



**EFFECT OF COACHING ON EMPLOYEE PERFORMANCE IN STATE CORPORATIONS IN KENYA**

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Mwangi, Z. K.,<sup>\*1</sup> Wario, G.,<sup>2</sup> Nzulwa, J.,<sup>3</sup> & Odhiambo, R.<sup>4</sup>

<sup>\*1</sup>Ph.D Scholar, School of Human Resource Development, Jomo Kenyatta University of Agriculture and Technology [JKUAT], P.O. Box 58088, 00200 Nairobi, Kenya

<sup>2</sup>Ph.D, Lecturer, Jomo Kenyatta University of Agriculture and Technology [JKUAT]  
P.O. Box 6200, 00200 Nairobi, Kenya

<sup>3</sup>Ph.D, Lecturer, Jomo Kenyatta University of Agriculture and Technology [JKUAT]  
P.O. Box 6200, 00200 Nairobi, Kenya

<sup>4</sup>Prof., Lecturer, Jomo Kenyatta University of Agriculture and Technology [JKUAT]  
P.O. Box 6200, 00200 Nairobi, Kenya

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### ABSTRACT

*The study sought to examine the effect of coaching on employee performance in State Corporations (SCs) in Kenya. Despite the importance of coaching to organizations, little systematic studies exist on how coaching is enabled in firms to improve employee performance. The general objective of the study was therefore to examine the effect of coaching on employee performance in SCs in Kenya. A sample of 126 SCs were randomly picked from the target population of 187. The 126 SCs formed the unit of analysis. The unit of observation was 126 Human Resource experts or their equivalents drawn from the 126 SCs. From 126 respondents, 92 filled the questionnaires and returned. This translated to a response rate of 73%. The study applied mixed methods research with cross-sectional survey design. Multiple regression analysis was adopted being a technique of multivariate analysis. The data was analyzed using SPSS (version 23) and presented by way of means, percentages, standard deviation, tables and figures. Coaching was found to be a major predictor of the variance in employee performance. The study recommended that SCs allocate more resources in coaching activities in comparison to other knowledge transfer processes. The general conclusion drawn from the findings of this study was that coaching significantly improves employee performance in SCs in Kenya and therefore resources should be set aside to support the process in order to solve the problem of employee performance.*

**Key words:** Organizational Performance, State Corporations, Employee Performance, Firms, knowledge transfer.

## Introduction

Employees' performance is the ability of the employees to achieve both their own goals and that of the organization (Blume, Ford, Baldwin & Huang, 2010). Employee performance is considered a critical determinant of an organization's capacity to confer sustainable competitive advantage and is directly associated with organizational performance (Shafloot, 2012). High performance results from appropriate behaviour, especially discretionary behaviour and effective use of the required knowledge, skills and competencies (Pham, 2008). Knowledge generation and transfer is a source of firm's sustainable competitive advantage and transnational's principle method of achieving a competitive edge in a competitive environment (Ogendo, 2014; Najabat, 2015).

For effective transfer of knowledge, the knowledge transfer processes are supported by information communication technology (Blume et al., 2010). Information Communication Technology (ICT) is recognized as an important enabler for knowledge transfer processes (Alavi & Leidner, 2007). ICT is an important tool for transferring explicit knowledge between people in the organization as it supports communication and enables collaborative learning (Pham, 2008; Song 2010). Information communication aiding technologies help to accelerate the speed of knowledge transfer within firms (Kim & Trimmi, 2007). Workplace coaching which is critical to employee performance is defined as a knowledge transfer mechanism imparted to employees as an integral aspect with the purpose of improving the workers' capability and workplace performance (Martin, 2005). Coaching is a powerful strategy for the 21<sup>st</sup> Century workplace, as the determinant of a successful firm is the clear sense of individual values of the all employees and the alignment of their goals with that of the firm. Coaching helps people to improve their performance and enhance their quality of life (Cai & Klyushina, 2009). Coaches seek to elicit solutions

and strategies from the coaches as they believe that they are naturally creative and resourceful.

