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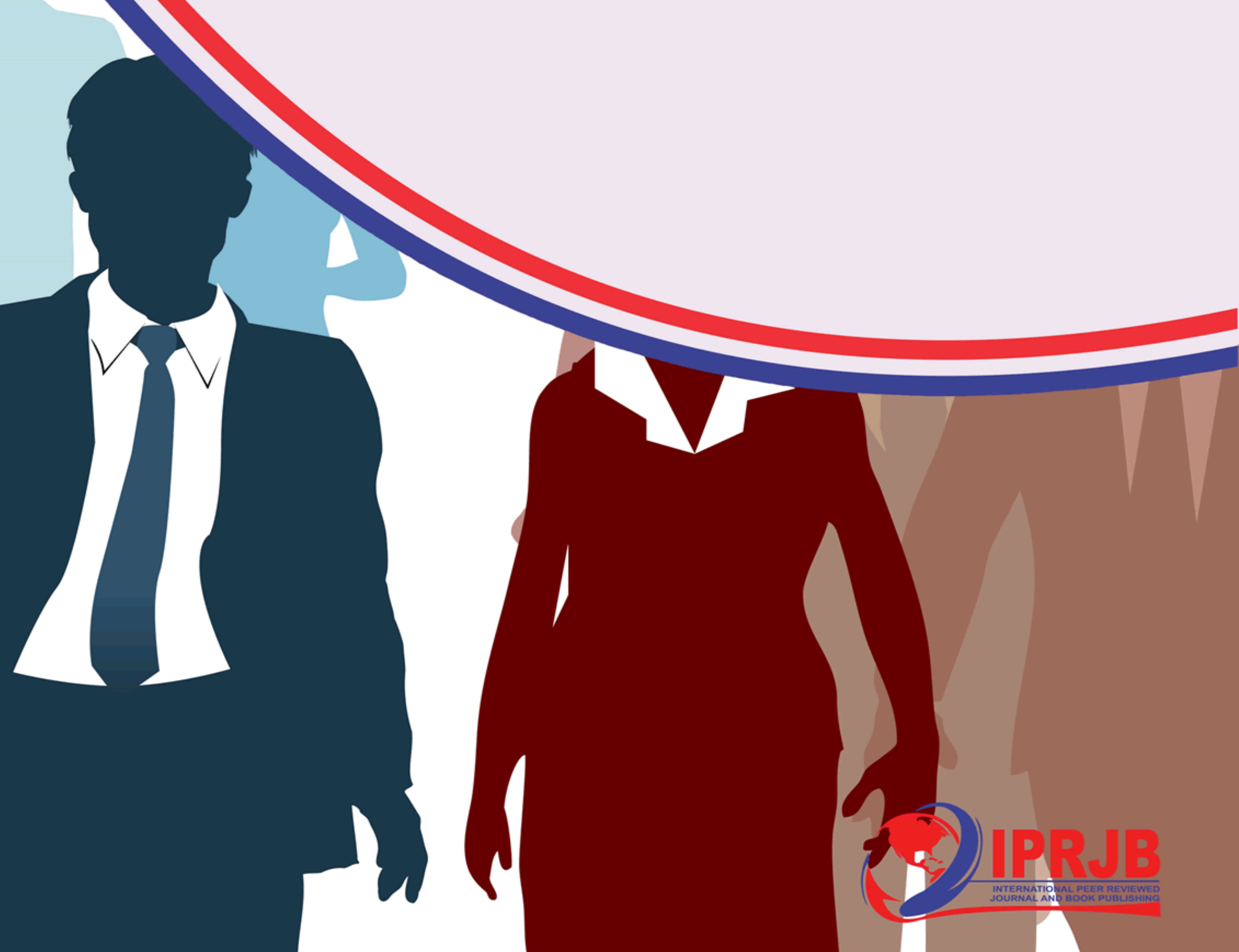
# EMPLOYEE CAREER DEVELOPMENT AND ATTAINMENT OF BALANCE SCORECARD TARGETS: A CASE STUDY OF NATIONAL HOSPITAL INSURANCE FUND

CHARLES MWANGANGI KAMUTI AND DR. KAVOO LINGE



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# EMPLOYEE CAREER DEVELOPMENT AND ATTAINMENT OF BALANCE SCORECARD TARGETS: A CASE STUDY OF NATIONAL HOSPITAL INSURANCE FUND

**[1]*Charles Mwangangi Kamuti**

**Post Graduate Student: United States International University**

***Corresponding Author's Email:** chalo2gn4@Gmail.Com

**[2]*Dr. Kavoo Linge**

**Lecturer: United States International University**

**Abstract**

**Purpose:** The purpose of this study was to investigate the effect of employee career development to the achievement of Balanced Scorecard (BSC) targets in the National Hospital Insurance Fund (NHIF).

**Materials and methods:** The research design was a descriptive case study in nature focusing on NHIF. The population of the study was 1360 staff of NHIF. Stratified random sampling technique was used to select a sample of (136) respondents. Data was collected using a structured questionnaire. Data was coded and entered into Statistical Package for Social Sciences (SPSS). The data was then analyzed in terms of descriptive statistics like frequencies and percentages. Inferential statistics were computed using the Pearson Correlation Analysis. The results were presented in figures and tables.

**Results:** The study concludes that training efforts at NHIF were low, employee development efforts were lowly emphasized at NHIF, and career guidance efforts were lowly emphasized at NHIF. It can also be concluded that performance resulting from training was low. It was also possible to conclude that training had a positive correlation with the effect of training on achieving balance scorecard targets. The study concludes that employee development scores at NHIF were low. In addition, the study concluded that the effect of employee development on attainment of balance score card was low. Overall it was possible to conclude that career guidance efforts were lowly rated indicating that the management of NHIF does not invest in career guidance. It was also possible to conclude that the effect of career guidance on achievement of balance score card targets was poorly rated.

