

**INFLUENCE OF EMPLOYEE MOTIVATION ON PERFORMANCE IN THE  
CATERING AND HOSTELS DEPARTMENT, UNIVERSITY OF ELDORET.**

**KYOLOLO ANGELINE MUENI**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION OF THE UNIVERSITY OF ELDORET,**

**KENYA**

**NOVEMBER, 2013**

## DECLARATION

### Declaration by Candidate

This research project is my original work and has never been presented or submitted for examination purpose to any institution.

**Kyololo Angeline Mueni**

**Reg. No. BMS/PGMBA/01/011**

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

### Approval by Supervisors

This research project has been submitted for examination with our approval as School of Business and Management Sciences Supervisors:

Dr. Bernard Kibeti Nassiuma

Department of Business Management

University of Eldoret

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

Dr. Paul OKelo Odwori

Department of Business Management

University of Eldoret

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

## **DEDICATION**

This document is dedicated to my sons; Mathew and Tony, and my daughters; Lydia and Cynthia. I also dedicate it to my brothers Peter and O`brien, and my sisters Rose and Jemimah. Lastly to my dear mother Mrs. Lydia Kyololo and posthumously to my late father Mr. Kyololo.

## ABSTRACT

The purpose of the study was to determine the influence of motivation on workers' performance in the Catering and Hostels departments in the University of Eldoret. The study was guided by the following objectives; to establish the different motivation techniques used in the University of Eldoret, to identify the current employee motivation, to examine the relationship between employee motivation and performance, to determine the potential challenges faced by the University of Eldoret in providing employee motivation. The target population was 164 respondents at the University of Eldoret and a sample size of 56 respondents who were selected using purposive and simple random sampling. The main data collection instrument used by the researcher was questionnaires. Descriptive and inferential statistics were used in analysis. From the study the university employs monetary incentives like salary increase, bonuses and vouchers motivation techniques. However, they also motivate their employees through empowerment, involvement in decision making, recognition and promotions at work. Employees were motivated when the organization employed certain occasional motivation techniques and some did not care much about motivation as long as the organization was keen to keep them in employment. There was positive relationship between the bonuses given to employees, promotion, the salary increase, employee recognition and their performance. There was a negative relationship between the regular salary payment, vouchers and involved in decision making. The performance of employees depend on different expectations and desires at work. Some rewards can be really rewarding for them but others are rather seen as factors that negatively influence their performance. The study recommends that the University should motivate their employees in order to achieve their set goals and objectives; it should ensure that employees are satisfied and contented with what they have in the organization.

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## OPERATIONAL DEFINITION OF TERMS

**Employee performance:** Refers to the efficiency and effectiveness of employees in achieving organizational objectives. It can be evaluated by considering the level of absenteeism, quality of reports, and time of reporting for and leaving for duty.

**Employee satisfaction:** Refers to the positive or negative aspects of employee's attitude towards their jobs or some features of the job.

**Factors affecting employee performance:** Refers to aspects that influence employee performance and cause them to behave in different ways towards the attainment of organizational goals.

**Job security:** Can be defined as assurance of maintaining employment even in spite of extenuating circumstances.

**Motivation:** Refers to a complexity of forces inspiring a person at work to intensify his desire and willingness to use his/ her potentialities to perform in order to achieve organizational objectives. It refers to conditions which influence the arousal, direction and maintenance of behavior relevant in working setting.

**Motivational challenges:** Can be defined as factors or situations which hinder successful administration of incentives to the intended partners. They usually come in to block their effective application.

**Organizational Goals:** In the study it refers to the targets that employees in the organization should meet.

**Organizing** refers to involvement in the complete understanding of the goals of organization, the necessity of proper co-ordination, and the environmental factors that influence the goals and employees within the organization.

**Performance Indicators:** Refers to a set of measurable values that demonstrate the achievement of an outcome. They enable decision makers to assess progress towards the achievement of organizational goals.

**Performance:** It refers to the act of achieving set targets either at the employee or organizational level.

**Productivity:** Refers to a measure of a person, machine or organization in converting inputs into useful outputs.

**Deadline:** refers to time limit as for payment of a debt or completion of an assignment. We consider whether the employee is able to consistently meet productivity

**Promotion:** Can be defined as advancement to a higher level on a job with increased authority, responsibility and pay.

**Teamwork:** Refers to actions of individuals brought together for a common purpose or goal.

**ABBREVIATIONS**

**ARI** Africa Research International

**CIT** Critical Incident Technique

**HRM** Human Resource Management

**HR** Human Resource

**KPIs** Key performance indicators

**SPSS** Statistical Package for Social Sciences

## **ACKNOWLEDGEMENT**

Firstly, I would like to acknowledge my supervisors, Dr. B.K. Nassiuma and Dr. P. O Odwori for all the guidance and their positive criticism towards the completion of this research project. I also acknowledge my family, friends and relatives for the moral and any form of support they offered while undertaking this.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Performance in organizations comprises the actual output or results of an organization as measured against its intended outputs (Barber, 2009). Specialists in many fields, especially in the organizations management are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development (Shin, 2006). Within corporate organizations, there are three primary outcomes analyzed: financial performance, market performance and shareholder value performance (in some cases, production capacity performance may be analyzed (Ahmed, 2009). In order for an organization to survive and prosper, particularly during times of economic uncertainty, it should recognize the elements that contribute to the health, safety and comfort ability of employees for the improvement of the organization's performance (Cohen, 2001). Organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment, product market performance (sales, market share and many more.); and shareholder return (total shareholder return, economic value added (Richards, 2009).

Motivation is among the factors that affect organizational performance (Shemimah, 2011). Employees who are motivated to perform their job duties usually are conscientious workers whose pride shows in the quantity and quality of their work.