## Statement of the Problem

Employee performance is important in determining a firm's capacity to confer sustainable competitive advantage and high performing employees are those who improve firm's performance (Shafloot, 2012). Employee performance is improved through effective coaching process and supported by ICT (Jones & Mahon, 2012; Rasula, 2012; Pham, 2008). ICT is recognized as an important enabler for knowledge transfer processes (Alavi & Leidner, 2007; Blume, 2010). ICT is an important tool for transferring explicit knowledge between people in the organization as it supports communication and enables collaborative learning (Song, 2010; Pham, 2008).

Despite the value attributed to employees performance on the overall firm performance, there is an increased decline of individual employee performance in public sector globally (CCGA, 2013; RSA, 2013). Coaching which forms the basis of improving individual employee performance has not received adequate empirical examination (Anitha, 2014). Success of a coaching process is heavily dependent on the trustful relationships between the coach and the employee (Wu, Cheng & Huang, 2010). Although the Republic of Kenya has heavily invested in SCs, the same have continued to record poor performance (OECD, 2005; RoK, 2011). The Kenyan SCs employ about 119,689 workers with an annual wage bill of over 131.2 billion Kenya shillings but only 51% of SCs are self-sustaining (RoK, 2013). This declined performance is of great concern to the Government, people of Kenya and International Community as SCs play a fundamental role in enabling social and economic transformation. The dismal performance is attributed to declining employee performance due to inadequate coaching strategies (IDSA, 2009; Ogendo, 2014). At local and regional levels, there

are inadequate studies which have examined how the problem of employee performance can be addressed through the process of coaching (Guyo, 2012; Ogendo, 2014).

This study, therefore, sought to fill the identified gaps by examining the effect of coaching on employee performance in State Corporations in Kenya. ICT is an important tool in aiding and supporting knowledge transfer processes and therefore was considered in this study as a moderator of the relationship between coaching and employee performance in SCs in Kenya.

### **Objective of the Study**

The purpose of this study was to evaluate the effect of coaching on employee performance in State Corporations in Kenya.

### **Research Hypotheses**

In the light of the above objective, and in view of previous studies in this subject matter, the following research hypothesis was formulated:

**H<sub>1</sub>:** There is a significant positive relationship between coaching and employee performance in State Corporations in Kenya.

### **Theoretical Framework**

The study was anchored on two major theories namely: Knowledge Based Theory of the Firm, and Dynamic Theory of Organizational Knowledge Creation. The review of the theories provided a clear link between coaching and performance in the State Corporations in Kenya.

### **Knowledge Based Theory of the Firm**

Knowledge based theory of the firm is traced to Winter's (1987) observation that explicit knowledge is easier and less costly to pass on and replicated than tacit knowledge, the transfer of which can only take place in face to face interaction in master/apprentice like relationships. The knowledge based approach to the theory of the

firm argues that the very existence of firms is due to their ability to manage knowledge, especially in its tacit forms more cheaply and efficiently than is possible under other forms of governance.

The theory argues on the efficiency of firms in the exploitation of the existing knowledge and at the same time creates new knowledge. Firms are seen as superior vehicles for the transfer of tacit knowledge within epistemic communities, that is; functional or occupational groups whose members have the same training and professional experiences. Lack of common expertise makes knowledge sharing difficult.

Knowledge based theory of the firm considers knowledge as the most strategically significant resource of a firm. Its proponents argue that because knowledge based resources are usually difficult to imitate and socially complex, heterogeneous knowledge bases and capabilities among firms are the major determinants of sustained competitive advantage and superior corporate governance. This knowledge is embedded and carried through multiple entities including organizational culture and identity, policies, routines, documents, systems, and employees.

Although the resource based view of the firm recognizes the importance role of knowledge in firms, that achieve competitive advantage, proponents of knowledge based view argue that the resource based perspective does not go far enough and treats knowledge as a generic resource rather than having special characteristics. The theory explores the coordination mechanisms through which firms integrate expert knowledge of its employee to enhance organizational performance. The expert knowledge possessed by coaches and mentors play an important role in improving employee performance.