**Recommendations:** The study recommended that training be emphasized at NHIF as it has an effect on the overall achievement of balance scorecard targets, that the organization needs to emphasize and encourage self or employee development by providing opportunities to

employees to improve their knowledge, awareness, and develop their talents and that the organization needs to emphasize and support career guidance and mentoring as this will help improve employees self-esteem and job satisfaction.

**Key words**: *career development, balance score card targets, insurance fund*

## 1.0 INTRODUCTION

### 1.1 Background of the Problem

The Balanced Scorecard (BSC) is a performance management tool that enables a company to translate its vision and strategy into a tangible set of performance measures. However, it is more than a measuring device. The scorecard provides an enterprise view of an organization's overall performance by integrating financial measures with other key performance indicators around customer perspectives, internal business processes, and organizational growth, learning, and innovation. Kaplan and Norton (1992) describe the innovation of the balanced scorecard as follows: "The balanced score card retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation (Kaplan and Norton, 2006; Chia, Goh and Hum, 2009).

The Balanced Scorecard relies on the concept of Strategy developed by Michael Porter (Kaplan and Norton, 2008). Porter argues that the essence of formulating a competitive strategy lies in relating a company to the competitive forces in the industry in which it competes. The scorecard translates the vision and strategy of a business unit into objectives and measures in four different areas: the financial, customer, internal business process and learning and growth perspective (Hubbard, 2009; Hsu and Liu, 2009; Chia et al, 2009). The financial perspective identifies how the company wishes to be viewed by its shareholders. The customer perspective determines how the company wishes to be viewed by its customers. The internal business process perspective describes the business processes at which the company has to be particularly adept in order to satisfy its shareholders and customers. The organizational learning and growth perspective involves the changes and improvements which the company needs to realize if it is to make its vision come true (Pochampally, Gupta & Govindan, 2009; Hubbard, 2009; Hsu & Liu, 2009).

A strategy is a set of hypotheses about cause and effect. The measurement system should make the relationships (hypotheses) among objectives (and measures) in the various perspectives explicit, so that they can be managed and validated. The chain of cause and effect should pervade all four perspectives of a BSC (Kaplan & Norton, 2007; Pochampally et al., 2009; Hubbard, 2009; Hsu & Liu, 2009; Chia et al., 2009). The entire chain of cause-and effect relationships can be established as a vertical vector through the four BSC perspectives relationship: measures of organizational learning and growth, measures of internal business processes, measures of the customer perspective, financial measures. The measures of organizational learning and growth are therefore the drivers of the measures of the internal business processes. The measures of these processes are in turn the drivers of the measures of the customer perspective, while these measures are the drivers of the financial measures. According to Kaplan and Norton a good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators of the business unit's strategy (Kaplan & Norton, 2007; Pochampally et al, 2009; Hubbard, 2009). In line with Kaplan and Norton (2008), organization learning and growth involves training employees and hiring experienced consultants so that they can mentor the existing employees. This implies that employee career development elements (training and education, career guidance interventions such as mentorships and coaching, and employee self-development) are crucial building blocks to the achievement of balances core card performance. Employee career development is seen as the process of managing life, learning and work over the lifespan. It encompasses the provision of services in many different jurisdictions and delivery settings to assist people to gain the knowledge, skills, attitudes and behaviors that help them to manage their career more effectively. Career development programmes enable a deeper focus on an employee's aims and aspirations from identification of the handicaps being faced by an employee in accomplishing his goals to the solutions in terms of re-skilling or reassignment. This focus acts as the significant motivator for an employee to excel and exceed the targets. It facilitates powerful personal and professional development. As per the motivational theories, achievement orientation, growth and development are the basic human needs (Armstrong 2005).

Globally, the importance and challenges of balance scorecard implementation has been acknowledged in various studies. Empirical studies by Ittner and Larcker (2006), Evans and Jack (2006) as well as Davis and Albright (2007) found that proper usage of BSC led to improved financial performance. Other studies including Marr and Adams (2006), and Forza and Salvador (2007 and 2008) noted that usage of BSC promoted other positive effects such as employee satisfaction and understanding of the business. On the other hand, empirical investigations by Handfield and Ghosh (2005), Neely, Kennerley and Martinez (2008), and Malina, Nørreklit and Selto (2005) found no discernible performance improvement. Moreover, theoretical analyses by Nørreklit (2007) as well as Marr and Adams (2008) questioned the key principles behind BSC. Various journal articles and surveys confirm that of all the performance measurement systems, the BSC is the most popular, least criticized and widely implemented. The latest data from Gartner, the Connecticut-based research organization, suggests that over 70 per cent of large US firms had adopted the balanced scorecard by the end of 2004 (Neely, 2006). A recent Bain and Company survey of more than 708 companies on five continents found that BSC was used by 62 per cent of responding organizations (Hendricks et al., 2007).

The use of the balance scored card approach in measuring the performance of NHIF was introduced in the year 2005. In its strategic plan 2005-2010, the Fund refocused its mandate through directing the necessary and available resources in realizing its goals. To achieve this, it was essential to have a competent workforce. The strategies adopted to achieve these goals are: Financial mix restructuring, market penetration, product development and integrated marketing communication. In line with these strategies, the management was committed to putting in place programs and mechanisms that will develop and rationalize resources, embrace modern technology, restructure internal processes and procedures, redesign the organizational structure,

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rebrand the corporate identity and enhance benefits to members (DPM, 2006).

Further, a monitoring and control mechanism had been worked out to continuously track progress and evaluate performance in line with the recently introduced concept of performance management in the public sector. The various departments, divisions and individuals were tasked with specific responsibilities upon which they are all appraised. In order to achieve its targets it was essential for the Fund to abide by the training policies and procedures. With this in mind, various departments and individuals were set on training but have still failed to attain set Balance score card targets (DPM, 2006).