Enthusiasm, commitment, pride and productivity are cornerstones of employee engagement. Latt, (2008) alludes that employees are a company's livelihood, and their well being in an organization is paramount. How they feel about the work they are doing and the results received from that work directly impact an organization's performance and, ultimately, its stability.

Organizations whose employees have low motivation are completely vulnerable to both internal and external challenges. This is because its employees are not going the extra mile to maintain the organization's stability (Williams, 2011). An unstable organization ultimately underperforms and hence may lead to its collapsing. Williams further explains that lack of motivation equates to less work being accomplished. Productivity may be transferred to aspects not related to the organization's work. Reduced productivity can be detrimental to an organization's performance and future success (Cohen, 2001).

The manager or supervisor can set development goals for the worker during an employee evaluation (Joseph, 1998). Goals and training encourage a worker to reach his career goals and aspirations. Workers often feel less motivated to show up for work every day when the company does not recognize accomplishments or use programs to develop the careers of its employees. The motivational programs create a team atmosphere in the organization as well as improving the quality of the work. Companies that promote employees from within and offer recognition for superior performance enhance workers satisfaction on the job.

The first wave of motivation policies were put in place in developed countries in the 1980s, the governments of Canada, Denmark, the Netherlands, New Zealand, Spain, Sweden, the United Kingdom and the United States were among the first to adopt these motivation strategies in one form or another. The second round was started in the early 1990s, with the adoption of the employee motivation policies in Australia, Finland, Ireland and Italy. Most recently, countries such as Germany, Korea, and Switzerland, as well as some in Eastern Europe (the Czech Republic, Hungary, Poland and the Slovak Republic), began to put motivation mechanisms in place. In 2004, France started experimenting with motivation for top level civil servants (director's level) in six pilot ministries. More than two-thirds of these countries have now introduced performance-related pay for at least part of their civil service. Mostly, countries which have developed the strongest links between performance appraisals and pay as employee incentives are those which have the highest delegation of responsibility for human resources and budget management, usually position-based systems (Thomas, 2003). Motivation in these countries has been seen as a great deal in the performance of the employee and in return, it has brought about increase in the company's overall output (Williams, 2011).

The most worrisome problem American business are facing today is the low employee work productivity (Joseph, 1998). In the past, America's industrial gains had been the highest in the world, but lately their productivity growth has declined, particularly when compared with some of our industrial competitors (Latt, 2008). A decline in productivity is a cost that many companies cannot afford. The decline in employee motivation and in

commitment to high-quality work performance may well be one of the major causes of this productivity slowdown.

Some of the African countries have developed innovative approaches to increase the number of trained workers and by developing training programs to address some of the misdistribution problems have been attempted in various countries (ARI, 2010). For example, some countries offer free training to students from developing countries. A research conducted by (Africa Research International, 2007) in Uganda, showed that, Uganda graduated nearly 4,000 international students from its medical schools between 1966 and 2004. Egypt, for example, trains more physicians than it needs, but because of the low remuneration for working in rural areas, doctors often prefer to leave the country or leave the profession rather than move to rural areas (ARI, 2010)

Organizations as well as the government in Kenya have developed motivation plans in welfare activities (Martha, 2010). Providing housing loans, insurance schemes and death donation schemes are most commonly practiced welfare activities. Providing nutritious meals, transport facilities and daycare center facilities are also some welfare activities that can be helped to improve labor motivation. Now many corporate persons are heading towards the recognition of corporate social responsibility. This new concept also can be used to improve the labor relations in companies. Evaluating educational performances of worker's children, providing health care coverage for the whole family are mostly seen labor motivation activities under corporate social responsibility that is practiced in the twenty first century (Martha, 2010).

## **1.2 Statement of the Problem**

Employee motivation is an integral component in realizing high performance in organizations. Motivation in most organizations is provided through a number of incentives such as recognition, good remuneration and respect among others. The results of the employee performance appraisal at the University of Eldoret in the catering and hostels department has suggested some conflicting aspects. This include complaints regarding poor working conditions inadequate recognition and poor remuneration which has resulted in the low morale hence the need for this study.

## **1.3 General Objective**

The main objective of this study was to determine the influence of motivation on workers' performance in the Catering and Hostels department in the University of Eldoret.

### **1.3.1 Specific Research Objectives**

This study was guided by the following specific objectives:

1. To establish the different motivation techniques used in University of Eldoret
2. To identify the current status of employee motivation.
3. To examine the relationship between employee motivation and performance
4. To determine the potential challenges faced by the university of Eldoret in providing employee motivation.

## **1.4 Justification of the Study**

Public sector in the country has for long been considered to be an underperforming sector compared to the private sector in the country. This has been due to a number of issues including the inability of employees to meet organizations goals and objectives. The public sector has employed a number of measures including performance contracting which has not yielded the expected results exactly.

Motivational factors have therefore been proposed as better drivers to enhance employee performance as this is the only way employees would be able to drive themselves to work even harder. The failure of employees in the public sector to be motivated could have adverse effects on the sector including poor service delivery and this would be detrimental to the country considering the sector has been entrusted to provide essential services to the citizens. This includes institutions of higher learning where the quality of education and other essential services should be provided to students. This study would be significant to the university management, employees, scholars and other comparable organizations.

### **University Management**

This study may be greatly important in improving employees' performance at workplace by the university management. The University is expected to benefit from the study, on realizing the importance of motivation, may decide to put up strategies to enhance employee motivation.