## **Dynamic Theory of Organizational Knowledge Creation**

The dynamic theory of organizational knowledge creation (Nonaka, 1994) intensifies individual creativity and shapes it up as a part of knowledge network of an organization. The theory addresses knowledge transfer from tacit knowledge to tacit knowledge (through socialization process), from explicit knowledge to tacit knowledge (internalization), from tacit to explicit knowledge (externalization) and from explicit to explicit (combination); and enables the collection of raw data, retrieving data, investigative new solution based on probabilistic queries and install permanency of newly discovered actions (Bhajarria, 2000).

The theory elaborates how knowledge can be created by individual, organizations and societies through spiral interactive intensification of tacit and explicit knowledge (Ogendo, 2014). Li and Luo (2010) argued that socialization has significant effect on knowledge transfer and performance with organizational learning playing a mediating role. The theory advocates for transfer of knowledge within organizations to improve employee performance and enhance organizational performance as a whole. Knowledge creation and transfer is essential for organization (Aghajani et al., 2011). The theory focuses on knowledge creation within the organization and considers human assets as the major tools of knowledge transfer processes.

## **Empirical Review**

### **Employee Performance**

Employees' performance is the ability of the employees to achieve both their own goals and that of the organization (Blume, 2010). Employee performance is considered a critical determinant of an organization's capacity to confer sustainable competitive advantage and is directly associated with organizational performance. Performance is the accomplishment, execution, carrying out,

working out of anything ordered or undertaken (Armstrong, 2006; Robbin, 2006). Employee performance is considered a critical determinant of an organization's capacity to confer sustainable competitive advantage (Shafloot, 2012). Employee performance is a subset of organizational performance. It is the ability of the employee to achieve goals and objectives of the organization for competitive advantage (Blume, 2010). Employee performance is reflection of both their organizational commitment and satisfaction in their jobs (Hariharan, 2002).

