EMPLEE EMPOWERMENT AND ITS IMPACT ON ORGANISATIONAL PERFORMANCE

THE CASE FOR KENYA POST OFFICE SAVINGS BANK

PRESENTED BY

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UNITED STATES INTERNATIONAL UNIVERSITY
- AFRICA

JANUARY 2001
EMPLOYEE EMPOWERMENT AND ITS IMPACT ON ORGANISATIONAL PERFORMANCE

A CASE FOR KENYA POST OFFICE SAVINGS BANK

A RESEARCH PROJECT REPORT

Presented to the graduate faculty of the School of Business Administration of the United States International University – Africa.

A research undertaken in partial fulfillment for the degree of Masters of Science in Business Administration of the United States International University – Africa.

By,

Daniel Kipsang Songok

NAIROBI, 2001
DECLARATION

I declare that the research undertaken, the data produced, and the conclusions arrived at, are my original work. I also declare that this report has not been submitted to any other college, institution or university other than United States International University, for academic credit.

Signed
Daniel Kipsang Songok

Date January 2001

This project has been presented for examination with my approvals as the appointed supervisor.

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Date 6/03/001

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Date 20/4/01
ACKNOWLEDGEMENT

I wish to acknowledge the support and encouragement of the management and staff of Kenya Post Office Savings Bank, for allowing me to have the bank as the study case.
I also wish to acknowledge Prof. Michael Kirubi who supervised me in this project. Indeed I came to learn more from him as the project progressed.
My family has been a great inspiration to me and I wish to acknowledge them individually.

May God bless them all abundantly.
DEDICATION

I dedicate this work to my late father Simon Kipsongok Mengich and my mother Jane Chemwolo who tirelessly brought me up and taught me the essentials of life.

To my wife Rebecca and children Maureen, Beatrice, Perpetua, Robert and Charity whose support were invaluable.
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ABSTRACT

This paper deals with employee empowerment and its impact on organizational performance. Participative management has become a key word in empowerment. Research has shown that there is positive link between participation and satisfaction, motivation and performance (Holander, Offerman, dated 1990 Pg.183).

Employee involvement teams, which consists of small groups of employees who work on solving specific problems related to quality and productivity represents one way of participative management. Such teams have proved effective in solving problems related to productivity and quality, as well as improved employee morale and job satisfaction (Barton, Martin, dated 1991 Pg. 650).

Employees are the most important assets in organizations. Empowered personnel have “responsibility, a sense of ownership, satisfaction in accomplishments, power over what and how things are done, recognition of their ideas, and the knowledge that they are important to the organization” (Turney, dated 1993, Pg.30) without productive employees, the organization is nothing and can do nothing.
Empowerment refers to the delegation of authority and responsibility by managers to each worker, mostly with respect to work practices and methods. When there is empowerment, workers at every level are empowered to act not just make suggestions.

At the heart to Total Quality Management is the concept of intrinsic motivation - involvement in decision making. The logic of empowerment is that people closest to a problem, or opportunity are in the best position to make decisions for improvement if they have ownership of the improvement process (Joel, Ross, 1995: Pg.121). The capacity to find and administer solutions for organizational problems is widely and NOT narrowly distributed in an organization. Nobody has a monopoly of genius, virtue, or ideas.

In Kenya, little research has been undertaken to determine the impact of employee empowerment on organizational performance.

This paper took Kenya Post Office Savings Bank as a case study, and tried to find out the relationship between the employee empowerment and the organizational performance.
The paper determined whether:

i. The employees are able to make decisions and act on issues affecting their work.

ii. The employees find the delegation of authority and responsibility adequate.

iii. The employees solve problems in teams.

iv. There are shared values in the organization.

v. The current organizational hierarchy is conducive to the employees working environment.

vi. The employer handles the welfare of all employees fairly and equitably.

vii. The employees have adequate tools to handle their jobs well - training, equipment, time and such other resources.

The paper also determined whether, since the introduction of employee empowerment (TQM), there has been improvement in terms of turnover, staff costs, net asset growth and net profit, and indeed like all other studies worldwide, this was found to have positive relationships.

Information for this paper was sourced from both secondary sources including past research work, published books, Kenya Post office Savings Bank financial accounts and other management information
from records, and other relevant journals. It also obtained information from direct response to questionnaires by the respondents.

The paper is presented on the following chapters:

Abstract

Chapter 1 - Introduction

Chapter 2 - Methodology

Chapter 3 - Literature Review

Chapter 4 - Findings

Chapter 5 - Summary

Appendixes

❖ Appendix I - The Letter
❖ Appendix II - The Questionnaire
❖ Appendix III - The Postbank Organisational Structure
CHAPTER ONE

1.1 INTRODUCTION

Employee empowerment has been identified as a source of motivation in any organization (Joel, Ross dated 1995: Pg.121). Management Theory links motivation to organization productivity/performance. Highly motivated employees would strive to achieve and even surpass set goals and targets. This in turn would result in high productivity and efficiency, which should translate into high organizational performance.

BACKGROUND

The paper then gives the background of the study case in Kenya - The Kenya Post Office Savings Bank, the introduction of Total Quality Management (TQM) and its impact on the Kenya Post Office Savings Bank’s performance.

In any organization the human element is a key factor in its success. The evolution of Human Resources Management has brought in the new era of innovation and quality that broadly embark the need for flexibility and creative thinking.

This is ideally based on shared: -

a) Values

b) Vision
c) Attitude and
d) Agreed norms

This translates into the following:

i) That organization must ensure that at every level of employment and advancement all people are treated in an equitable manner and that the allocation of resources, reward and discipline is fair.

ii) That the breaking of cross-functional barriers is best done through discussion groups and team based problem, co-ordinated team results and rewarding team efforts.

iii) The top management should commit itself to employees in matters that affect them, improving job security and rewarding good performers.

iv) That there is participation – ensures that there is flow and exchange of information and that the organization involve employees in the decision making process.

v) That there is competence – The recruitment of excellent employees is key to the success of an organization.

vi) That there is effective distribution of responsibilities by good job definition. This facilitates increase in the extent of delegation of authority and monitoring of results.
vii) That the organization is equitable and considerate about the well being of its employees – physical and psychological and will facilitate flexibility to improve quality of working life.

viii) That the organization demonstrates effective uses of its financial resources and maintains proper financial records.

This paper examined the literature on employee empowerment and organization performance. Specifically the following studies were examined:


iii) Investor In People Employer – A United Kingdom National Standard.
KENYA POST OFFICE SAVINGS BANK

The organization taken as a case study in this paper is Kenya Post Office Savings Bank, (KPOSB) now popularly known as POSTBANK. KPOSB was founded in 1910 under the management and control of the East African Posts and Telecommunications (EAPT). In 1925 a similar Savings Bank was found in the then Tanganyika and in 1927 in Uganda.