## **Management in other Organizations**

This research would help many managers and leaders apart from the ones from the university in different organizations to identify the things that they need to do, in order to motivate their employees to perform at their best. For the manager, this knowledge will therefore help them to understand what new strategies they should implement in order to motivate employees to achieve optimal business results. It is evident that there is a need for this study because of the many companies that are constantly spending money trying to increase employee motivation unsuccessfully.

## **Scholars**

In the field of academia, especially the higher education, the anticipated results of these findings may as well be of great significance to other scholars and researchers who would like to carry out a research pertinent to this topic, by providing them with suitable secondary data to help them carryout their research.

### **1.5 Scope and Delimitation of the Study**

The study was conducted at the catering and hostels departments, University of Eldoret. This was carried out with the main objective of finding out how motivation impacts employee performance in an organization or in a workplace. The target population was 164 respondents and a sample size of 46 employees and 10 managers (Administrators). Data was collected between the months of September 2012 to February 2013 using questionnaires and the interview schedules. Data was analyzed using descriptive and inferential statistics.

### **1.6 Limitations of the Study**

The study was limited by variation in the respondents understanding of the motivation methods adopted by the university, thus their possible diversity. To overcome this, the researcher employed simple random sampling technique and collected data from a large proportion of respondents. The respondents had a negative attitude towards the study, but the researcher convinced them that the research was only for academic purposes.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section of the research covers the theoretical framework, conceptual framework and general issues on employee motivation by different scholars, the review of major issues in the literature, several sources of the literature has been reviewed primarily to gain insight into the issues related to employee motivation and performance.

#### **2.2 Review of Theories**

Motivation refers to a strategy used for improving employer employee relations in an organization. It is a driving force within the employees by which they attempt to achieve their targets and goals in order to fulfill organizational expectations. There are several theories of motivation which could be used to understand its importance (Kim, 2003). If the person is at work, employers may expect them to be motivated to have outstanding performance. Since being motivated could lead to high productivity at work, professionals in the field of psychology have studied motivation and developed various theories to explain how employees are motivated. If such words as "want" and "desire" resemble motive to act, it may behoove employers to understand more about motivation and the relationship to high or low productivity (Shadare & Hamed, 2009). Employee



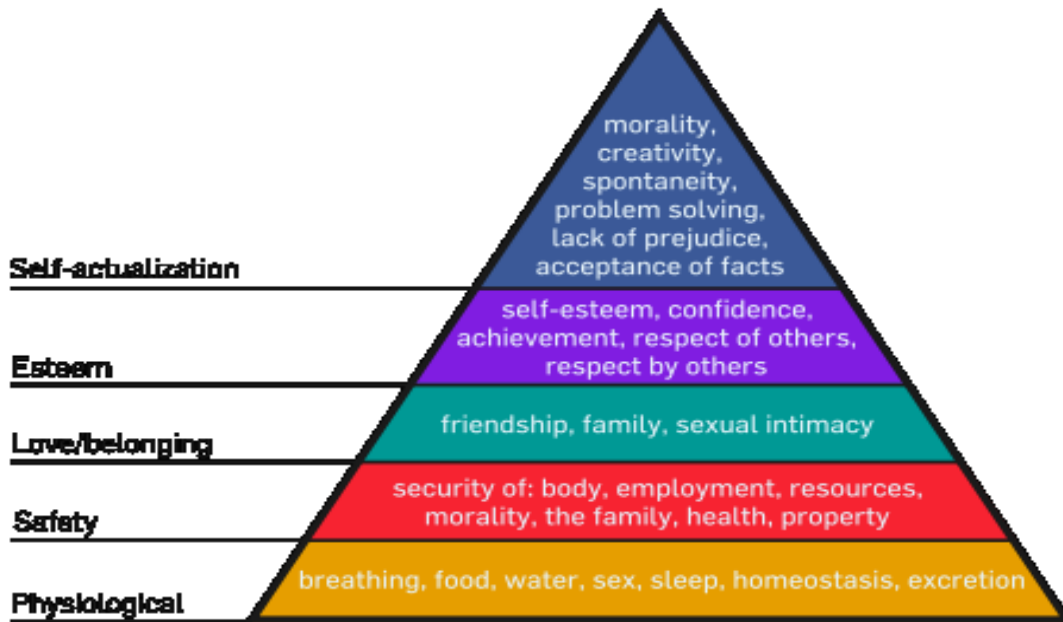
motivation is one of the most intensively studied topics in the field of social sciences (Manolopoulos, 2008).

Although employee motivation is an intricate and sophisticated issue, contemporary managers must face and address the phenomenon in order to achieve organizational success (Kim, 2003) as the strategies of managers in any organizations should aim to enhance effective job performance among workers (Shadare & Hamed, 2009). In order to ensure the success of a company, employers must understand what motivates their employees, because such understanding is essential in improving productivity (Wiley, 1997). Organizational success thus depends heavily on employee motivation, and managers will be empowered when they understand what motivates their employees (Kim, 2003).

### **2.2.1 Abraham`s Maslow theory of motivation**

Abraham Maslow (1908 – 1970) along with Frederick Herzberg (1923) introduced the Neo-Human Relations School in the 1950's, which focused on the psychological needs of employees. Maslow put forward a theory that there are five levels of human needs which employees need to have fulfilled at work. All needs are structured into a hierarchy and only once a lower level of need has been fully met, would a worker be motivated by the opportunity of having the next need up in the hierarchy satisfied. For example a person who is dying of hunger will be motivated to achieve a basic wage in order to buy food before worrying about having a secure job contract or the respect of others. A business should therefore offer different incentives to workers in order to help them fulfil each need in turn and progress up the hierarchy. Managers should also recognize that workers

are not all motivated in the same way and do not all move up the hierarchy at the same pace. They may therefore have to offer a slightly different set of incentives from worker to worker. Maslow theory of motivation (1923) formed the basis of this study owing to its relevance to motivation.