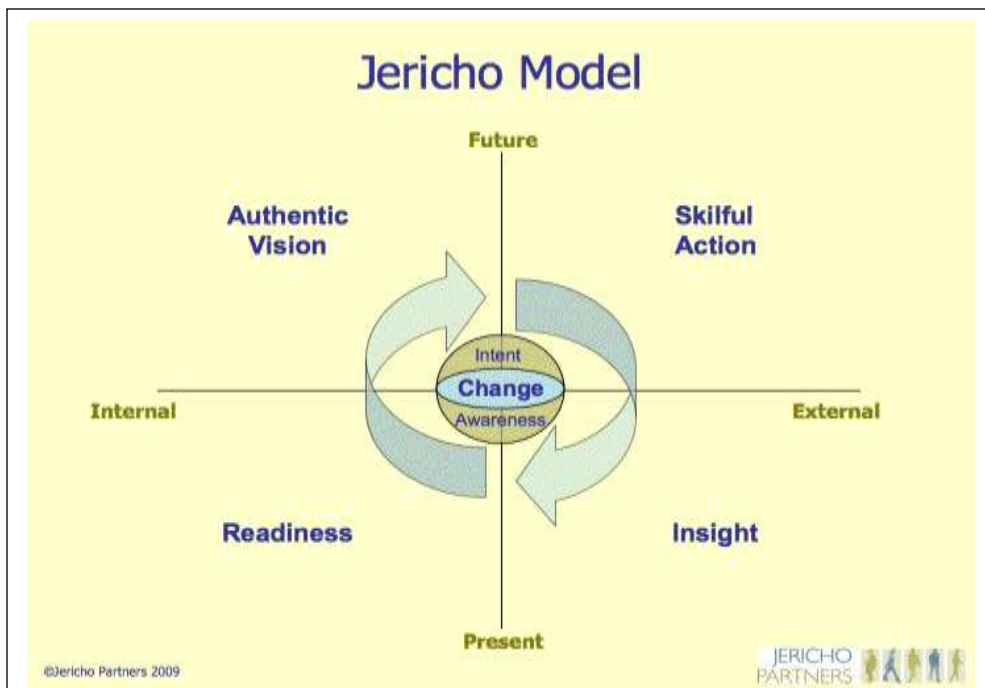
### **The Coaching Process**

According to International Coaching Federation, coaches provide an ongoing partnership designed to help clients produce fulfilling results in their personal and professional lives. In coaching, the coach asks the questions as the coachee thinks and generates solutions. Coaching helps people to improve their performance and enhance their quality of life (Cai & Klu, 2009). Coachers seek to elicit solutions and strategies from the coach as they believe that they are naturally creative and resourceful. The job of the coach is to provide support to enhance skills, resources and creativity which the coachee already has. Coaching aims to empower people to create and help them to discover their potential abilities and talents instead of focusing on what they cannot do (Wright, 2005). This way, the overall mental health and quality of personal professional life is improved.

Coaching is a powerful strategy for the 21<sup>st</sup> Century workplace, as the determinant of a successful firm is the clear sense of individual values of the all employees and the alignment of their goals with that of the firm. Success of a coaching process is heavily dependent on the trustful relationships between the coach and the employee (Wu, Cheng & Huang, 2010). Thus while using coaching method, the coach first understands the cultural diversity of the individual employee (Serrat 2010). The cultural

diversity such as religion, race, colour, belief systems, gender, and ethnicity among others may considerably affect the coach and coachee relationships (Wilkesmann & Fischer, 2009). The outcome of coaching for employees include enhanced vocational knowledge and skills, enhanced generic skills (e.g. communication, working in teams, problem solving, planning and organising tasks, self-management), greater

motivation and morale, improved clarity about career direction, increased innovation and increased job satisfaction (Stolmack and Martin, 2011). The benefits of training are greater when training is integrated with coaching and associated practices such as individual development plans, personal action planning and feedback systems. The Jericho Model indicated in figure 1 illustrated the coaching process in a clearer manner.



Source: The Jericho Partners, 2009

**Figure 1: Coaching Framework**

The Model describes coaching as consisting two fundamental elements namely; the purpose of coaching and the means by which that purpose is achieved. The means to achieve the purpose is through the interaction with the environment. The relationship between internal and external environment provides the second dimension of the model. The purpose of coaching is always to help the coaches change something that is; to improve their performance, to develop their leadership qualities, to enhance their partnership skills and to realize their vision.

Readiness describes the process of developing autonomy, responsibility, and the ability to choose

freely unconstrained by personal history. Here, the coach's stance is nurturing and supportive and aims to help the coaches develop a strong positive self-image and sense of self-worth so that they have a solid, stable foundation to their lives. Authentic Vision involves connecting with a sense of purpose, identifying and choosing values, creating a compelling and stretching vision which is aligned to and supports the corporate vision, and committing to realizing it.

A key skill at this stage is the ability to create and hold a tension between the current reality and the vision. Without the ability to hold this tension, the vision merges with the current reality and merely

reinforces the status quo. Insight is the process of getting feedback from the environment about what is being achieved and the extent to which the vision is being realized and its achievement sustained.

The role of the coach is to challenge the coachee to see clearly the impact of what they are doing and to help them answer the question "am I creating my vision?" The ability to be self-aware and the ability to exercise will or intent provides the underlying context for the coaching process and the degree to which the coachee enhances these two skills is one of the best indicators of successful coaching (ICF, 2004). Coaching process has a micro scope as it is more of specific job related.

### Study Methodology

This study was anchored on positivism research philosophy approach. The study adopted mixed methods research which was guided by cross-sectional survey design. The mixed methods research enables a researcher to combine elements of both qualitative and quantitative research techniques (Johson, Omwuegbuzie & Turner, 2007; Ndungu, 2014). The cross sectional survey design was appropriate for this study as it enabled the testing and analysis of the relationship between variables.