### 1.2 Statement of the Problem

Researchers have identified the factors which affect balance score card performance as financial resources, employee motivation and career development of employees (Kavoo-Linge, Rensburg, Sikalieh, (2010); Ismail and Arokiasamy, 2007; Burke, Burgess and Fallon 2006) . Kavoo-linge et al. (2010) assert that both men and women employees are important in implementing the Balance Scorecard primarily because their skills, knowledge, attitudes (SKA's) and expertise are utilized in the implementation of the Balance Scorecard. Researchers have identified that one of the main factors which affect Balance scorecard is employee career advanced and development. Employee career development affects attempts attainment of BSC targets since it comprises of training, development and career guidance (Hirsh and Jackson, 2005; Hughes et al, 2005; Unwin, 2006; Department for Education and Skills (DfES), 2006; Dessler, 2008; Armstrong, 2010).

NHIF has been experiencing a low Balanced Scorecard attainment. In line with its strategic plan 2005-2010, the management is tasked with putting in place programs and mechanisms that will develop and rationalize resources, embrace modern technology, restructure internal processes and procedures, redesign the organizational structure, rebrand the corporate identity and enhance benefits to members. However, the targets have not been achieved as desired. It is not clear what is causing this low balance score card attainment. It's not clear if employee career development is the cause of this low attainment. A study focusing on NHIF has not been done in Kenya before. This study sought to address this gap by determining if employee training and education, development and career guidance are the ones affecting the Balance Scorecard performance.

### 1.3 Research Objective

The research objective was:

1.3.1: To establish if employee training affects balance scorecard attainment at NHIF.

## 2.0 LITERATURE REVIEW

### 2.1 Introduction

The objective of the study attempts to establish if employee training affects balance score card attainment at NHIF. The importance of training to the attainment of balance score card performance is discussed followed by the identification of various training types and methodologies.

## 2.2 Training and Balance scorecard performance

Training, in the most simplistic definition, is an activity that changes people's behavior (Zwick, 2006). Training is designed to provide learners with the knowledge and skills needed for their present job (Fitzgerald, 2008) because few people come to the job with the complete knowledge and experience necessary to perform their assigned job. Increased productivity is often said to be the most important reason for training (Zwick, 2006). But it is only one of the benefits. Training is essential not only to increase productivity but also to motivate and inspire workers by letting them know how important their jobs are and giving them all the information they need to perform those jobs (Zwick, 2006).

### 2.2.1 Importance Training on Balance score card Performance

The significance and value of education and training has long been recognized. Consider the popular and often repeated quotation, "Give a person a fish and you feed him for a day. Teach a person to fish and you feed him for a lifetime." This simple but profound saying is attributed to the wisdom of Confucius who lived in the 5th century BC. Given today's business climate and the exponential growth in technology with its effect on the economy and society at large, the need for training is more pronounced than ever ( Mcelland,2007). Faems, et al. (2005) lists the following as general benefits from employee training: increased job satisfaction and morale , increased motivation , increased efficiencies in processes, resulting in financial gain , increased capacity to adopt new technologies and methods ,increased innovation in strategies and products , reduced employee turnover. This is only a partial listing of the many benefits that result from training. Training that is appropriate to the needs of an organization can add great value. Training is not always the answer to performance problems. Brandt Sakakeeny, training industry analyst for Solomon Smith Barney believes that training can be a great investment and training can be a waste of money (Rosner, 1999). Training is indeed a waste of money when the desired behavior does not occur. Gupta (1999) acknowledges that not all performance problems can be addressed by training. In many cases, non-training interventions are necessary (Gupta, 1999). The key is to identify what problems can be attributed to training deficiencies and, once that is accomplished, to insure that the right training is implemented. Without the right training, employees can be the organization's biggest liability. Trained effectively, however, they can become a firm's biggest asset (Bartram & Gibson, 2008). Rosner (2009) adds another ingredient for success – support after training. He states, "The most effective programs train workers in new behaviors and then train managers to support employees as they apply learning daily (Rosner, 2009, p.43). Support and endorsement from management can greatly enhance training results. One can conclude that training is not always the answer, and when it is the answer, it has to be the right training.

A number of studies indicate that employee training has a positive impact on corporate performance. They generally test the hypothesis that, by improving the competency of employees, training also improves their productivity, which is reflected in an improvement in the firm's performance. Betcherman, McMullen and Davidman (2008) concluded that firms that have training programs tended to perform better in terms of productivity, revenues, profitability, viability and prospects. Saks et al. (2008) also found a positive relation between training and productivity, profit, revenue and client satisfaction, a relation that is more significant when the training is accompanied by incentives for the employees. A number of researchers Barrett and O'Connell (2001), Faems, et al. (2005), Zwick ( 2006) have tried to estimate the impact of training on productivity, whereas other researchers have studied the effect of training on sales (Ahmad & Schroeder 2003, Rodriguez & Ventura 2003, Garcia 2005). For instance, whereas Barrett and O'Connell (2001) found that training can have positive effects on productivity (value added per worker), Garcia (2005) demonstrated that training led to an increase in sales, quality and customer satisfaction.

Other previous studies have examined the influence of training on financial performance indicators such as ROI, ROA, ROE or market shares (Paul & Anantharaman 2003, Bernthal & Wellins 2006). For example, Paul and Anantharaman (2003) found that training had a positive and significant effect on ROI, whereas Bernthal and Wellins (2006) estimated impact of training on both ROA and ROE indicators. Most of these studies estimated the effects of training not only on financial performance, but also on non financial performance, concurrently. These observations may mean that the estimation results of each study depend on the research purpose of the authors or research projects, performance measure method, and data collected. Various studies have examined the impact of training on non-financial performance as turnover, quality, absenteeism and customer satisfaction. With respect to turnover, Bishop (2007), in his study on newly hires showed that formal training led to lower labour turnover, whereas Krueger and Rouse (2008) reported that reading, writing and mathematics training had a positive effect on turnover. A majority of other studies also found that training had a positive effect on labour turnover. These results suggest that turnover has a powerful effect on employer decisions to provide training to employees. High turnover implies that investment in training for their employees is inefficient because many of those trained moved to other companies. Thus, companies may pay quite a high price for this turnover in terms of lower sales.