**Figure 2.2 Abraham's Maslow theory of motivation (1923)**

### 2.2.2 Other Related theories

Other related theories were examined which included the Vroom's Expectancy Theory of Motivation and Herzberg theory of motivation. These theories also contributed to the understanding of motivation in organizations.

### **2.2.2 .1 Vroom`s Expectancy Theory of Motivation**

The Expectancy Theory of Motivation was developed by Victor Vroom (1964). He was of the opinion that people made a conscious choice while deciding whether or not to perform at the workplace. However, the choice made by employees depended entirely on the employee's level of motivation which in turn was a function of three factors. This theory is relevant for this study as the theory generally accepted as the most comprehensive explanation of an employee motivation. The expectancy theory relates to an individual's increased effort and performance to the deserved and wanted rewards (Hahn & Kleiner, 2002). Based on this theory, an individual is inclined to act in a certain manner with the expectation that such act will be followed by a given outcome as well as on the attractiveness of such outcome (Robbins & Coulter, 2002).

The expectancy theory also suggests that people usually join organizations with certain values and expectations (Desimone & Harris, 1998; Curivan, 1999). A strong premise of the theory is when expectations are met, individuals are motivated and exert a high level of effort to achieve organizational and personal goals, and usually stay with the organization for a longer period of time. Otherwise, if there is a substantial gap between what an individual wants from his or her work and what he or she gets from the work, such individuals are likely to leave the organization sooner (Jurkiewicz & Massey, 1996).

The expectancy theory of motivation can be understood by examining the relationship between the attitudes of the employees; their perception regarding the feasibility of achieving the targets and the rewards they hope to receive as a consequence of elevated performance. Valence refers to the emotional orientation of a person with respect to the

satisfaction that one hopes to receive. Whether one is willing to thrust oneself in the midst of an anxiety ridden situation, or is willing to give up almost anything in order to avoid a chaotic situation, depends entirely on one's mental makeup. However, this attitude would be the deciding factor that would determine the level of employee motivation. It's evident, that in order to be motivated, a person needs to perceive the reward as a highly desirable incentive. Perceptions are, after all, a question of intrinsic beliefs (Robbins & Coulter, 2002).

A person who values money will be motivated to work towards a goal that would ensure him/her of a better compensation. One who values peace of mind will do almost anything to shy away from work and responsibilities if one perceives that these will not go hand in hand with peace of mind. It is the expected satisfaction that one hopes to experience after the attainment of the set goals. An employee, who is not positively oriented, with respect to the perceived consequences of the attainment of goals, will have a zero valence (Robbins & Coulter, 2002).

Expectancy is a person's strength of convictions as regards the ability to attain goals. People who desire the rewards, that the management is expected to bestow upon them on account of superior performance, should have strong convictions regarding their ability to deliver. An employee should feel that the efforts that he/she would like to put into work would yield the desired results. It is ultimately a question of how confident one feels about oneself. A self-proclaimed achiever may be immensely confident of the ability to perform while a doubting Thomas may have an entirely different perspective. An employee, who feels that the efforts will not yield the desired results in terms of

achieving the set targets, will have a low probability of expectancy. Probability of an event can assume values between 0 and 1 (Jurkiewicz & Massey, 1996).

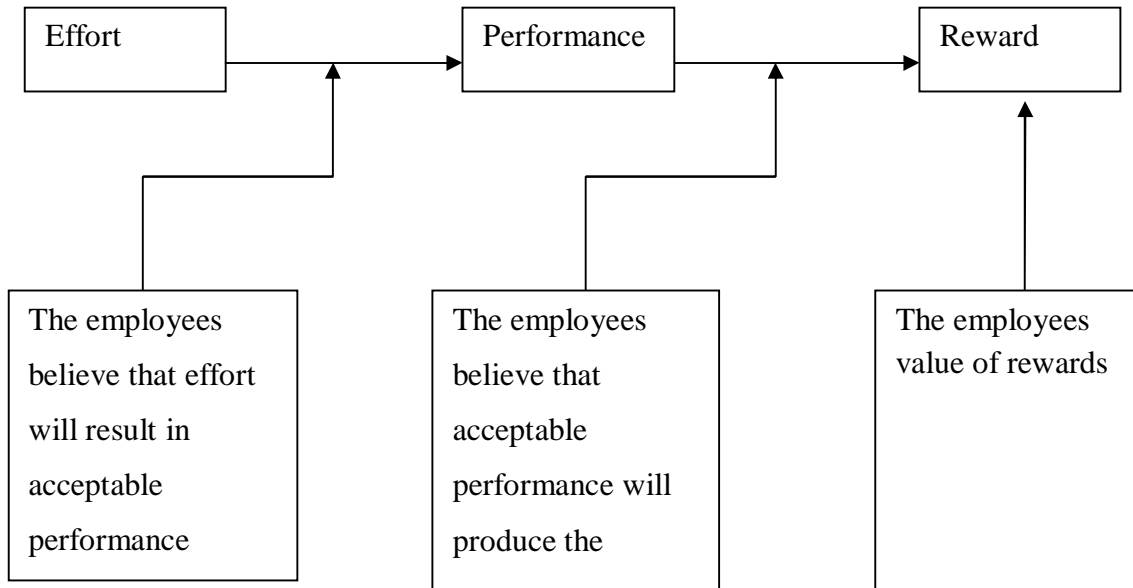
Valence or the perception that one would be satisfied on achieving the targets, results in the salesperson conquering the set targets. The targets in turn were perceived as attainable on account of the confidence that the salesperson had in his/her abilities. Valence and expectancy became instrumental in propelling the employee to achieve the targets since the employee expected to be compensated on reaching the end of the spectrum. A motivated employee is thus the product of the perceived level of satisfaction, the confidence to achieve and the rewards that the employee hopes to receive on achieving the set goals. Valence + expectancy + instrumentality = motivation.