The target population for this study was 187 State Corporations in Kenya. The unit of analysis was State Corporations while the unit of observation was HR managers or their equivalents. A total of 126 HR managers or their equivalents were respondents in this study.

The purpose of this research was to draw conclusions and make predictions affecting the population as a whole and therefore probability sampling was the most appropriate. According to Sekaran and Bougie (2015), a sample is a subgroup or subset of a population and by studying the sample, the researcher should be able to draw conclusions that are generalizable to the whole population.

Mugenda (2011) suggested the following formula for estimating sample size;

$$n_0 = \frac{Z^2 pq}{d^2} \dots\dots\dots\text{equation 1}$$

Where,

$n_0$  is the desired sample size when target population is large, mostly a population of more than 10,000;

$Z^2 \dots$  is the standard normal deviation at the required confidence level (= 1.96) for a confidence level of 95%; and

$p\dots$  is the proportion in the target population estimated to have the characteristics being measured when not sure where the middle ground is taken (=0.5).

Statistically,  $q = 1-p$  (0.5)

$d\dots$  is the level of statistical significance (=0.05)

Therefore,

$$n_0 = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2} = 384$$

This gave a sample size of 384 which can be adjusted when the population is less than 10,000 as indicated below;

$$n = \frac{n_0}{1 + n_0 / N} \dots\dots\dots\text{equation 2}$$

Where,

$n$  is the desired sample size for a small population

$n_0$  is the desired population for a large population

$N$  is the sample size

$$n = \frac{384}{1 + 384 / 187} = 126$$

Therefore, from the target population of 187 SCs, the sample size for the study was 126 and this formed the unit of analysis. The proportionate sample size of each of the categories of the SCs was as indicated below:

Purely commercial =  $34/187 \times 126 = 23$

Corporations with Strategic function =  $21/187 \times 126 = 14$

Executive Agencies (State Agencies) =  $62/187 \times 126 = 42$

Independent Regulatory Agencies =  $25/187 \times 126 = 17$

Research Institutions =  $45/187 \times 126 = 30$

**Table 1: Sample Size**

State Corporation	Target Population	Sample size (study population)	Sample size of the Units of observation (respondents)
Purely Commercial Corporations with Strategic function	34	23	23
Executive Agencies (State Agencies)	62	42	42
Independent Regulatory Agencies	25	17	17
Research Institutions (public universities, tertiary education and training institutions)	45	30	30
<b>Total</b>		<b>126</b>	<b>126</b>

To determine the 126 SCs to be selected from the total target population of 187 SCs, the researcher applied stratified random sampling.

**Research Findings**

Majority of the respondents (73%) agreed to the opinion that the organization had internal capacity of coaches, 12% were undecided and 15% disagreed with the opinion. The overall scale mean was 3.73 (M=3.73) depicting agreement with the item. Asked if the organization sourced coaches externally, 63% agreed, 15% were undecided and 23% disagreed with the opinion. The overall scale mean for the item was 3.56 (M=3.56) depicting agreement. On the statement whether coaching improved employee performance majority of the respondents (85%) agreed, 5% were undecided and 10% disagreed. The overall scale mean was 4.33 (M=4.33) indicating strong agreement with the item. When asked how important employee coaching was to them as HR experts 49% responded very important, 43% indicated important, 3% indicated slightly important, 2% indicated least important and 3% indicated not important at all. The overall scale mean was 4.34 (M=4.34) depicting

very important (i.e. mean greater than 4.0). On the opinion whether the top management valued employee coaching, 18% indicated very important, 66% indicated important, 11% indicated slightly important, 3% indicated least important and 2% indicated not important at all. The overall scale mean was 3.94 (M=3.94) depicting important (i.e. a mean greater than 3.5 but less than 4.0).