KENYA POST OFFICE SAVINGS BANK ACT


THE FUNCTIONS

The functions as provided by the act are: -

i) Encourage thrift and providing means and opportunities for the people of Kenya to save.

ii) Opening, maintaining or closing branches at such places, including any office of the corporation, as the board deems appropriate.
iii) Providing facilities for savings accounts including the accounts vested in the Bank on the commencement of the Act.

iv) Issuing such other instruments or facilities for personal savings in such form as it may from time to time be deemed appropriate in the furtherance of the objective of the Act.

v) Investing any surplus funds in accordance with Section II i.e. invest in interest-bearing securities or companies established under section A of the Act.

vi) Covering the expenses of its operation from its investments.

vii) Establishment and operating a company or corporation for purposes of undertaking banking business and other related financial services in Kenya and to utilize for the purpose such part of the deposit as the Ministry of Finance may authorize.

viii) Owning and holding share in any company or corporation established in accordance with this section.

MISSION STATEMENT AND MOTTO

KPOSB's mission statement is "To encourage and facilitate savings and provide associated quality Financial Services to the satisfaction of our customers and other stakeholders hence actively contribute to Kenya's economic development", and the motto is "Committed to giving you Quality Service Countrywide".
ORGANIZATIONAL STRUCTURE - (Appendix iii)

The Bank’s organizational structure has:

i) Board of Directors, headed by the Chairman, is responsible for policy approval and supervision of the management of the Bank by enhancing compliance with Government policies, Regulations and the Law (Cap 493b).

ii) The Managing Director, who is in charge of total administration and operations of the Bank and generation of policy proposals. He is the Chief Executive.

iii) Deputy Managing Director who reports to the Managing Director and carries out administrative and operations of the Bank through effective and efficient team building process.

iv) General Managers: -

a) Finance
b) Operations
c) Human Resource
d) Information Technology
e) Special Products
v) Assistant General Managers
vi) Managers
vii) Assistant Managers
viii) Other management staff
ix) Unionisable members of staff

Kenya Post Office Savings Bank operates 15 branches and 40 sub-
branches in five regions. There are 336 Post Office Savings outlets and
73 agents in the same regions as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Regional office</th>
<th>Branches</th>
<th>Sub-branches</th>
<th>Post Office</th>
<th>Agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>Afya Centre</td>
<td>5</td>
<td>10</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Coast</td>
<td>Mombasa</td>
<td>3</td>
<td>7</td>
<td>39</td>
<td>11</td>
</tr>
<tr>
<td>Eastern</td>
<td>Nyeri</td>
<td>4</td>
<td>11</td>
<td>87</td>
<td>10</td>
</tr>
<tr>
<td>Rift Valley</td>
<td>Nakuru</td>
<td>2</td>
<td>8</td>
<td>99</td>
<td>4</td>
</tr>
<tr>
<td>Western</td>
<td>Kisumu</td>
<td>1</td>
<td>4</td>
<td>98</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>15</td>
<td>40</td>
<td>336</td>
<td>73</td>
</tr>
</tbody>
</table>

The bank offers the following Financial Services:

i) Ordinary Savings Scheme (OSS)
ii) Save As You Earn (SAYE)
iii) Kenya Premium Savings Accounts (KPSA)
iv) Fixed Deposits Scheme (FD)
v) Postbank Visa Card
vi) Money Transfer Service in collaboration with Western Union of
    USA, N.J.
The bank has 1200 employees spread in the above regions.

IMPLEMENTATION OF TOTAL QUALITY MANAGEMENT

KPOSB's Departments are run by Managers and staff herein. These Managers report to the Managing Director through the Deputy Managing Director. Each Manager is responsible for his/her department's day to day operations. KPOSB has a Corporate plan (5 year) and Annual Budgets. The Annual Budget – incorporates the Corporate Plan's action plan. These two documents guide the Bank's operations. This Corporate Plan is/has been developed over the last 15 (fifteen) years, and is now a culture. Budgets are mandatory for all state corporations. Corporate plan workshops, normally taking about 7 days, are held after every five years. The review is held once in the corporate plan period. Top management meet every fortnight to deliberate on departmental as well as policy matters. These two meetings – General Management Appraisal Meeting (Policy) i.e GMAM (P) and General Management Appraisal meeting (Department) i.e GMAM (D) are chaired by the Chief Executive. As the names suggest, they are appraisal meetings.

It was during the Corporate Plan workshop 1993 – 1997, and the review of the same in 1994 that SWOT was discussed i.e Strengths, Weakness, Opportunities and Threats analyzed. It became quite clear that the Bank
was losing its market share. It was noted also that all the Bank products, namely Ordinary Savings Scheme (OSS), Premium Savings Scheme (KPSA), Save As You Earn (SAYE), Premium Bonds Scheme (PBS), Fixed Deposits Scheme (FDS) Western Union Money Transfer Services (MTS), and Postbank Card (Postbank Visa) were not growing at all and instead some were actually declining. In further deliberations in GMAM (P) meetings, the area identified as causing serious concern was customer service. The manual operations of the passbook, (KITABU CHA POSTA") and lack of courtesy to customers became the principal suspect for unattained corporate plan’s noble objectives.

It was then decided that the concept of Total Quality Management be introduced.

In March 1996 M/S Tips Management Services Ltd. were commissioned to start staff training. Tips Management Consultants have its Directors as qualified individuals in Business Administration, Quality Management ISO 9000 specialists and in Quality Control. They all had international exposure in their respective areas.

On 14th and 15th March 1996, Top Management of KPOSB (Managers, Assistant General Managers, General Manager, Deputy Managing
Director and Managing Director), had a seminar on “Introduction in Total Quality Management”. Topics covered included:

i) Introduction and basic concepts of TQM (video shows used to amplify the concepts).

ii) Roadmap to TQM:

- consider organization quality status
- become knowledgeable in the options
- decide on path to follow
- commit the time and resources needed were identified as tasks for upper managers
- managing change
- resistance to change (video)
- Action plan and seminar evaluation

Managers were curiously interested in the concept and a lot of discussion ensued on the second seminar day. It was at the next GMAM (P) that a full backing of the TQM implementation was given.

**M/S TIPS MANAGEMENT** was asked to arrange for training of all the staff of KPOSB. Top Managers (as given above) had a further seminar on 2nd and 3rd of May 1996 on –

i) Introduction of Quality Assurance Systems

ii) Elements of a Quality Assurance System

Further seminar for Top Management followed on 9th and 10th of May 1996 where topics included:

i) The final seven elements for a Quality Assurance System
ii) Introductory to services and service quality
iii) Creating delighted and loyal customer
iv) Measuring service quality
v) Developing customer service procedures
vi) Discussion and evaluation

**ACTIONS**

**a. QUALITY COUNCIL**

In the GMAM (P), people were appointed as members of the quality council. The council was to oversee and discuss all issues relating to implementation of TQM in POSTBANK. Members came from Marketing, Finance, Operations, Security, Audit, Planning, Human Resources and Legal and chaired by the Deputy Managing Director

**b. TQM AWARENESS**

The Managing Director issued a memo to all staff detailing what TQM means and the benefits of the same. He also informed staff that Postbank is implementing the same.
c. **TRAINING**

As of February 1998 a total of 960 staff members had been trained on TQM. The training still continues. Trainers from each department were trained to train the rest.