Vroom's expectancy theory of motivation focuses on personal perceptions of the performance process, 'the more motivated the worker to perform effectively, the more effective his performance' (1970). Expectancy theory argues that the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual (1998). Expectancy is the belief that effort leads to performance, for example, 'If I try harder, I can do better.' If reflected this theory focuses on the following relationships:

**Effort** – Performance relationship – Individual perceived that exert a certain amount of effort will lead to performance;

**Performance** – Reward relationship – Individual believes that achieve the certain performance level will lead to attainment of a desired outcome; and

**Rewards** – Personal goals relationship – Organizational rewards satisfy individual personal goals or needs.



**Figure 2.1 Vroom's expectancy theory of motivation (1964)**

### 2.2.2.2 Herzberg theory of motivation

Herzberg (1923) had close links with Maslow and believed in a two-factor theory of motivation. He argued that there were certain factors that a business could introduce that would directly motivate employees to work harder (Motivators). However there were other factors that would de-motivate an employee if not present but would not in themselves actually motivate employees to work harder (Hygiene factors).

Motivators are more concerned with the actual job itself. For instance how interesting the work is and how much opportunity it gives for extra responsibility, recognition and promotion. Hygiene factors are factors which 'surround the job' rather than the job itself. For example a worker will only turn up to work if a business has provided a reasonable

level of pay and safe working conditions but these factors will not make him work harder at his job once he is there. Importantly Herzberg viewed pay as a hygiene factor which is in direct contrast to Taylor who viewed pay, and piece-rate in particular (Taylor, 1930).

Herzberg believed that businesses should motivate employees by adopting a democratic approach to management and by improving the nature and content of the actual job through certain methods. Some of the methods managers could use to achieve this are:

**Job enlargement** – workers being given a greater variety of tasks to perform (not necessarily more challenging) which should make the work more interesting.

**Job enrichment** - involves workers being given a wider range of more complex, interesting and challenging tasks in a complete unit of work. This should give a greater sense of achievement.

**Empowerment** - means delegating more power to employees to make their own decisions over areas of their working life

## **2.3 Criticisms of Theoretical Models**

### **2.3.1 Vroom's expectancy theory of motivation**

Some of the critics of the expectancy model were Graen (1969) Lawler (1971), Lawler and Porter (1967), and Porter and Lawler (1968). They were based upon the expectancy model being too simplistic in nature; these critics started making adjustments to Vroom's model.

Lawler (1968) claims that the simplicity of expectancy theory is deceptive because it assumes that if an employer makes a reward, such as a financial bonus or promotion, enticing enough, employees will increase their productivity to obtain the reward. However, this only works if the employees believe the reward is beneficial to their immediate needs. For example, a \$2 increase in salary may not be desirable to an employee if the increase pushes her into a tax bracket in which she believes her net pay is actually reduced. Similarly, a promotion that provides higher status but requires longer hours may be a deterrent to an employee who values evening and weekend time with his/her children.

Lawler's (1968), new proposal for expectancy theory is not against Vroom's theory. Lawler argues that since there have been a variety of developments of expectancy theory since its creation in 1964; the expectancy model needs to be updated. Lawler's new model is based on four claims. First, whenever there are a number of outcomes, individuals will usually have a preference among those outcomes. Two, there is a belief on the part of that individual that their action(s) will achieve the outcome they desire. Three, any desired outcome was generated by the individual's behavior. Finally, the actions generated by the individual were generated by the preferred outcome and expectation of the individual. Worker expectancy is when supervisors create an equal match between the worker and their job. Worker instrumentality is when an employee knows that any increase in their performance leads to achieving their goal.



### **2.3.2 Abraham`s Maslow theory of motivation**

In an extensive review of research based on Maslow's theory, Chilean economist and philosopher Manfred Max-Neef has argued fundamental human needs are non-hierarchical, and are ontologically universal and invariant in nature, part of the condition of being human; poverty, he argues, may result from any one of these needs being frustrated, denied or unfulfilled.

The order in which the hierarchy is arranged (with self-actualization as the highest order need) has been criticized as being ethnocentric by Hofstadter's, (1999) criticism of Maslow's pyramid as ethnocentric may stem from the fact that Maslow's hierarchy of needs neglects to illustrate and expand upon the difference between the social and intellectual needs of those raised in individualistic societies and those raised in collectivist societies. Maslow created his hierarchy of needs from an individualistic perspective. The needs and drives of those in individualistic societies tend to be more self-centered than those in collectivist societies, focusing on improvement of the self, with self actualization being the apex of self improvement. Since the hierarchy was written from the perspective of an individualist, the order of needs in the hierarchy with self actualization at the top is not representative of the needs of those in collectivist cultures. In collectivist societies, the needs of acceptance and community will outweigh the needs for freedom and individuality (Hofstadter, 1999).

Some of these criticisms may be really about Maslow's choice of terminology, especially with the term "self-actualization". "Self-actualization" might not effectively convey his observations that this higher level of motivation is really about focusing on becoming the

best person one can possibly become, in the service of both the self and others: "A musician must make music, an artist must paint, a poet must write, if he is to be ultimately at peace with himself. What a man can be, he must be. He must be true to his own nature. This need we may call self-actualization." At these higher levels of motivation, what we do generally benefits everyone, but Maslow's term might not be as good at clarifying that as it could have been.