As to whether the organization had coaching guidelines in place, majority of the respondents (75%) agreed, 1% was undecided and 24% disagreed. The overall scale mean was 3.65 (M=3.65) depicting agreement (i.e. a mean greater than 3.5 but less than 4.0). Asked if all the employees were taken through the guidelines, 57% of the respondents were in agreement, 13% undecided and 30% disagreed. The overall scale mean was 3.51 (M=3.51) depicting agreement. On the statement whether the guidelines focused on continuous coaching 61% were in agreement, 15% undecided and 25% disagreed. The overall scale mean (M=3.47) depicted moderate agreement (i.e. mean of less than 3.5 but greater than 3.0).

The finding was in line with the International Coaching Federation which, while comparing the



impact of coaching and training on individual growth, came to a conclusion that training takes growth only up to 20% while coaching takes it to 80% and that coaching improves peoples' individual skills to perform by 85% (ICF Publication, 2014). The citation from ICF indicated the power of coaching to individual performance.

### Results of Correlation Analysis

Correlation analysis of the study variables was carried out to investigate the degree of relationship between them. A Pearson correlation coefficient (r) analysis was performed on independent and dependent variable. Coaching was positively correlated (r=.775) to employee performance and the relationship was statistically significant (p=.000<0.01). A correlation of above 0.90 is a strong indication that the variables may be measuring the same thing (Tabachnick & Fidell, 2013). The fact that the correlation was less than 0.90 was an indication that the various factors were sufficiently different measures.

### Regression Analysis Results

The regression results showed the relationship between coaching and employee performance in

State Corporations in Kenya was significant [F (1, 80) =139.589, p-value=0.000<0.05] with multiple R<sup>2</sup> =0.636. This implied that 63.6% of the variance was explained by the model. However, the other variation of 36.4% in the outcome was not related to coaching and could be explained by other factors. F value of 139.589 was statistically significant (p=0.000<0.05) and therefore unlikely that an association of this strength could have occurred in the sample if there was no association in the overall population. Multiple R showed the strength of the relationship between the outcome variable and the value predicted by the model and indicated how well the model fitted the data. In this case the value of multiple R (.797) means the model fits the data adequately.

The finding was in line with Cai and Klyushina (2009) in their study on talent retention and development within multinational company in China which concluded that there is a significant relationship between coaching and organization performance. It collaborated by International Coaching Federation (2014) which found out that coaching creates an environment for individual sustainable growth and improvement.

**Table 2: Model Summary for regression of coaching on performance**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.797 <sup>a</sup>	.636	.631	.53244

a. Predictors: (Constant), Coaching

b. Dependent Variable: Performance

### ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	39.573	1	39.573	139.589	.000 <sup>b</sup>
	Residual	22.680	80	.283		
	Total	62.252	81			

a. Dependent Variable: Performance

b. Predictors: (Constant), Coaching

## Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.098	.246		4.459	.000
	Coaching	.705	.060	.797	11.815	.000

a. Dependent Variable: Performance

### Hypothesis Testing

The hypothesis of the study was that *there is a significant positive relationship between coaching and employee performance in State Corporations in Kenya*. The model equation for the relationship between coaching and employee performance in State Corporations in Kenya was therefore:

$$Y = \beta_0 + \beta_2 X_2 + \varepsilon \dots\dots\dots \text{Equation 1}$$

Where Y is employee performance,  $\beta_0$  is the Y intercept,  $\beta_2$  is the gradient of the regression line  $X_2$  is coaching and  $\varepsilon$  is the error term

When substituted, equation 1 became;

$$Y = 1.098 + 0.705X_2$$

The path coefficient was positive and statistically significant ( $\beta = 1.098$ ,  $t = 11.815$ ,  $p = 0.000 < 0.05$ ) indicating that, for one unit increase in coaching, employee performance in State Corporations in Kenya increased by .705 units. In this case, coaching made a significant contribution since the t-statistic is statistically significant ( $p = .000 < 0.05$ ). Therefore the hypothesis was accepted and concluded that there is a significant positive relationship between coaching and employee performance in State Corporations in Kenya.