Grades/categories were mixed and free discussions were encouraged.

d. **MANAGEMENT REPRESENTATIVE (MR)**

This was selected by management to oversee TQM documentation process and to effectively communicate to all staff members in KPOSB on issues touching on TQM.

e. **FEEDBACK**

In pursuance of TQM implementation, participants highlighted views and suggestions to be considered. These were documented and all departments responded on areas touching them. The latest were those of 29th January 1998 discussed by the Quality Council on 3rd March 1998 and MR requested to communicate actions taken or not taken and reasons as to why this course of action was adopted.

f. **POLICY MANUAL**

Before the TQM introduction, KPOSB had its policies in circulars filed in departments. There was no single document containing all Bank policies. The Quality Council
appointed six members of staff ranging from Assistant Managers to Assistant General Managers to work on this manual. The POSTBANK Policy Manual Committee collected policies from all departments, analyzed them, discussed same with relevant managers and with guide of the consultants documented the policy manual.

The Quality Council discussed amendments made and presentations were resubmitted to Quality Council members again. The manual was approved and presented to GMAM (P) for adoption, which they did and finally submitted to the Managing Director for final endorsement. This was officially released in February 1998.

g. PROCEDURE MANUALS AND WORK INSTRUCTIONS

The committee has been appointed to co-ordinate the above exercise and all departments are working on the same. Inter departmental meetings are taking place to harmonize the systems and ensure free flow of work procedures inter-departmentally. Consultants are in attendance incase of problems.
1.2 STATEMENT OF THE PROBLEM

This paper examined the various theories on employee empowerment as relating to organization performance. These theories were examined in the light of the Kenyan situation. Kenya Post Office Savings Bank was taken as a case study. It was found out that the theories indeed did apply and to a large extent relevant in the Kenyan situation.

1.3 OBJECTIVE OF THE STUDY

This study was to identify: -

a. The employee empowerment processes at the Kenya Post Office Savings Bank

b. Determine whether there is indeed employee empowerment at the Kenya Post Office Savings Bank.

c. Determine whether there is a relationship between empowerment and Kenya Post Office Savings Bank performance.

1.4 HYPOTHESIS

There are differences between existing empowerment and organizational performance theories and the Kenyan situation.
1.5 IMPORTANCE OF THE STUDY

This study would be useful to the following:

i) Managers of organizations: The aim of every organization is to remain competitive. This is by optimum use of resources at its disposal. Human resources productivity is crucial in this regard.

ii) Researchers and scholars

iii) Academicians and students.
CHAPTER TWO

2.0 METHODOLOGY

The Research took Kenya Post Office Savings Bank (KPOSB) as a case study. As noted in the preceding chapter, Kenya Post Office Savings Bank is a wholly owned government institution, mandated to mobilize savings for National Development. The information and data was obtained from the responses to the questionnaire and the management and financial report from the bank.

2.1 The Questionnaire

The questionnaire was designed in a way that attributes of employee empowerment were in-built. Further, it tried to test whether there is a relationship between the banks’ performance and the employee empowerment process. The Bank’s performance was based on such items as:

i) Net profit

ii) Growth in savings

iii) Growth in total income

iv) Costs

2.2 The questionnaire was administered to respondents who were assured that the same was purely to be used for a research study and that the same would not be used for any management
decision affecting their well being. It was emphasized that the findings would therefore be used exclusively for the study.

2.3 The design and contents of the questionnaire was done by the researcher and should there be any similarity with any other questionnaire, then this would be purely coincidental and should be seen as such.

2.4 Kenya Post Office Savings Bank was chosen as a case study for the following reasons: -

i) The researcher has and still is working for this organization for the last five (5) years in various capacities.

ii) The researcher has familiarity of the working environment and can easily detect any anomaly in the responses obtained. The data obtained from the system is also familiar and the researcher would get complete, reliable and accurate information for the study.

iii) The time used to get the data and responses to the questionnaire was short since cooperation was there.

iv) Arising from the above the cost of the research was reduced effectively. Cost of the research is an important factor to the researcher and this had to be taken into account in the sampling exercise.
2.5 The sampling was basically random with questionnaires being administered in Head Office, Nairobi Region, Coast Region, Rift Valley and Eastern Region. A total of 400 questionnaires were sent out and 73.5% responded.
CHAPTER THREE

3.0 LITERATURE REVIEW

Management literature acknowledge that one single factor that greatly influence the economic success of an organization is the strategic Human Resource Management. Organizations are not static. They are in continuous interaction with external forces; changing consumer lifestyles, emerging employee needs, and technological break throughs all act on the organization to make it change. Winning organizations in the 21st Century and beyond, will be those that anticipate and respond quickly to change and manage their human resource effectively. As Amanda Bent Bolt Company states:

"Our single greatest asset is the knowledge of our skilled employee. We empower our employees to develop more efficient methods of manufacturing. Every department operates with cross-functional teams. Teamwork is not only the key to producing a great product, it is also the key to finding better manufacturing methods in order to ensure an ever-improving product. The employees at Amanda Bent Bolt all share the spirit of teamwork and take pride in working together for you."

Empowerment means to give power or authority or to authorize. In a work situation it means giving workers more authority to determine work methods.

1 Source Internet; http://www.amandabolt.com/amanda/menu/employee-emp.htm
Empowerment also refers to the delegation of authority by the managers to each worker mostly with respect to work practices and methods. Presence of empowerment is known when workers at every level are empowered to act not just make suggestions. Under empowerment this authority to act is limited to the workers own job, not to the work practices of others. The delegation of authority from the manager to each worker empowers each worker to determine at least some work methods and practices without prior review. The worker then has important elements of authority to determine the best way to do the job that has been assigned.

When workers are granted authority to determine work methods, they are managing, and in some limited way, they are actually the managers. The management of work that is inherent in empowerment includes the responsibility for effective work. Thus when there is true empowerment, each employee is directly and personally involved in productivity management.

Empowerment is simply granting latitude of action for how the work is done to those who do the work. The employee will often know something about the work and how it can best be done.
Empowerment uses that knowledge to optimize productivity and work excellence. It has been observed that

"Empowerment contributes to greater productivity the most when workers knowledge is important to the work, when machines used in the work are worker controlled, and when work methods are not inherently prescribed"  

Empowerment is powerful. Empowerment can increase productivity greatly. As observed by Sibson, Schick Incorporated increased productivity by merely empowerment process. Schick had a measured day-work production system. Expert industrial consultants established one best way for each workstation. Then there was empowerment. The employees were empowered to improve on the one best system, if they could, without compromising safety or interfering with the work of others.

Within two years, productivity had more than doubled because the workers had found many better ways of doing the work. The employees discovered work methods that fit their style and their particular attributes, things the Industrial Engineering Consultants would not have known about. They were actually wrong. There was no one best way for each job, there was one best way for each worker.