Maslow's hierarchy has also been criticized as being individualistic because of the position and value of sex on the pyramid. Maslow's pyramid puts sex on the bottom rung of physiological needs, along with breathing and food. It views sex from an individualistic and not collectivist perspective: for instance as an individualistic physiological need that must be satisfied before one move on to higher pursuits. This view of sex neglects the emotional, familial and evolutionary implications of sex within the community.

### **2.3.3 Herzberg Theory**

In 1968 Herzberg stated that his two-factor theory study had already been replicated 16 times in a wide variety of populations including some in Communist countries, and corroborated with studies using different procedures that agreed with his original findings regarding intrinsic employee motivation making it one of the most widely replicated studies on job attitudes. While the Motivator-Hygiene concept is still well regarded, satisfaction and dissatisfaction are generally no longer considered to exist on separate scales. The separation of satisfaction and dissatisfaction has been shown to be an artifact

of the Critical Incident Technique (CIT) used by Herzberg to record events. Furthermore, it has been noted the theory does not allow for individual differences, such as particular personality traits, which would affect individuals' unique responses to motivating or hygiene factors.

A number of behavioral scientists have pointed to inadequacies in the need hierarchy and motivation-hygiene theories. The most basic is the criticism that both of these theories contain the relatively explicit assumption that happy and satisfied workers produce more. Another problem is that these and other statistical theories are concerned with explaining "average" behavior and, on the other hand, if playing a better game of golf is the means chosen to satisfy one's need for recognition, then one will find ways to play and think about golf more often, perhaps resulting in an accompanying lower output on the job. Finally, in his pursuit of status a person might take a balanced view and strive to pursue several behavioral paths in an effort to achieve a combination of personal status objectives. In other words, an individual's expectation or estimated probability that a given behavior will bring a valued outcome determines his choice of means and the effort he will devote to these means. In effect, this diagram of expectancy depicts an employee asking himself the question posed by one investigator, "How much payoff is there for me toward attaining a personal goal while spending so much effort toward the achievement of an assigned organizational objective?" The Expectancy theory by Victor Vroom also provides a framework for motivation based on expectations.

This approach to the study and understanding of motivation would appear to have certain conceptual advantages over other theories: First, unlike Maslow's and Herzberg's

theories, it is capable of handling individual differences. Second, its focus is toward the present and the future, in contrast to drive theory, which emphasizes past learning. Stoner (2002) Third, it specifically correlates behavior to a goal and thus eliminates the problem of assumed relationships, such as between motivation and performance. Fourth, it relates motivation to ability:  $\text{Performance} = \text{Motivation multiplied by Ability}$ .

A study by the Gallup Organization, as detailed in the book *First, Break All the Rules: What the World's Greatest Managers do* by Marcus Buckingham and Curt Coffman, appears to provide strong support for Herzberg's division of satisfaction and dissatisfaction onto two separate scales. In this book, the authors discuss how the study identified twelve questions that provide a framework for determining high-performing individuals and organizations. These twelve questions align squarely with Herzberg's motivation factors, while hygiene factors were determined to have little effect on motivating high performance.

To better understand employee attitudes and motivation, Frederick Herzberg performed studies to determine which factors in an employee's work environment caused satisfaction or dissatisfaction. He published his findings in the 1959 book, "The Motivation to Work." The studies included interviews in which employees were asked what pleased and displeased them about their work. Herzberg found that the factors causing job satisfaction (and presumably motivation) were different from that causing job dissatisfaction. He developed the motivation-hygiene theory to explain these results. He called the satisfiers motivators and the dissatisfies hygiene factors, using the term

"hygiene" in the sense that they are considered maintenance factors that are necessary to avoid dissatisfaction but that did not provide satisfaction.

## **2.4 Empirical Evidence**

The standard positivist view of empirically acquired information has been that observation, experience, and experiment serve as neutral arbiters between competing theories. However, since the 1960s, Thomas Kuhn has promoted the concept that these methods are influenced by prior beliefs and experiences. Consequently it cannot be expected that two scientists when observing, experiencing, or experimenting on the same event will make the same theory-neutral observations.

### **2.4.1 Motivation of Employees**

Jakolya (2006) defines motivation as incentives that induce an individual to perform. They are identified as incentives that sharpen the employee's drive to satisfy their wants. For example, people in a business which has developed a reputation for excellence and high quality tend to be motivated to contribute to this reputation. He further explains motivation as intrinsic and extrinsic motivation. Intrinsic motivation refers to self-motivated factors that influence people to behave in a particular manner or to move to a particular direction. It is seen as a behavior for its own sake in order to experience pleasure and satisfaction such as joy of doing a particular activity or satisfying one's curiosity (Dornyei, 2001).

Ryan and Deci (2000b) adds that extrinsic motivation is concerned with performance of an activity to succeed in getting separable outcomes, which contrasts sharply with

intrinsic motivation. He quoted that positive performance feedback increases intrinsic motivation while negative performance feedback decreases it. This implies that motivation greatly affects performance of an organisation.

Motivation according to Harmer (2001) pushes some one to do something in order to achieve something. It is also thought to be responsible for why people decide to do something, how long they are willing to sustain the activity and how hard they are going to pursue it (Dornyei, 2001:8). Additionally, Ryan and Deci (2000) states that to be motivated moves some one to do something. Unlike unmotivated people who have lost impetus and inspiration to act, motivated employees are energized and activated to the end of the task which ensures better performance in the organization. Farazmand (2007) postulates that motivation in an organization determines employee performance. He notes that most organizations have hard poor productivity because they do not motivate their employees. This implies that motivation affects performance.