Other studies have estimated the impact of training on quality, absenteeism, and customer satisfaction. One possible explanation why these non financial performance indicators were more popular is that when considering the competitive advantages that a firm is thought to possess people usually think about high quality or justifying the customer's needs. Thus, many studies have tried to measure firm performance by these indicators. For instance, Ghebregiorgis and Karsten (2007), and Krueger & Rouse (1998) demonstrated that training had a strong effect on absenteeism rate reduction. Aragon- Sanchez, Barba-Aragon and Sanz-Valle (2003), and Katou and Budhwar (2007) found that training has a positive effect on quality, whereas Ely (2004), reported that training has a significant and positive effect on customer satisfaction. To summarize, it is not surprising that firms invest in training in order to improve both financial and non-financial performance. However, when these studies measure the impact of training on non-financial performance by a subjective method (e.g., workers' reactions to the training, impact of training on workers' behaviour), the results of these studies may not be totally accurate.

### 2.2.2 Induction Training

Induction training is important as it enables a new recruit to become productive as quickly as possible. It can avoid costly mistakes by recruits not knowing the procedures or techniques of their new jobs. The length of induction training will vary from job to job and will depend on the complexity of the job, the size of the business and the level or position of the job within the business. The following areas may be included in induction training: Learning about the duties of the job, Meeting new colleagues, seeing the layout of the premises, Learning the values and aims of the business, learning about the internal workings and policies of the business (Garcia, 2005).

### 2.2.3 On-the-job Training

With on the job training, employees receive training whilst remaining in the workplace. The main methods of one-the-job training include: Demonstration / instruction - showing the trainee how to do the job, Coaching - a more intensive method of training that involves a close working relationship between an experienced employee and the trainee, Job rotation - where the trainee is given several jobs in succession, to gain experience of a wide range of activities (e.g. a graduate management trainee might spend periods in several different departments), Projects - employees join a project team - which gives them exposure to other parts of the business and allow them to take part in new activities. Most successful project teams are multi-disciplinary ( Horgan & Muhlau, 2006).

### 2.2.4: Off-the-job training

This occurs when employees are taken away from their place of work to be trained. Common methods of off-the-job training include: Day release (employee takes time off work to attend a local college or training Centre), Distance learning / evening classes, Block release courses - which may involve several weeks at a local college, Sandwich courses - where the employee spends a longer period of time at college (e.g. six months) before returning to work, Sponsored courses in higher education, Self-study, computer-based training (Ghebregiorgis & Karsten, 2007).

## 3.0 RESEARCH METHODOLOGY

The research was carried out through descriptive case study design that involved the gathering of facts, opinions and views of the employees in the organization about the career development programs. The population of the study was all the 1360 employees of NHIF. The sample size for this study was 136 employees who were selected from the organization. The researcher used a structured questionnaire with both open ended and closed questions for the purposes of data collection. This study used the quantitative method of data analysis. The Statistical Package for Social Sciences (SPSS version 17) program was used to generate the frequencies, means and percentages of the responses. Such frequencies and percentages were important in drawing graphs and charts. The results were presented using tables and pie charts to give a clear picture of the research findings at a glance. Inferential statistics such as correlation were used to capture the effect of career development on achievement of balance scorecard targets.

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## 4.0 RESULTS AND FINDINGS

### 4.1 Introduction

In this chapter, the data collected during the research was analyzed and reported. This study was executed to achieve the stated objective. This chapter looked at the realized sample in comparison to the planned sample, consequently resulting to the response rate derived for the study. The realized sample became a representation of the study's results and findings as per the administered questionnaires administered to the selected respondents. The sample respondents were derived from NHIF. Data collected was presented in the form of frequency distribution tables, bar graphs and pie charts. A total of 90 responses/Questionnaires were received out of a possible 136 Questionnaires.

### 4.2 General Information

#### 4.2.1. Gender of Respondents

The study sought to establish the gender distribution of the respondents. The findings were presented in figure 1. From the study findings, majority of the respondents (71%) were male and (29%) were female. These findings imply that the organization gender was predominantly male.