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2 Page 97, Maximizing employee productivity, Robert E. Sibson
In most jobs there is no best way for everyone. Workers can usually find a better way to do a job than experts. That is the main source of the power of empowerment.

When there is empowerment, employees do the work their way, not the company way. The employee's way is better or there would be no reason to change the company way. But it is also human nature for a person to be more committed to making his/her way work better. Part of the power of empowerment involves pride. People tend to have more pride in their work when they determine the work methods. Pride power can be very great.

Responsible empowerment is seen as an essential part of Total Quality Management (TQM). Total quality management has the following basic principles:

i) Top management involvement

It must be appreciated that top management set the role model, are key movers of change, main decision makers and set the policies for organisations and commit resources. Their involvement is necessary for the success of total quality management. Their involvement is necessary for the success of total quality management.
ii) TQM requires involvement of everyone within the organisation. All have a role to play in the quality of the product or services.

iii) It focuses on the customer – the quality should be defined by the customer.

iv) TQM uses teams (Teamwork) as a way of gaining synergy. No two individuals have the same experiences, abilities, values or perception.

v) Training is the integral part of TQM. The training should be all-inclusive, employees cannot be effective in the empowerment process unless they have adequate skills, right attitudes and are knowledgeable.

vi) Continuous improvements – As Tom Peters states in his book “Thriving on chaos” – A handbook for management revolution, 1987 “Excellent firms do not believe in excellence – only in constant improvement and constant change. Excellent firms of tomorrow will cherish impermanence – And thrive on chaos”.

vii) TQM requires management by facts – use of statistical process control encouraged.

viii) TQM uses System Approach – A system is the interrelated components functioning together to produce a final result. In
TQM all elements of the system are focussed on, and decisions made after consideration of all these elements.

Joel Ross identified the following benefits associated with Total Quality Management as: -

a. Greater customer loyalty,
b. Market share improvements,
c. Higher stocks prices for TQM company,
d. Reduced service calls,
e. Higher prices and
f. Greater productivity.

The success of Total Quality Management has been recorded worldwide. In Japan, TQM philosophy and approach as adopted and developed from American "Gurus" such as Deming, Crosby and Juran, have been critical ingredients in their industry success – Their embracing customer satisfaction, continuous improvements and empowering employees led to their sustained competitive advantage and enhanced profitability. Japanese TQM was publicised by the development of the Deming Prize as early as 1951.
Business leaders and government in the United States of America (U.S.A) and Europe have recognised the threat and opportunity of quality as strategic competitive weapon. In 1987 annual **Malcolm Baldrige National Quality Award** was established. This contained a well defined and holistic series of criteria used to access company action and performance including leadership information and analysis strategic quality planning, human resource utilisation (empowerment), quality assurance of products and services, quality results and customer satisfaction. This award was to encourage companies to implement sustained total quality management practices.

Events in Europe have also followed similar pattern with the establishment of **European Foundation for Quality Management (EFQM)** in 1988.

The awards have had tremendous impact on quality and application of TQM practices in these countries.

Every employee has a wide range of discretionary effort that is totally within his or her power to contribute or withhold as he or she chooses. The final goal of employee empowerment is to have all
employees contribute the maximum of their discretionary capability to the continuous improvement of their work and their collaborators work.

If employees understand the objective of the company and their department, if they know the current performance goals or the objective of their improvement team, the boundary conditions or limits of their decision making authority and the company policy, they can make good consistent decisions without managerial guidance.

"The intelligence of all our employees in the largest untapped resource available to industry and it is essentially free. We can best tap this resource through education and training, teamwork, policy deployment and the employee suggestion schemes. The beauty of employee empowerment is that everyone benefits. The greatest benefit is a sense of personal satisfaction and fulfillment".  

Clutterbuck in his book - "The Power of Empowering" refers empowerment as a cultural exercise in which people are encouraged to take personal responsibility for improving the way they do their work through delegating responsibility for decision making as far down the line as possible, to the "controlled transfer

\[2\text{ Source: The elements of TQM-Mechanistic aspects of TQM} \]
of power from management to employee in the long term interest of the business as a whole”.

Clutterbuck considers empowerment as necessary because of the following trends in organisations.

i. Requirement to be more responsive to market place.

ii. Reduction in number of levels in structures so called de-layering.

iii. Need for lateral collaboration and communication among work teams with minimal supervision.

iv. Need for top management to stand back from day-to-day issues in order to concentrate on longer-term (strategic) issues.

v. Need to make best use of all available resources (especially human resources) to maintain and improve competitiveness.

vi. Pressure to meet higher expectations of a better educated workforce.

vii. The development of “learning organisations” i.e where continuous improvements of people’s performance are encouraged individually and in work teams.
Robert C. Appleby in his book Modern Business Administration, 6th Edition – (Pitman Publishing, 1994 London) states; In UK, a national standard Investor In People (IIP) is established. An Investor In People employer is one who has recognised and demonstrated the need to develop human resources, by providing a framework within which development can take place. This framework enables increased employee performance, involvement and commitment, which can translate directly to improving quality, profitability and a reduction in cost. Empowerment is the key factor here.

An Investor In People (IIP) will be a very substantial practitioner of TQM. The following principles of TQM are all explicit in the National Standard for IIP:

a. Clear vision for future
b. Effective and continuous communication
c. System improvements
d. Total staff commitments
e. Assessment and release of the potential of employees – Empowerment
f. Customer/client requirement identified consistently
g. Monitoring and evaluation of outcomes.

As noted above, empowerment is seen as an essential part of TQM and project management because it can lead to increased productivity and employee satisfaction.

**Michael Stebbens**, in his article "**Employee Empowerment**" (internet) states that -

"Something that is vital to the success of a company and its empowerment and employee participation is **truth**. Employee loyalty is reliant on it. Employees want to know which way the wind is blowing at their company. If you hold back information, they will simply "**fill in the blanks**" and usually what they fill in is far from accurate. Withholding knowledge generally will only serve the one who is withholding it in retaining "**power**". Unfortunately many think that if they give empowerment they give up power. They think that their power comes from their position. That is not true. What it really shows is that you have the power from within. This is true leadership."

What you really need to do if you truly want your employees to actively embrace the activities is to create a climate of safety, nobody desires to get shot down for sticking their neck out in an effort to improve the workings of their organisation. Acknowledge your employees for taking risk and fully back their decisions while still retaining the right to suggest that, "In future they make a

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different decision”. Michael Stebbens avers that enthusiasm towards employees, their growth and their risk taking, is critical. He further states that empowerment is a choice, it’s a journey and it is what will assist one and his employees in building a successful and synergetic relationship. One that will take all involved to greater level of success.