Perry et al (2006) reviewed diverse literature on motivation and concluded that motivation incentives significantly improve employee performance, but effectiveness is dependent upon organizational conditions. This is especially pertinent for service organizations when financial reinforcements tend to produce a stronger result as seen with a composite approach. Jakolya (2006) argued that a person might have job satisfaction but with a low level of motivation or the reverse is true. Understandably, the probability exists that highly motivated persons with low job satisfaction will look for other positions. Likewise people who find their positions rewarding but being paid considerably less than they desire or think they desire will search for other jobs.

Farazmand (2007) postulates that performance higher in those organizations where employees are adequately motivated. Management is supposed to create good working environment to motivate employees towards improved performance of the organization.

Dornyei (2001c) discovered that undesirable demands of administrators, discouraging team spirit, neglecting rewards, financial problems are factors related to de-motivation. It should be noted that not everyone is motivated by entirely by the same demands and needs. Job satisfaction of each employee is often different from one another and without having intrinsic motivation; lack of success and poor performance is inevitable. If there are no other factors motivating employees, the productivity and performance will decrease dramatically.

According to Farazmand (2007) motivation of employees is affected by the wage system. Employees who receive the same wages regularly are more likely to perform poorly than employees who receive some incentives. Increasing wages motivates employees in the organization and makes it easy for them to perform well. Employee motivation is also affected by rewards. Management are supposed to appreciate the performance of different employees in an organization so as to motivate them towards improved performance.

Similarly, Mark Bing (2010) low motivation stems from poor organizational and behavioral skills. Most of the employees feel less motivated to perform their task and refrain from using their productive skills to good use. Top management books recommend that goal setting, regular feedback and an effective reward setup in an organization are very important factors for motivation. If an organization does not keep

up to the expectations of the employees, low employee motivation is inevitable which greatly affects performance.

#### **2.4.1.1 Motivation techniques used in the University of Eldoret**

Poor working environment affects employee motivation and leads to poor performance among employees and the organization as well. Promotion helps employee motivation in an organization which leads to improved performance. Also job security and royalty to employees helps to motivate employees to perform better. For example employees are more likely to perform better if they are assured of their jobs (Farazmand, 2007).

In institutions like universities, where employees have already satisfied their physiological needs like shelter, clothing, education and medical care, salary is no longer a motivator but anything that can help them to meet their other needs (Robbins 2003). Other scholars like Victor Vroom observed that money becomes a motivator only when it satisfies individual personal goals and this is dependent on performance criteria (Robbins, 2003). This means that workers are satisfied with their jobs when salaries and wages given to them can satisfy their needs.

Research studies by Amstrong (2003), observed that external motivational practices like salaries and wages have a powerful effect on employees performance but do not necessarily last long. Maicibi (2003), postulates that salary increment is no longer a motivator to some employees because every time or moment they adjust to a new style. This perception makes them feel that the next quantity of money would be appropriate to meet their needs hence administrators should never expect their staff to openly say “we are satisfied and we no longer need a salary increment”. This is in line with the research



findings by Robbins (2003) that additional amounts of money offered for performance, are not always perceived as significant by employees and non-teaching staff are no exception. Therefore managers and administrators in institutions should always appreciate, evaluate positively and allocate rewards and incentives more appropriately to their staff for maximum performance (Robbins, 2003).

According to Bratton and Gold (2003) a salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity. Salary is a fixed amount of money or compensation paid to an employee by an employer in return for work performed. Salary is paid, most frequently, in a bi-weekly pay check to an exempt or professional employee. In most years, an employee's salary is paid in 26 even pay checks over the course of the year.

Bratton and Gold (2007) define a basic salary as the irreducible minimum rate of pay for the job. It is calculated on time worked rather than on results achieved and tends to reflect the value of the job itself as measured by some form of job evaluation. It is hailed for demonstrating a commitment on the part of the organisation thereby creating a greater likelihood of employee commitment to the organisation. The company's decision as to the level of basic salary is usually determined through a broad survey to benchmark positions across the general industry inclusive of several factors such as the size of the company and market pay level of positions (P-E Corporate Services, 2009).

Murphy, (1999) assert that although a basic salary constitute a very small share of the total system, employees pay more attention to the process of determination of the basic salary. The reasons include 3 aspects: (1) base salaries are very important to the

employment contracts for employees, which could assure minimum benefits the employee can get in the following years. (2) Other components, such as bonus and dividend, are related to base salaries closely. For example, bonuses are usually dispatched according to the percentage of the base salaries. (3) Many employees believe base salaries are manifesting of their value and ability. Since the determination for base salaries is done through a broad survey and comparison across the general industry, the base salaries reflect the level of benchmark position.

According to the Wages Act 1986, a wage is any sum payable to the employee by an employer in connection with that employment. Wages refers to payment for labor or services to a worker, especially remuneration on an hourly, daily, or weekly basis or by the piece. Is also a payment to manual workers, always calculated on hourly or price rates (Bratton and Gold, 2003). Therefore it includes fees, bonuses, commissions, holiday pay or other emolument relevant to the employment whether specified in the contract of employment or not. Wages include company sick pay and any other statutory payments for example payment for time off, for trade union duties and jury service. According to Farazmand (2007) employees who receive the same wages regularly are more likely to perform poorly than employees who receive some incentives. Increasing wages motivates employees in the organization and makes it easy for them to perform well.

Pension scheme is one in which an employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending on investment returns (Lee Ann Obringer, 2011). Another indicator of remuneration is health insurance scheme, which is

not offered by all companies and varies as to quality and cost. Companies typically pay part of the insurance premium. Health insurance may or may not extend to immediate family members like spouses and minor children. Dental and life insurance could also be offered as part of a remuneration package (Lee Ann Obringer, 2011).