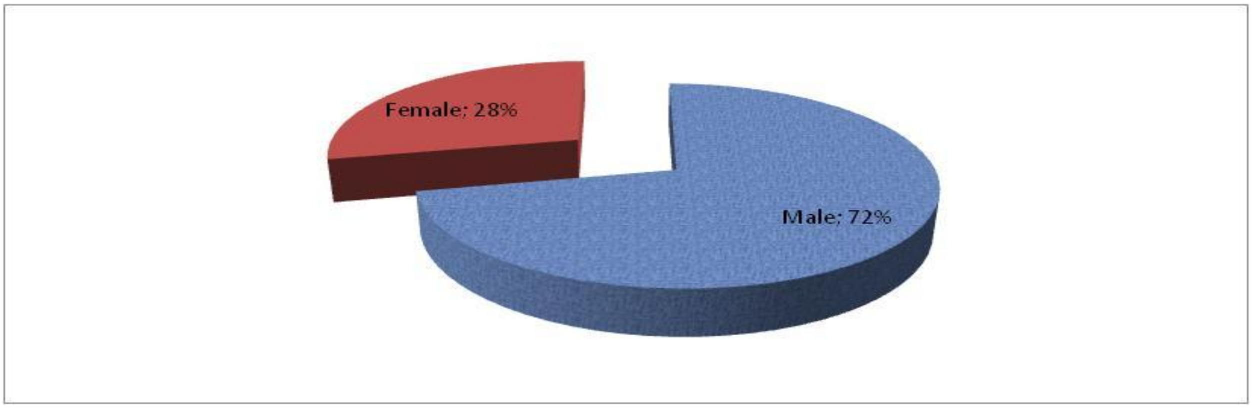


**Figure 1: Gender of Respondents**

#### 4.2.2 Age Bracket of Respondents

The study sought to establish the age brackets of the respondents. The findings were presented in figure 2. As illustrated in figure 2, the findings revealed that a majority (59%) of respondents were aged between 31-50 years, followed by (20%) respondents whose age was between 21 to 30 years, 10% of the respondents were aged between 10 to 20 years while 11% of respondents represented those who were over 50 years. The finding implies that the respondents of the study were mature and probably ready to retire in the next decade. This further implies that succession planning at NHIF should be taken into consideration.

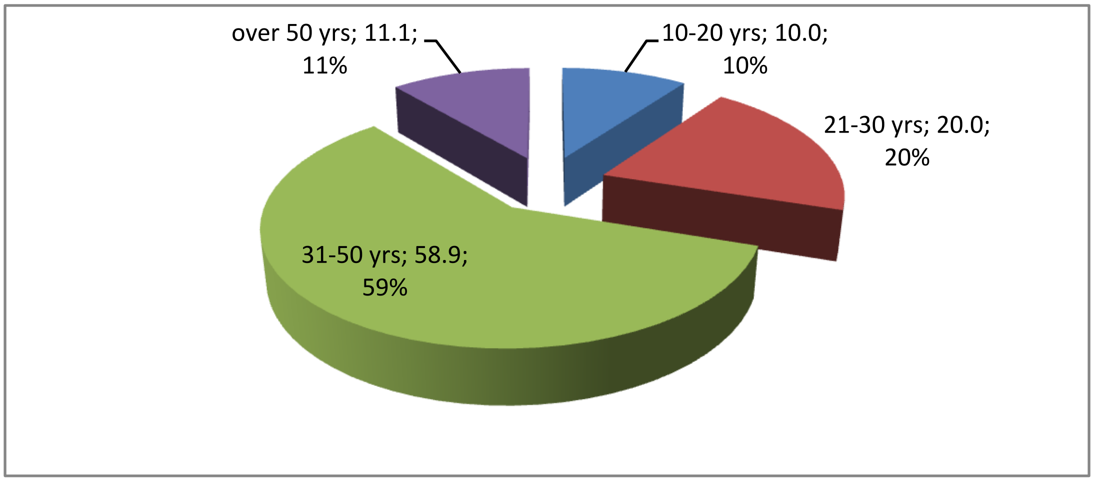


**Figure 2: Age Bracket of Respondents**

### 4.2.3 Department of Respondents

The study sought to establish the distribution of the respondents across the organization. The findings were presented in figure 3. The study findings in figure 3 revealed that a majority (29%) of the respondents were in operation and customer service department, followed by 20% who were in the HR and Administration department, while 19% respondents were in the Standard and Quality Assurance department. The findings also revealed that 14% of the respondents were in the Finance and Control and 10% respondents were from corporate planning. The findings imply that the respondents were well distributed hence concrete and accurate results for the study were obtained.

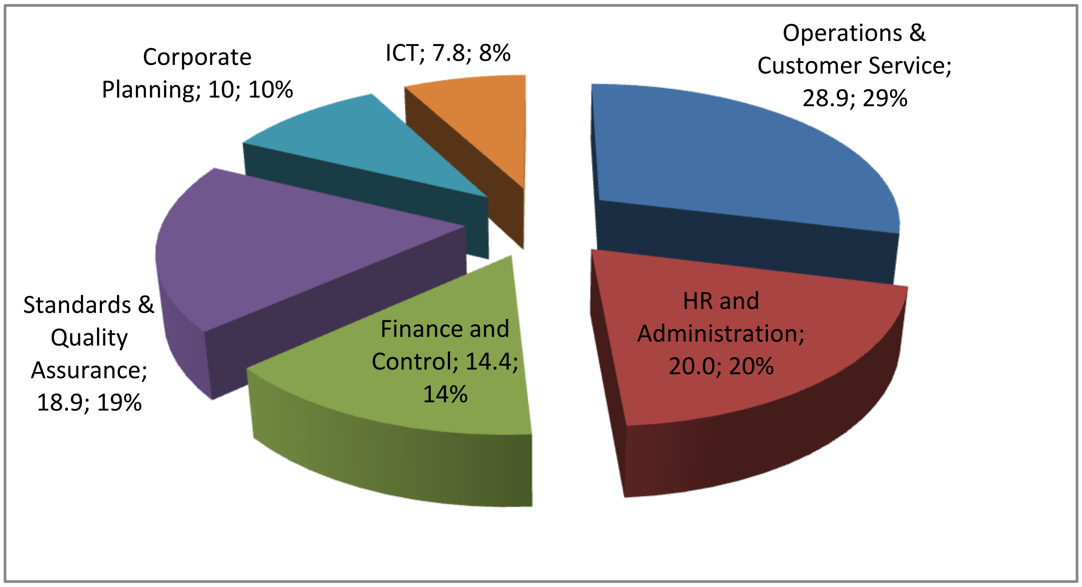


**Figure 3: Department of Respondents**

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### 4.2.4 Level of Management of the Respondents

The study sought to establish the level of management of the respondents. The findings were presented in figure 4. Figure 4 reveals that a majority 67% of the respondents are union sable, while 33% are in management level. The findings imply that since the respondents were union sable, their responses were not biased and represented the true picture of the organization.