In “Employee Empowerment”, A crucial ingredients in Total Quality Management Strategy. Empower from the “bottom up” Stevens observes: -

The most important concept of empowerment is to delegate responsibilities to the lowest levels in the organisation. The decision making process should be to a high degree decentralised and individuals or work designed teams should be responsible for a complete part of work process (Lawler 1947). An example is Saturn, a highly successful American car manufacturer, empowered its employees by turning assembly lines into dedicated process oriented work stations solely managed by the work team. Even the design process involves a degree of employee participation. In the Saturn case, empowerment became directly linked to responsibility, and employees make suggestions how to improve processes (Bluestone 1992:38) Stevens suggests that
“the ultimate success of a quality program is based on its ownership by employees and their empowerment to make changes” (1993:20). It is crucially important that management value employee suggestions and manage accordingly.

Naturally, workers directly involved in a process know best how to improve it (McMillan, Mahoney 1994:177). In an empowered organisation, employees feel responsible beyond their own job, since they feel the responsibility to make the whole organisation work better.\textsuperscript{5}

It should be noted that the concept of empowerment has been received with mixed reactions. For example in an intensive research project conducted by Northwood University professors – Fred Jordan and Tim Gilbert and facilitated by Management Technology Institute, a Florida based management consultancy firm, some disturbing issues were uncovered. The idea of employee empowerment has considerable appeal to the participating leaders and many are convinced that empowerment offers substantial potential benefit to companies, managers and employees.

However, professors Jordan and Gilbert found that there is
considerable uncertainty about how to measure the effects of empowerment efforts. Respondents were unsure of their programmes’ impact on revenue costs, output and profit. And almost no offered their employees compensation for assuming additional responsibilities and risks that are a natural part of empowerment.

The employee empowerment study, Northwood University recommends that in order for empowerment to be successful, workers must be given the necessary resources, training, on the job coaching and other support including, if necessary, budget. And as one General Manager in the survey noted, they must be given freedom to make mistakes.

It is evident from the foregoing that for effective empowerment employees must be motivated to do what is expected of them in the organization.

3.1 **CASE STUDY: AES**

Employee empowerment has been acknowledged as important in organization performance. As clearly put by Suzy Wetlaufer in her article *Organizing for Empowerment: An interview with AES’s Roger Sant Dennis Bake,*

"By and large, the press is positive: executives and factory workers alike have extolled of organizations in which frontline employees are charged with the authority to make and execute important decisions without top-down interference. Empowered organizations are said to be hot houses of autonomy and trust, where people at all levels take full responsibility for their work and for the organizations “performance.”*"\(^6\)

Another management expert, Chris Argyris is critical on the concept of employee empowerment. In his article *EMPOWERMENT: THE EMPEROR’S CLOTHES,* argues that despite all the talk and the change programs, empowerment is still mostly an illusion.

"Top level executives accept their responsibilities to try to develop empowered employees. Human Resource professionals devise impressive theories of internal motivation. Expert teaches change management. Executives themselves launch a number of programs from re-engineering to continuous improvements to TQM. But little works."*\(^7\)

He further argues that the change programs and practices employed are full of inner contradictions that cripple innovation,

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\(^6\) Source: Harvard Business Review; January - February 1999 Pg.111

\(^7\) Source: Harvard Business Review; May - June 1998 Pg.98
motivation, and drive and at the same time Chief Executive Officers subtly undermine empowerment. Managers, he asserts, love empowerment in theory but the command - and - control model is what they trust and know best.

He goes on to state that, employees on their part are often ambivalent about empowerment - it is great as long as they are not held personally accountable. He further argues that even change professionals inhibit empowerment.

Empowerment too often enters the realm of political correctness, he debates, which means that no one can say what he or she is thinking.

Roger Sant & Dennis Bakke are executives who consider empowerment a sound business idea - or even a noble cause. They are struggling with empowerment programs. Suzy Wetlaufer interviewed the two executives (HBR January - February, 1999) to establish among others, what kind of hiring practices results in frontline employees with the knowledge and skills required to make critical decisions?. In a truly empowered organization, what controls should exist, if any?. If authority is
extended to the far-reaches of an empowered organization, what is left for leaders to do?

AES Corporation, the global Electricity Company based in Archington, Virginia, has been refining those mechanics of empowerment for years. Founded in 1981 by Chairman Roger Sant and CEO Dennis Bakke, the company today operates roughly 90 electricity plants in 13 countries, employing some 40,000 people.

AES is the worlds' largest global power company, and its revenues, profits and generation capacity show no signs of slowing as can be noted from the graphs shown on the next page:
AES: GROWING UP AND GROWING FAST

AES is the world's largest global Power Company, and its revenue, profits, and generation capacity show no signs of slowing.
AES at a glance

Mission:
To help serve the world’s need for electricity

Goal:
To be the leading global power company

Guiding principals:
Fairness, Integrity, Responsibility and fun

8 Source for 1998 estimates: Lehman Brothers + Source for 1998 estimates: BT Alex Brown Co-operated

The mission of AES is: “To help serve the worlds’ need for electricity”.

Goal: To be the leading global power company.

Guiding principles: Fairness, integrity, social responsibility and fun.

From the interview, it is indeed clear that AES is an empowered organization. The last word in their guiding principles, brings the aspect of empowerment to focus. According to Sant, fun means much more than having parties all the time. “It is fun because people who work here are fully engaged. They have total responsibility for decisions. They are accountable for result. What they do everyday matters to the company, and it matters to the
communities we operate in”, is the way Sant describes fun. Mr. Bakke adds: “The struggle before the deal, for instance, the challenge and the creativity required to make it work, taking risks, even sleepless nights. Believe it or not, those things are fun because they engage the people’s heart, mind and soul”. Asked about what made the above experience possible, Mr. Bakke brings in the organization structure, and practices - hiring, compensation and information flow.

Their organization lacks the normal hierarchy. According to Sant, “Our system starts with a lack of hierarchy. We abhor layers. We avoid them like a plague. The more authority figures you have above you, the more likely it is that you won’t make decisions yourself so we organize around small teams”.

Further according to Mr. Sant, they are moving toward a system in which each team has total responsibility for its area both in terms of operations and maintenance. They want people to take ownership of the whole.

They avoid having more than one of each kind of expert or specialist in a team. They tend to talk and listen to one another at the exclusion of other team members. Mr. Sant puts it this way,
"For the system to work, every person in the company has become a well rounded generalist who understands all aspects of our operation, who understands the economy in which we work, and who has the good of the whole company in mind when he or she makes decisions. Its like every AES person is a mini - CEO”.

The hiring process in AES does rarely depend on technical ability, but rather on cultural fit. They depend on peer review. Teams interview candidates and there are multiple meetings in which they try to get the sense of the person and whether he or she will be comfortable in the AES environment.

On compensation for performance AES executives point out that, 50% of the evaluation is based on technical factors such as financial performance and safety and environmental impacts. Whereas the other 50% is based on how well the people, individually and as a group, understand and adhere to the four shared values - fairness, integrity, social responsibility and fun.

Other managerial practices that make empowerment possible at AES include information flow - they have very few secrets - all information is shared.
On mistakes made, it is quite evident that these are accepted. As Bakke states “It is okay to make most mistakes. We are all human. It is part of AES values to accept mistakes, as long as people own them”.

