

**EFFECT OF ORGANIZATIONAL POLICIES ON THE FINANCIAL PERFORMANCE
OF ROAD TRANSPORT COMPANIES IN KENYA: A CASE STUDY OF MULTIPLE
HAULIERS (E.A.) LIMITED**

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ABSTRACT

There has been stiff competition amongst transport companies which has resulted in the steep decline of road freight rates of between 20% and 30% across various transport companies. Furthermore, the transportation costs in the Northern Corridor from Mombasa to various destinations across East African Community has reduced. In wake of such challenges, it raises concerns on the financial performance of the road transport companies in East Africa and how the organizational policies they have adopted affect their financial performance. The general objective of the study was to evaluate the effect of organizational policies on the financial performance of road transport companies in Kenya. The specific objectives were to evaluate the effect of investment policy on the financial performance; to evaluate the effect of health and safety policy on the financial performance; to determine the effect of training and personnel development policy on the financial performance of Multiple Hauliers (E.A.) limited. Case study research design was adopted whereas the target population was employees of Multiple Hauliers (E.A.) Limited. The researcher used simple random sampling to select the respondents. The sample size was five (5) respondents. Primary data was collected using questionnaire which was administered to the respondents through drop and pick later method. Pilot test was conducted before the actual data collection exercise aimed at ensuring that the questionnaire was reliable and of acceptable validity. Quantitative data collected was analyzed using descriptive statistics. Statistical Package for Social Sciences (SPSS) was used to assist in data analysis. The findings were presented in tables, charts and graphs. The study findings revealed that investment policy affected financial performance of road transport companies in Kenya to a great extent. Investment in fleet provided opportunity for transport companies to ferry variety of goods, hence increasing returns. On the other hand, increasing fleet size enabled transport companies to increase their transit operations while exploitation of new routes of operation result to increased customers' service. The study further established that health and safety policy adopted by road transport companies affect their financial performance to a very great extent. Such health and safety policies stipulated that companies have tracking systems, operations control procedures, management of work-related safety. Financial performances of the transport companies was enhanced through companies' adoption of tracking systems which lead to quick response to emergencies and minimized operating expenses. Further, tracking systems enable the companies to save costs and control of night time driving reducing risks of accidents. More so, customer turnover is reduced through companies adoption of tracking systems, as such move builds customers confidence. It emerged that training and personnel development policy affected financial performance of road transport companies in Kenya to a very great extent. Through training and personnel development activities in the company, employees' job knowledge is enhanced leading to intensified efforts of pursuing company's organizational goals. To add, through training, employee expertise was developed, enabling them to execute their responsibilities efficiently. It is recommended to the management of Multiple Hauliers limited as well as other road transport companies to direct their efforts toward investment and have result based investment policies as such will translate to the companies posting better financial performances. Further, it is recommended to all the road transport companies to put in place health and safety policies or improve on the existing health and safety policies in order to reap such benefits.