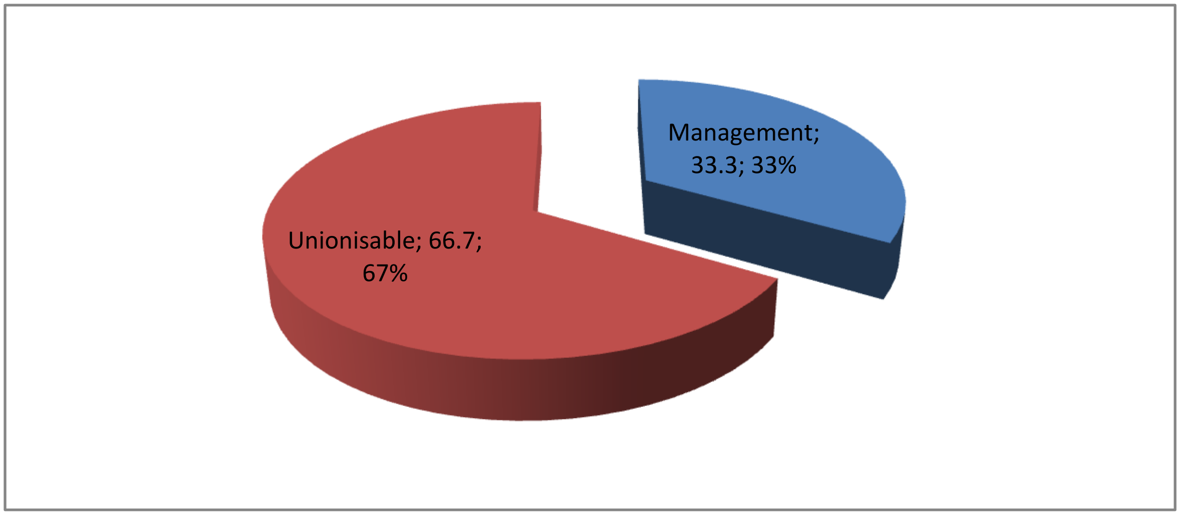


**Figure 4: Level of Management of the Respondents**

## 4.3 Training and Balance Scorecard Performance

### 4.3.1 Training

The study sought to establish the level of training undertaken at NHIF. The findings were presented as follows:

#### 4.3.1.1 Induction Training

The respondents were asked if every new employee received induction training. A majority (42%) disagreed while another 27% strongly disagreed bringing to a total of (69%) of those who disagreed. Twenty two percent were neutral and only 9% agreed while none strongly agreed. The results are presented in Table1.

**Table1: Every New Employee Receives Induction Training.**

| Scale | Distribution | |
|---|---|---|
| | **Frequency** | **Percent** |
| Strongly Disagree | 24 | 27% |
| Disagree | 38 | 42% |
| Neither agree nor disagree | 20 | 22% |
| Agree | 8 | 9% |
| Strongly Agree | 0 | 0% |
| Total | 90 | 100% |

#### 4.3.1.2 Learning about Job Duties

When the respondents were asked if learning about the job duties was included in induction training, a majority 51% disagreed and 24% strongly disagreed. However, 20% was neutral and only 4% agreed and so none of the respondents strongly agreed. Table 2 indicates these results.

**Table 2: Learning about Job Duties**

| Scale | Distribution | |
|---|---|---|
| | **Frequency** | **Percent** |
| Strongly Disagree | 22 | 24% |
| Disagree | 46 | 51% |
| Neither agree nor disagree | 18 | 20% |
| Agree | 4 | 4% |
| Strongly Agree | 0 | 0% |
| Total | 90 | 100% |

#### 4.3.1.3 Improving Knowledge about the Organization

The respondents were asked if induction training has improved their knowledge gap about the

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organization, which has helped them to adjust comfortably to the work environment. A majority 38% disagreed while 20% strongly disagreed but 27% were neutral. Only 7% agreed while another 9% strongly agreed. The results are presented in Table 3.

**Table 3: Improving Knowledge gap about the Organization**

| Scale | Distribution | |
|---|---|---|
| | Frequency | Percent |
| Strongly Disagree | 18 | 20% |
| Disagree | 34 | 38% |
| Neither agree nor disagree | 24 | 27% |
| Agree | 6 | 7% |
| Strongly Agree | 8 | 9% |
| Total | 90 | 100% |

### 4.3.1.4 Training Programs

When the respondents were asked whether training programs have helped in calculating the sense of team work, majority 47% of the respondents disagreed and 16% strongly disagreed but 29% were neutral. Only 9% strongly agreed while none agreed. The results are presented in Table 4.

**Table 4: Training Programs**

| Scale | Distribution | |
|---|---|---|
| | Frequency | Percent |
| Strongly Disagree | 14 | 16% |
| Disagree | 42 | 47% |
| Neither agree nor disagree | 26 | 29% |
| Agree | 0 | 0% |
| Strongly Agree | 8 | 9% |
| Total | 90 | 100% |

#### 4.3.1.5 Improvement of Morale

The respondents were asked whether through training programs, morale in the organization has improved. Those who disagreed were 49% another 13% strongly disagreed while 29% respondents were neutral. Only 9% agreed while none strongly agreed. Table 5 indicates these results.

**Table 5: Improved of Morale**

| Scale | Distribution | |
|---|---|---|
| | **Frequency** | **Percent** |
| Strongly Disagree | 12 | 13% |
| Disagree | 44 | 49% |
| Neither agree nor disagree | 26 | 29% |
| Agree | 8 | 9% |
| Strongly Agree | 0 | 0% |
| Total | 90 | 100% |

#### 4.3.1.6 Job Training

The respondents were asked if they receive on job training, majority 39% disagreed while 13% strongly disagreed but 34% were neutral. Only 11% agreed and 2% strongly agreed. Table 6 indicates these results.