On empowerment as regards other organizations, Mr. Sant states “The world will work better if people are empowered. But I would not recommend that other businesses adopt only our mechanics. They have to adopt some shared values first, because mechanics flows from them. You cannot have one without the other. But if companies adopt a set of shared principles, then the mechanics can be put in place. It takes time and commitment, though, because it’s not easy to give up power. And it’s very easy to fall back into the conventional way of doing things”.

As further stated by Mr. Sant, “As we see it, empowerment without values is not empowerment” and Mr. Bakke adds “It is just techniques”.

From the foregoing it is quite evident that AES have employed employee empowerment techniques quite successfully. Their total
revenue rising from slightly below $200 million in 1990 to well above $2.4 billion in 1998. The net profits steadily rose from below $50 million in 1990 to well above $300 million in 1998. On the other hand the net generating capacity rose from below 1000 megawatts in 1990 to well above 17000 megawatts in 1998. Indeed this is an impressive performance by all standards.

AES, however, recognizes that it is not easy to clearly relate empowerment to profitability. As Bakke states “Profits are a consequence of doing a good job of stewarding and of meeting a need. And they are essential so that we can pay shareholders the returns they deserve. Profits in and of themselves however, are not the central purpose of AES”.

Sant adds “You have to make money because the enterprise cannot be sustained unless you do. And profits often measure how effective you are carrying out your mission”. These two executives, therefore, to some degree, agree with Professors Jordan and Gilbert on the uncertainty about how to measure the effects of empowerment effort.
CHAPTER FOUR

FINDINGS

The Kenya Post Office Savings Bank introduced Total Quality Management (TQM) in March, 1996. This concept embraces customers' satisfaction, continuous improvements, and empowering employees amongst others.

Kenya Post Office Savings Bank on application of Total Quality Management concept has put the following employee empowerment processes in place:

i  **Increase in Branch Pay On Demand (POD).** This is the amount that a branch or sub-branch can pay to a customer without referring to headquarters. The Bank authorized an increase POD vide a circular No.4/97 of 15th March 1997. This has greatly boosted the morale of staff at branches who now can serve more customers conveniently and faster. Post Office Agencies were also given the mandate to pay more.

ii  **Increase on cash holdings (floats) for each branch and sub-branches.** This is the amount that is held at a sub-branch for operation purposes. This float is reimbursed as and when the
stipulated level is reached. In 1999 this float was substantially increased and insured accordingly. This meant that the frequency of reimbursement went down and along with that of the cost of transfers.

iii Decentralization of cash reimbursement to branches and sub-branches to the Regional Offices. Prior to June 1997, all reimbursements to all branches and sub-branches were made at headquarters, Finance Department. There were, therefore, a lot of cash transfers through Bank telegraphic transfers. This was both expensive and cumbersome. The result was cash running out in some branches, which impacted, adversely on the Bank. On 4th June 1997, in the spirit of empowerment, all the five regions were each opened a bank account. This was managed at the Regional level.

The amounts transferred to these accounts were arithmetically arrived at from the average disbursements to the branches in the region over the previous one year. From this account, each Regional Manager would reimburse the branches/sub-branches within his/her region. The only head office referral is when the regional account runs out. This event made reimbursements to
units quick and efficient. No cash shortage has ever been experienced since this was introduced. This was, therefore an empowerment tool that served the bank and clients well.

**iv** Decentralization of petty cash reimbursements to regional offices. Prior to June 1997 all petty cash reimbursement were made at headquarters. These are many and it meant that there was delays resulting into an unauthorized use of operations cash for petty cash. This was accounting wise wrong and had become a source of audit queries. In June 1997, another bank account was opened in each region into which Regional petty cash float was put. This enabled each region to reimburse their Regional petty cash for each of their branches/sub-branches. Further, certain expenditure which were earlier on paid only by Finance Department at head office, were allowed to be paid at Regional Offices. These included medical reimbursements, travelling allowances, and vehicle repairs. This was received well by the employees as they realized they were being empowered.

**v** Regional meetings: In 1997, the Bank introduced Regional meetings whereby head office managers from various departments went to each region to meet all staff from that region. The aim was
to listen to their challenges and recommendations on the business as a whole. This was received well as some of the recommendations were actually taken into account in major policy implementation.

vi **Cashier allowances** – Given the nature of cashiers’ work shortages occasionally occur and recoveries made. This tends to discourage staff from taking up cashiering duties. In May 1998 the bank introduced cashiers allowances to compensate for the risk of the job. This was very well received and motivated the staff.

vii **Car allowances given to all cadre of staff.** Before July 1998, only Senior Managers received car allowances, i.e. scales 1 – 4, but from then on all staff were given car allowances as per one’s grade. This, too motivated the staff.

viii **Open appraisal system** – Prior to 1996, supervisors used to appraise their subordinates and grade them without discussing with the appraissee. This was abolished in 1996, and a new appraisal form designed which facilitated open appraisal. The appraissee is now given an opportunity to discuss with his/her superior his/her appraisal. This has also proved very useful as
same motivates the staff as future cause of action e.g. Training, is agreed mutually.

ix  **Staff loan disbursed objectively** – A point rating system was introduced in 1997, and a computer programme written to sort out these. The committee was also set up to disburse these loans. The committee is composed of members from all departments, and the union is represented.

x  **Union representation in Pension Fund Board of trustees** – This was effected in May 1999. This is empowerment as employees have a say in the affairs of their Pension Fund. Since the introduction of employee empowerment as noted above (through TQM), total income, deposit levels, and staff costs have all steadily risen and net profit fell as can be noted below:

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<thead>
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<tbody>
<tr>
<td><strong>Deposit level:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium Bonds</td>
<td>30.3</td>
<td>30.8</td>
<td>32.6</td>
<td>38.3</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>3916.6</td>
<td>4262.5</td>
<td>5073.2</td>
<td>5475.2</td>
</tr>
<tr>
<td><strong>Income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>483.8</td>
<td>572.7</td>
<td>734.5</td>
<td>342.4</td>
</tr>
<tr>
<td>Others</td>
<td>248.3</td>
<td>303.4</td>
<td>322.6</td>
<td>202.2</td>
</tr>
<tr>
<td>Staff costs</td>
<td>280.2</td>
<td>378.6</td>
<td>429.5</td>
<td>343.6</td>
</tr>
<tr>
<td>Net profit</td>
<td>63.8</td>
<td>6.45</td>
<td>0.38</td>
<td>(82.2)</td>
</tr>
</tbody>
</table>
Graphically these are represented as shown below:

- **Savings Accounts**
  - Y-axis: Savings Millions (3500, 4000, 4500, 5000, 5500)

- **Deposit Growth Bonds**
  - Y-axis: Bonds Millions (29, 31, 33, 35, 37, 39)

- **Staff Costs**
  - Y-axis: Staff Cost (250, 300, 350, 400, 450)
As would be noted above, savings accounts grew from Kshs.3,916.6 million in 1996 to Kshs.5475.2 million as at 30.9.1999, a growth of about 40%, 1998 growth was the highest. Likewise bonds grew from Kshs.30.3 million to Kshs.38.8 million as at 30.9.1999. The dramatic growth was in 1999 alone.

