute
14. Kenya Institute of Mass Communication
15. Kenya Institute of Public Policy Research & Analysis (KIPPRA)
16. Kenya Marine and Fisheries Research Institute
17. Kenya Medical Research Institute (KEMRI)
18. Kenya Medical Training College (KMTC)
19. Kenya Multi-Media University
20. Kenya School of Government
21. Kenya School of Law
22. Kenya Utalii College (KUC)
23. Kenya Water Institute
24. Kenyatta University
25. Kibabii University
26. Kirinyaga University
27. Kisii University
28. Laikipia University
29. Maasai Mara University
30. Machakos University

31. Maseno University
32. Masinde Muliro University of Science and Technology
33. Meru University of Science and Technology
34. Moi University
35. Murang'a University College
36. National Crime Research Center
37. Pwani University
38. Rongo University College
39. South Eastern Kenya University
40. Taita Taveta University College
41. Technical University of Mombasa
42. The Technical University of Kenya
43. University of Eldoret
44. University of Kabianga
45. University of Nairobi

## **APPENDIX VI: LIST OF SAMPLED STATE CORPORATIONS**

### **a. Purely Commercial State Corporations**

- 1 Agro-Chemical and Food Company
- 2 Kenya Meat Commission
- 3 Nyayo Tea Zones Development Corporation
- 4 Simlaw Seeds Kenya
- 5 Kenya National Trading Corporation-KNTC
- 6 Jomo Kenyatta Foundation
- 7 Jomo Kenyatta University Enterprises Ltd.
- 8 Kenya Literature Bureau (KLB)
- 9 School Equipment Production Unit
- 10 University of Nairobi Enterprises Ltd.
- 11 Development Bank of Kenya Ltd.
- 12 Kenya Wine Agencies Ltd (KWAL)
- 13 New Kenya Co-operative Creameries
- 14 National Housing Corporation
- 15 Research Development Unit Company Ltd
- 16 Kenya Reinsurance Corporation Ltd
- 17 Kenya National Assurance Co. (2001) Ltd

### **b. State Corporations with Strategic Functions**

- 1 National Cereals & Produce Board (NCPB)
- 2 Kenyatta International Convention Centre
- 3 Geothermal Development Company (GDC)
- 4 Kenya Electricity Transmission Company (KETRACO)
- 5 Kenya Airports Authority (KAA)
- 6 National Oil Corporation of Kenya
- 7 National Water Conservation and Pipeline Corporation
- 8 Numerical Machining Complex
- 9 Kenya Broadcasting Corporation
- 10 Postal Corporation of Kenya
- 11 Kenya Development Bank (After merger of TFC, ICDC, **KIE**, IDB, AFC)
- 12 Kenya Pipeline Company (KPC)

### **c. State Agencies - Executive Agencies**

- 1 Biashara Kenya (After merging **Micro Small Enterprises Authority**, Women Fund, Uwezo Fund and Youth Enterprises Development Authority)
- 2 Kenya Intellectual Property Service(After merging Kenya Copyright Board, **Kenya Industrial Property Institute**, and Anti-Counterfeit Agency)
- 3 Kenya Investment Promotion Service (After merging KTB, EPC, **Brand Kenya Board & KenInvest**)

- 4 Water Services Trust Fund
- 5 Leather Development Council
- 6 Agricultural Development Corporation
- 7 Constituency Development Fund
- 8 Drought Management Authority
- 9 Export Processing Zones Authority (EPZA)
- 10 Higher Education Loans Board
- 11 Kenya Accountants & Secretaries National Examination Board (KASNEB)
- 12 Kenya Institute of Curriculum Development
- 13 Kenya Medical Supplies Authority
- 14 Kenya National Bureau of Statistics
- 15 Kenya National Examination Council (KNEC)
- 16 Kenya National Highways Authority (KeNHA)
- 17 National Campaign Against Drug Abuse Authority
- 18 Kenya Trade Network Agency
- 19 LAPSET Corridor Development Authority
- 20 Local Authorities Provident Fund
- 21 National Aids Control Council
- 22 National Coordinating Agency for Population & Development
- 23 National Council for Law Reporting
- 24 National Council for Persons with Disabilities
- 25 National Hospital Insurance Fund
- 26 National Industrial Training Authority
- 27 National Museums of Kenya
- 28 Nuclear Electricity Board
- 29 Tourism Fund
- 30 Unclaimed Financial Assets Authority
- 31 Water Resources Management Authority

**d. State Agencies - Independent Regulatory Agencies**

- 1 Commission for University Education
- 2 Communications Authority of Kenya
- 3 Competition Authority
- 4 Energy Regulatory Commission
- 5 Kenya Bureau of Standard (KBS)
- 6 Kenya National Accreditation Service
- 7 Kenya Plant and Animal Health Inspectorate Service
- 8 National Construction Authority
- 9 National Environmental Management Authority (NEMA)
- 10 Public Procurement Oversight Authority
- 11 Tourism Regulatory Authority

- 12 Financial Supervisory Council (After merger of Capital Markets Authority, Insurance Regulatory Authority, **Retirement Benefits Authority**, and SACCO Societies Regulatory Authority)

**e. State Agencies - Research Institutions, Public Universities, Tertiary Education and Training Institutions**

- 1 Cooperative University
- 2 Jomo Kenyatta University of Agriculture and Technology
- 3 Kenya Agriculture and Livestock Research Organization
- 4 Kenya Forestry Research Institute
- 5 Kenya Industrial and Research Development Institute
- 6 Kenya Institute of Mass Communication
- 7 Kenya Institute of Public Policy Research & Analysis (KIPPRA)
- 8 Kenya Medical Research Institute (KEMRI)
- 9 Kenya Medical Training College (KMTC)
- 10 Kenya Multi-Media University
- 11 Kenya School of Government
- 12 Kenya School of Law
- 13 Kenya Utalii College (KUC)
- 14 Kenya Water Institute
- 15 Machakos University
- 16 National Crime Research Center
- 17 The Technical University of Kenya
- 18 South Eastern Kenya University
- 19 University of Nairobi
- 20 Kisii University
- 21 Maasai Mara University
- 22 Egerton University
- 23 Garissa University