**Table 6: Job Training**

| Scale | Distribution | |
|---|---|---|
| | **Frequency** | **Percent** |
| Strongly Disagree | 12 | 13% |
| Disagree | 35 | 39% |
| Neither agree nor disagree | 31 | 34% |
| Agree | 10 | 11% |
| Strongly Agree | 2 | 2% |
| Total | 90 | 100% |

#### 4.3.1.7 Job Rotation

When the respondents were asked if job rotation is practiced at NHIF, majority 39% disagreed and another 16% strongly disagreed but 30% were neutral. Those who agreed were 13% and only 2% strongly agreed. The results are presented in table 7.

**Table 7: Job Rotation**

| | Distribution | |
|---|---|---|
| **Scale** | **Frequency** | **Percent** |
| Strongly Disagree | 14 | 16% |
| Disagree | 35 | 39% |
| Neither agree nor disagree | 27 | 30% |
| Agree | 12 | 13% |
| Strongly Agree | 2 | 2% |
| Total | 90 | 100% |

#### 4.3.1.8 Short Term Trainings inform of Seminars

The respondents were asked whether the organization offers short training in form of seminars. Those who disagreed were 60%, another 13% strongly disagreed but 16% were neutral. Only 7% agreed while another 4% strongly agreed. The results are presented in Table 8.

**Table 8: Short Term Trainings inform of Seminars**

| Scale | Distribution | |
|---|---|---|
| | Frequency | Percent |
| Strongly Disagree | 12 | 13% |
| Disagree | 54 | 60% |
| Neither agree nor disagree | 14 | 16% |
| Agree | 6 | 7% |
| Strongly Agree | 4 | 4% |
| Total | 90 | 100% |

### 4.3.2 Training and Performance

The study sought to establish the effect of training on the level of performance at NHIF. The findings were presented in figure 5. As illustrated in figure 5, the majority 49% of the respondents disagreed that training has led to an increase in financial performance while 24% strongly disagreed with the statement. Forty four percent (44%) respondents disagreed that training has increased their job satisfaction. Furthermore, the findings indicated that 58% respondents disagreed that training has increased innovation in the organization, a majority 41% disagreed that training has increased efficiency in processes, and 44% respondents disagreed that training has led to reduction in employee turnover. Moreover, a majority 47% of respondents disagreed that training has led to reduction in employee absenteeism and 33% respondents disagreed with the statement that training has led to an increase in customer satisfaction.

The findings imply that the balance scorecard performance was low. This further implies that the organization may have failed to achieve the balance scorecard targets.

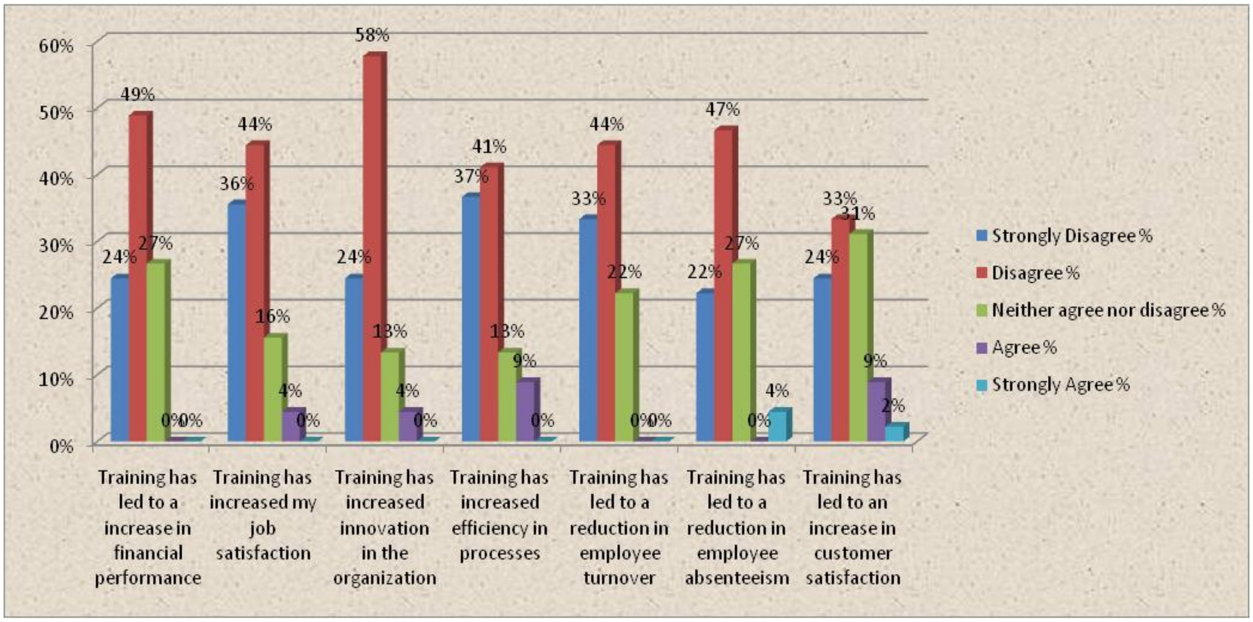


**Figure 5: Performance.**

### 4.3.3 Correlation of Training and Performance

The study sought to establish the effect of training on the achievement of balance score targets. Results in Table 9 revealed that the correlation between training and financial performance was positive but insignificant (R= 0.166,> 0.05). The correlation between training and job satisfaction was positive and significant (R= 0.323, < 0.01). The correlation between training and innovation was positive and significant (R= 0.075, < 0.05). The correlation between training and efficiency was positive and significant (R= 0.465, < 0.01). The correlation between training and reduction in employee turnover was positive and significant (R= 0.329, < 0.01). The correlation between training and reduction in employee absenteeism was positive and significant (R= 0.385, < 0.01). The correlation between training and customer satisfaction was positive and significant (R= 0.476, < 0.01).