Incomes also rose over the same period. In 1996 investment income was Kshs.483.8 million. This rose to 734.5 million in 1998, nearly
double. The other income rose from Kshs.248.3 million in 1996 to Kshs.322.6 million in 1998. The respective 9 months figures for 1999 were Kshs.342.4 million and Kshs.202.2 million.

Staff costs also rose over the same period. In 1996 staff costs amounted to Kshs.280.2 million. This rose to Kshs.429.5 million in 1998. It would be noted however, that the rate of growth in staff costs significantly reduced in 1998.

Net profit, however, fell from Kshs.63.8 million in 1996 to a net loss of Kshs.82.2 million for the nine months of 1999.

To determine whether the employees are empowered, a structure questionnaire composed of twelve questions, were administered to Kenya Post Office Savings Bank employees both at Headquarters Postbank house, Nairobi Regional Office and all the regions. Of the 400 questionnaires sent, 294 responded (73.5%). (see summary of questionnaire results below).
Summary of questionnaire results

<table>
<thead>
<tr>
<th>Q/A</th>
<th>Nil</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Total</th>
<th>Total Answered</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>46</td>
<td>90</td>
<td>125</td>
<td>33</td>
<td>294</td>
<td>294</td>
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<td>2</td>
<td>4</td>
<td>68</td>
<td>151</td>
<td>58</td>
<td>13</td>
<td>294</td>
<td>290</td>
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<td>3</td>
<td>-</td>
<td>27</td>
<td>95</td>
<td>135</td>
<td>37</td>
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<td>4</td>
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<td>90</td>
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<td>94</td>
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<td>46</td>
<td>158</td>
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<td>2</td>
<td>34</td>
<td>102</td>
<td>122</td>
<td>34</td>
<td>294</td>
<td>292</td>
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<tr>
<td>8</td>
<td>2</td>
<td>127</td>
<td>95</td>
<td>43</td>
<td>27</td>
<td>294</td>
<td>292</td>
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<tr>
<td>9</td>
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<td>121</td>
<td>61</td>
<td>294</td>
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<td>73</td>
<td>131</td>
<td>67</td>
<td>294</td>
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<tr>
<td>11</td>
<td>-</td>
<td>157</td>
<td>64</td>
<td>46</td>
<td>27</td>
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<td>294</td>
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<tr>
<td>12</td>
<td>8</td>
<td>276</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>294</td>
<td>286</td>
</tr>
<tr>
<td>Totals</td>
<td>28</td>
<td>1053</td>
<td>916</td>
<td>1123</td>
<td>408</td>
<td>3528</td>
<td>3500</td>
</tr>
</tbody>
</table>

The questionnaires were structured such that answer (A) indicates a very high degree of employee empowerment, while (B) indicates some employee empowerment, (C) indicates lesser employee empowerment and (D) no employee empowerment at all.

On question number one (1) on whether the employee participate in making decisions affecting their work, one hundred and thirty six (136), 46.25% stated that they always or often participated, while one hundred and fifty eight (158), 53.75% stated that they rarely or never participate.

On question number two (2) on whether there is adequate delegation of authority and responsibility, two hundred and nineteen (219), 74.5% stated that there is adequate or somehow adequate delegation of
authority and responsibility, while seventy one (71), 24.2% stated that there is rarely or no delegation. Four (4), 1.3% did not answer this question.

On question number three (3) as to whether the employees solve problems in teams or discuss strategies in teams, one hundred and twenty two (122), 41.5% stated that they always or often do, whereas one hundred and seventy two (172), 58.5% stated that they rarely or never do.

On question number four (4), on whether there are any shared values, beliefs and culture in the bank, one hundred and seventy three (173), 58.8% stated that there are or there are a few, while one hundred and nineteen (119), 40.6% stated that there are little or no shared values, beliefs and culture in the bank. Two (2), 0.6% did not answer this question.

On question number five (5), on how common mistakes are handled in the bank, one hundred seventy one (171), 58.2% stated that these are discussed and employees made to own them and are forgiven, or reprimanded but not discussed, while one hundred and sixteen (116),
39.4% stated that the employees are punished or severely punished. Seven (7), 2.4% did not answer this question.

On whether the employees believe that the bank compensates for performance and is equitable, question number six (6) seventy seven (77), 26.2% stated that it does or often does whereas two hundred and sixteen (216), 73.5% stated that the bank rarely or never do this. One (1), 0.3% did not answer this question.

As to whether the bank provides employees with enough tools and skills necessary to efficiently and effectively perform their duties, question number seven (7), one hundred and thirty six (136), 46.3% stated that the bank provides enough or adequate tools, while one hundred and fifty six (156), 53.1% stated that the bank provides little or no tools and skills necessary to efficiently and effectively perform their duties. Two (2), 0.6% did not answer this question.

On question number eight (8) as to whether employees can work in any department of the bank, two hundred and twenty two (222), 75.6% stated that they can or can manage fairly, while seventy (70), 23.8% stated that they cannot or can somehow. Two (2), 0.6% did not answer this question.
On question number nine (9) on whether when employees have an idea they believe shall improve efficiency of the bank, or can reduce costs, they can be able to freely discuss with peers, superiors and others in the bank, one hundred and ten (110), 37.5% stated that they do or often do whereas one hundred and eighty two (182), 61.9% stated that they rarely or cannot do. Two (2), 0.6% did not answer this question.

On whether employees always have access to all information in the bank, question number ten (10), ninety six (96), 32.7% stated that they do or often do, while one hundred and ninety eight (198), 67.3% stated that they rarely or never have access.

On question number eleven (11), on whether the banks’ current hierarchy is conducive to the employees work and whether the employees are able to reach their superiors with ease, two hundred and twenty one (221), 75.2% stated that it is or it is often, while seventy three (73), 24.8% stated that it is not or rarely is.

On question number twelve (12), on whether in the employee’s opinion employee empowerment is useful both to the employee and the bank, two hundred and seventy six (276), 93.9% stated in the affirmative and
ten (10), 3.4% stated that it is not useful. Eight (8), 2.7% did not answer this question.

Of the three thousand five hundred (3500) answers obtained, one thousand nine hundred and sixty nine (1969) (56.2%) showed that there is a high degree of, or some employee empowerment in the Bank. Whereas one thousand five hundred thirty one (1531) which is (43.8%) believe that there is little or no employee empowerment in Kenya Post Office Savings Bank.
CHAPTER FIVE

SUMMARY
Employee empowerment and organizational performance has been a subject of concern to quite a number of management consultants and managers of the industry. However, as found out by professors Jordan and Gilbert, there is considerable uncertainty about how to measure the effects of empowerment efforts.