### Discussion

The study sought to evaluate the effect of coaching on employee performance in SCs in Kenya. It was evidenced that coaching had a positive relationship with employee performance in SCs in Kenya. The alternative hypothesis "*there is a significant positive relationship between coaching and employee performance in State Corporations in Kenya*" was

therefore accepted as it was well supported statistically.

Coaching process had a statistically significant effect on employee performance. Coaching explained to a large extent the variation in employee performance and only a small percentage of the variation was due to other factors.

On the various factors considered under the construct and specifically on the question *how important is coaching to an institution as well as improving employee performance*, there was a strong agreement on the importance of coaching and its effect in improving employee performance. Other factors under the same construct scored above average and none was below average. The importance of coaching to employee performance was well supported through the hypothesis testing with the result giving a positive statistical significance. Among all the explanatory variables considered in the study, coaching was the strongest predictor of employee performance. This meant that the management of SCs should allocate more resources towards coaching in comparison with the other knowledge transfer processes.

The results were in tandem with findings from other relevant studies that put emphasis on the significant effect of coaching on performance. Cai and Klyushina (2009) concluded that there was a significant positive relationship between coaching and organization performance as well as individual performance. Coaching creates an environment for individual sustainable growth and improvement in all areas of life (ICF, 2014). In addition, coaching

improves people skills by 85% (ICF, 2014) and this illustrates the effect of coaching on individuals. Coaching enables the development of individual knowledge, skills and attitudes which translates to high performance (McCarthy, 2013).

Coaching is well anchored in the dynamic theory of organizational knowledge creation advanced by Nanaka (1994) which focused on knowledge creation within an organization and considered human assets as the major tools of knowledge transfer processes. Coaching as a knowledge transfer process is based on individual and or group expertise in a specific area which is eventually passed on to other individuals to improve their individual performance in that area.

### **Conclusions**

Based on the findings, it was concluded that coaching had a positive significant effect on employee performance in State Corporations in Kenya. The study concluded that coaching was a very important tool in improving employee performance. The conclusion was in consistent with the existing literature on the subject matter. Cai and Klyushina (2009) concluded that there existed a significant relationship between coaching and organizational performance as well as improving of individual employee performance. Though coaching was a young concept, the results of the analysis showed that coaching was the strongest predictor of employee performance and therefore its importance cannot be over-emphasized. Experience was found to be the most important aspect while sourcing for a coach among other factors and therefore important to be considered.

### **Recommendations**

The study established that coaching is the strongest predictor of variation in employee performance and therefore SCs should direct more resources into it to enhance employee performance.

Since the result showed that the relationship between coaching played a critical role in employee performance in state corporations in Kenya, creating an enabling organizational work environment for coaching would go to a great extent in improving performance. HR managers of the State Corporations and other employee relations firms need to foster the formation of an intensive social network among employees on the need for adaptability of coaching programmes.

Currently, there is no philosophy or policy statement on coaching in Kenyan State Corporations. Policies should be developed and implemented and should include ability to assimilate technology to enable them create and set opportunities for social advancement, economic development, growth and individual fulfillment. Thus, it is critical for the government and even the private sector organizations to invest extensively in employee coaching.

### **Areas for Further Research**

Future research could test it in other settings and for instance could employ the same model to address the problem of employee performance in the private sector organizations as they also heavily contribute to the economy of Kenya.

Each entity has its own specific operating environment which affects its general operations and this does not exclude state corporations in Kenya. Kenya differs from the developed countries being a transition economy with different culture and technological challenges. Thus, this research lacked comparative data to examine whether business/industry environment affects knowledge transfer. Future research can address this gap by comparing how knowledge transfer processes occur within entities operating in different environment and their overall effect on individual performance.

The study adopted mixed methods research guided by cross-sectional survey. The methods produced positive significant results. Other techniques can be

used to test the same research such as structural equation modelling among others. The results

obtained from the application of other techniques could be analysed and compared.

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