This indicated that the correlation between training and performance was positive and significant. This implied that those who rated training highly were also more likely to rate the effect of training on performance indicators highly. In addition, the respondents who rated training lowly were also more likely to rate the effect of training on performance indicators lowly.

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### Table 9: Correlation of training on performance indicators

| | | training | financial performance | job satisfaction | innovation | efficiency | reduction in employee turnover | reduction in employee absenteeism | customer satisfaction |
|---|---|---|---|---|---|---|---|---|---|
| training | Pearson Correlation | 1 | .166 | .323(**) | .175 | .465(**) | .329(**) | .385(**) | .476(**) |
| | Sig. (2-tailed) | . | .117 | .002 | .098 | .000 | .002 | .000 | .000 |
| | N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| financial performance | Pearson Correlation | .166 | 1 | .155 | .126 | -.133 | -.080 | -.241(*) | -.380(**) |
| | Sig. (2-tailed) | .117 | . | .143 | .236 | .212 | .455 | .022 | .000 |
| | N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| job satisfaction | Pearson Correlation | .323(**) | .155 | 1 | .250(*) | .065 | -.020 | -.149 | -.066 |
| | Sig. (2-tailed) | .002 | .143 | . | .018 | .543 | .849 | .161 | .539 |
| | N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| innovation | Pearson Correlation | .175 | .126 | .250(*) | 1 | .127 | -.247(*) | -.284(**) | -.257(*) |
| | Sig. (2-tailed) | .098 | .236 | .018 | . | .231 | .019 | .007 | .014 |
| | N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| efficiency | Pearson Correlation | .465(**) | -.133 | .065 | .127 | 1 | .154 | -.014 | .186 |
| | Sig. (2-tailed) | .000 | .212 | .543 | .231 | . | .147 | .893 | .079 |
| | N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| reduction in employee turnover | Pearson Correlation | .329(**) | -.080 | -.020 | -.247(*) | .154 | 1 | .127 | .316(**) |
| | Sig. (2-tailed) | .002 | .455 | .849 | .019 | .147 | . | .234 | .002 |
| | N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| reduction in employee absenteeism | Pearson Correlation | .385(**) | -.241(*) | -.149 | -.284(**) | -.014 | .127 | 1 | .536(**) |
| | Sig. (2-tailed) | .000 | .022 | .161 | .007 | .893 | .234 | . | .000 |
| | N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| customer satisfaction | Pearson Correlation | .476(**) | -.380(**) | -.066 | -.257(*) | .186 | .316(**) | .536(**) | 1 |

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| | training | financial performance | job satisfaction | innovation | efficiency | reduction in employee turnover | reduction in employee absenteeism | customer satisfaction |
|---|---|---|---|---|---|---|---|---|
| Sig. (2-tailed) | .000 | .000 | .539 | .014 | .079 | .002 | .000 | . |
| N | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |

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

* Correlation is significant at the 0.05 level (2-tailed).

## 5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Summary

Results revealed that majority of the respondents disagreed with the statement that every new employee receives induction training. The results disagreed with those of Fitzgerald (2008) who asserts that training is designed to provide learners with the knowledge and skills needed for their present job because few people come to the job with the complete knowledge and experience necessary to perform their assigned job. Results further revealed that majority of the respondents disagreed that learning about the duties of the job is included in the induction training, majority of the respondents also disagreed with the statement that induction has improved their knowledge gap about the organization, which has helped them adjust comfortably to the work environment. Study findings shows majority of the respondents disagreed with the statement that training programs have helped inculcating the sense of team work; the findings further revealed that, majority of respondents disagreed with the statement that through training programs, morale in the organization has improved. A majority of the respondents disagreed with the statement that they receive on job training. The findings further revealed majority of respondents disagreed that job rotation is practiced at NHIF. Results disagree with those of Horgan and Muhlau (2006) who asserted that it is important to ensure that the trainee is given several jobs in succession, to gain experience of a wide range of activities (e.g. a graduate management trainee might spend periods in several different departments).

Finally majority of the respondents disagreed with the statement that the organization offers short training in form of seminars. The findings disagree with those of Ghebregiorgis and Karsten (2007) who asserts that short training is important and occurs when employees are taken away from their place of work to be trained. The findings also indicated that the majority of the respondents disagreed that training has led to an increase in financial performance while majority of the respondents disagreed that training has increased their job satisfaction. Further the findings indicated that respondents disagreed that training has increased innovation in the organization, disagreed that training has increased efficiency in processes, and disagreed that training has led to reduction in employee turnover. Moreover, majority of respondents disagreed that training has led to reduction in employee absenteeism and that training has led to an increase in customer satisfaction.

### 5.2 Conclusions

Following the study results, it was possible to conclude that training efforts at NHIF were low, employee development efforts were lowly emphasized at NHIF, and career guidance efforts were lowly emphasized at NHIF. It can also be concluded that performance resulting from training was low. It was also possible to conclude that training had a positive correlation with the effect of training on achieving balance scorecard targets. This implied that those who rated training highly were also more likely to rate the effect of training on performance indicators highly. In addition, the respondents who rated training lowly were also more likely to rate the effect of training on performance indicators lowly.

### 5.3 Recommendations

Following study results, it is recommended that training be emphasized at NHIF as it has an effect on the overall achievement of balance scorecard targets. Therefore the organization is urged to introduce induction training, training programs, seminars and job rotation be practiced so as all employees to have knowledge of what happens in the department.

### 5.4 Recommendations for Further Studies

The study recommends that further investigation be done on the effect of career development to the performance of employees in other public organizations such as NSSF, KRA and Kenya Ports Authority. It is also recommended that the study should be replicated to private organizations.

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