From the findings at Kenya Post Office Savings Bank, total savings grew by 40% between January 1996 and September 1999. The growth in savings is a yardstick of favourable performance as it means the bank managed to sell its services to more customers, and is a sign of more confidence in the bank. Likewise investment income and other incomes grew steadily over the said period. This is also a positive attribute as this measures the growth of the bank.

On the other hand, staff costs have also risen from Kshs.280.2 million in 1996 to Kshs.429.5 million in 1998. This rise is mainly attributed to programmes geared towards Total Quality Management. The Bank embarked on intensive training of all cadre of staff in TQM. This was both in-house and externally. A consultancy firm was engaged to handle this aspect. The bank acknowledged that to empower
employees, the appropriate tools, skills, knowledge and attitudes were necessary to be given to them. This entailed the use of funds.

During the same period, the bank took the strategies that were perceived to benefit the customers, and also enable the bank to keep a competitive edge over the others. These were the upgrading of computer programmes. Symbols software supplied by System Access PTE of Singapore was installed to serve as the Banking software (front office) while Great Plains Dynamic CS+ was introduced to serve as financial management software. These projects were aimed at enabling the employees to deliver efficient and effective services to both the internal and external customers. These, were therefore employee empowerment vehicles.

The introduction, implementation, monitoring and reviewing these two Information Technology (IT) projects required extra efforts by the employees and consequently involved additional funds for both the purchase of software and hardware that conform to the specifications of each of the software. Staff costs also had to be increased as more time and effort is required.
Apart from the above projects, Kenya Post Office Savings Bank re-launched Premium Bonds on 1st September 1999. The re-launch entailed the printing of new denomination bonds of Kshs.200.00, Kshs.500.00 and Kshs.1,000.00 to replace the old bonds of Kshs.10.00 and Kshs.20.00. This involved considerable expenses as it were printed outside the country at controlled conditions. The work involved in this was also substantial as programmes to cater for this were introduced and staff effort and time required. More training was done too, to empower the employees to effectively deliver the service to the clients. As would be noted from the preceding graphs, there was a recognized growth in sale of bonds in 1999. The net profit for the Bank was as follows; 1996 Kshs.63.8, 1997 Kshs.6.4 million and 1998 Kshs.0.4 million.

From the questionnaires received as noted in the preceding chapter, 56.2% of the respondents indicated that Kenya Post Office Savings Bank has put employee empowerment in place, while 43.8% showed that there is little or no employee empowerment in the Bank.

From this results, it can be said that the majority of respondents believe that Kenya Post Office Savings Bank has put in place a degree of
employee empowerment. But more empowerment measures and schemes still need to be effected in the future.

How the employees empowerment and Banks' performance relates, the subject of this project paper, cannot be conclusively answered. One factor that must be considered is time. Four years (1996 – 1998) may not be sufficient time to judge the empowerment process. The other is when the empowerment tools are introduced in the process – computerization and re-launching of Premium Bonds, which are, as this project paper is written, still being implemented, and the full potentials are yet to be realized. The net profit figures are declining mainly due to these projects.

Third factor is how to measure and attribute the employee empowerment and organizational performance. What percentage of this is attributed to good economic growth in general? In the case of Kenya Post Office Savings Bank one factor could have explained the growth in deposits – the required minimum balance to maintain an account. Other Banks in Kenya raised this substantially, some requiring as much as Kshs.20,000.00. The Kenya Post Office Savings Bank maintained a meagre figure of Kshs.500.00 to maintain and operate an ordinary savings account. The advent of the other banks decision clearly
favoured the Bank. To delineate this and the empowerment process is
difficult.

It is however, noted that the majority of the bank’s employee
acknowledge that the bank has engaged employee empowerment. It is
also noted that over the same period performance indicators like
deposits and total income grew substantially. Staff costs also grew.
This, however, can be attributed, as stated above, to implementation of
strategic projects.

Despite the limitations observed above, there is some relationships
between the bank’s performance and employees empowerment. The
higher the employee empowerment the higher the bank’s performance.
The strategic decisions to install modern information technology systems
and re-launch of Premium Bonds are part of empowerment process for
which once completely installed, is envisaged to make delivery system
efficient and effective and also the Bonds to realize higher sales than it
has already shown.
REFERENCES


10. Ross, Joel E. – Total Quality Management (Delray Beach, FL: St. Lucie Press, 1995).


13. The Elements of TQM – Mechanistic Aspects of TQM.


16. Employee Empowerment: A crucial ingredient in TQM strategy, Empowerment from the “bottom up” – Internet:


THE LETTER

Dear Respondent,

I would appreciate if you can fill the attached questionnaire. Your answer here shall be used exclusively for the research work for this academic study and shall be confidential. The project paper is on Employee empowerment and organizational performance, and is in partial fulfillment of the requirements of the Master's Degree in Business Administration.

Thank you for your participation.

Yours faithfully,

DANIEL KIPSANG SONGOK
1. How often do you participate in making decisions affecting your work?
   (a) Always ( )
   (b) Often ( )
   (c) Rarely ( )
   (d) Never ( )

2. Do you think that in your work place there is adequate delegation of authority and responsibility?
   (a) Adequate ( )
   (b) Some how adequate ( )
   (c) Rarely any ( )
   (d) None ( )

3. How often do you solve problems in teams or discuss strategies in teams?
   (a) Always ( )
   (b) Often ( )
4. Do you think there are any shared values beliefs and culture in your organization?
   (a) Yes ( )
   (b) There are few ( )
   (c) Little ( )
   (d) None ( )

5. How are common mistakes handled in your organization?
   (a) Discussed and employees are made to own them and are forgiven. ( )
   (b) Reprimanded but not discussed. ( )
   (c) Punished. ( )
   (d) Severely punished. ( )

6. Do you believe that your organization compensates for performance and is equitable?
   (a) Yes ( )
   (b) Often ( )
   (c) Rarely ( )
7. Has your organization provided you with enough tools and skills necessary to efficiently and effectively perform your duties?
   (Training, technology, capacity)
   (a) Yes ( )
   (b) Adequate ( )
   (c) Little ( )
   (d) No ( )

8. Are you able to work in any department in your organization?
   (a) Yes ( )
   (b) Can manage fairly ( )
   (c) Some how ( )
   (d) No ( )

9. When you have an idea you believe shall improve efficiency of the organization, and reduce costs, are you able to freely discuss with peers, superiors and others within the organization?
   (a) Yes ( )
   (b) Often ( )
   (c) Rarely ( )
10. Do you always have access to all information in your organization?
   (a) Yes ( )
   (b) Often ( )
   (c) Rarely ( )
   (d) Never ( )

11. Is the current hierarchy of the organization conducive to your work? Are you able to reach your supervisor with ease?
   (a) Yes ( )
   (b) Often ( )
   (c) Rarely ( )
   (d) No ( )

12. In your opinion do you think employee empowerment is useful both to the employee and the organization.
   (a) Yes ( )
   (b) No ( )
Explain