Transport allowance is granted to an employee to meet his expenditure for purpose of Commuting between place of his residence & place of duty (Abhishek Raja, 2010). In the context of the study, transport allowance is given to employees to commute between their residence and place of work.

Accommodation or housing allowance is the amount of money paid in compensation for basic living expenses for employment situations. Amount of money given to employees to cater for their living expenses for employment situation (Knyszewska Elzbieta, 2010).

Overtime allowance is the additional amounts paid to hourly employees who work more than 40 hours in a week (Jean Murray, 2010). According to the context of the study this implies that if employees work beyond stipulated time, they are entitled to this additional pay or over time allowance.

Fringe benefits are extra benefits given to the employees in addition to salary and wages. Bratton and Gold (2003:292), referred to these allowances (fringe benefits) as the non financial rewards added to the basic pay, related to work behaviors, performance, learning and experience. The characteristics of fringe benefits include; promotion, advancement and job stability, leadership allowance, overload allowance, responsibility and recognition allowance. Hanushek (2009) observed that fringe benefits in developing countries include promotion, advancement, and job stability. However a problem with

some third world countries is that there is poor school quality because little attention is paid to non-monetary amenities as with monetary amenities.

The non-monetary in the study are the same as fringe benefits and according to Hanushek's observation poor provision of employee fringe benefits is the result for poor school performance. Fringe benefits may be in form of leadership allowances, responsibility allowances, overload and overtime allowances, recognition and promotions. Fringe benefits in institutions provide a basis on which employees work towards the achievement of set goals. Therefore universities administrators and managers in institutions often use fringe benefits as means of improving performance (Dessler2003). And this can only mean that provision of fringe benefits has an effect on performance.

According to Mingat (2002) if employees compensation becomes too low, it can be feared that commitment to their jobs will be affected. However in universities where fringe benefits are on equitable grounds based on performance indicators of individuals, derive attraction, participation, commitment and improved performance. In University, fringe benefits rarely exist and their inadequacy are the reason for increased employee absenteeism, corruption, job dissatisfaction, little or no love for the profession, reluctance in teaching and marking and late syllabus coverage hence leading to poor performance.

Fringe benefits refer to that part of the remuneration package provided to employees in addition to the guaranteed basic remuneration or performance-based pay. A typical employee's compensation package includes such guaranteed employment benefits as retirement benefits, medical aid benefits, life & disability insurance, housing benefits, a

car allowance or free use of company resources such as a car, computer, cell phone etc. Other types of compensation referred to as perquisites of perks includes: "relocation payments, flexible start dates, sign-on bonuses, use of company-owned vacation property, health-club membership, tuition reimbursement, country club memberships, financial planning, clothing allowances and loan forgiveness" etc. (Bratton and Gold, 2007)

Adequate employment benefits are used to not only enhance the take-home pay but also to provide enhanced financial security to employees. They enable employees to dedicate their time to their employers in that they need to know that their private lives are in order before they will be able to concentrate fully on what they are being expected to accomplish. Thus, guaranteed employment benefits represent employees insurance covering what could go wrong with their careers. This includes both a reversal in fortune (for example, a retrenchment) and also the catastrophe range of uncontrollable events (dreaded disease, incapacity and death) (Bratton and Gold, 2007).

#### **2.4.2 Current Status of Employee Motivation**

Webster's New Collegiate Dictionary, a motive is "something a need or desire that causes a person to act". "Motivate, in turn, means "to provide with a motive," and motivation is defined as "the act or process of motivating". Consequently, motivation is the performance or procedure of presenting an intention that origin a person to capture some accomplishment (Shanks, 1999). Butkus & Green (1999), motivation is derived from the word "motivate", means to move, push or influence to proceed for fulfilling a want (Kalimullah, 2010).

Bartol and Martin (1998) describe motivation as a power that strengthens behavior, gives route to behavior, and triggers the tendency to continue (Farhad, 2011). This explanation identifies that in order to attain assured targets; individuals must be satisfactorily energetic and be clear about their destinations. In view of Bedeian (1993) it is an internal drives to satisfy an unsatisfied need and the will to accomplish. Motivation is a procedure that initiates through a physiological or psychological want that stimulates a performance that is intended at an objective. It is the concluding product of interface among personality behavior and organizational distinctiveness. It symbolizes those psychological procedures that foundations the stimulation, route, and determination of deliberate actions that are target.

In fact, a number of different theories and methods of employee motivation have emerged, ranging from monetary incentives to increased involvement and empowerment. Employee motivation can sometimes be particularly problematic for small businesses, where the owner often has spent so many years building a company that he/she finds it difficult to delegate meaningful responsibilities to others. But entrepreneurs should be mindful of such pitfalls, for the effects of low employee motivation on small businesses can be devastating. Some of the problems associated with unmotivated workers include complacency, declining morale, and widespread discouragement. If allowed to continue, these problems can reduce productivity, earnings, and competitiveness in a small business (Parker, 2001).

Maruska (2004) further explains that small businesses can also provide an ideal atmosphere for fostering employee motivation, because employees are able to see the results of their contributions in a more immediate way than in large firms. Besides increasing productivity and competitiveness, a highly motivated work force can allow a small business owner to relinquish day-to-day, operational control and instead concentrate on long-term strategies to grow the business.

Moreover, a business that institutes effective ways, whether tangible (such as a financial bonus) or intangible (say, a plum assignment for an upcoming project), of rewarding employees for good work can be an invaluable tool in employee retention. "People enjoy working, and tend to thrive in organizations that create positive work environments," one business researcher told HR Focus. "[They thrive in] environments where they can make a difference, and where most people in the organization are competent and pulling together to move the company forward. Appropriately structured reward and recognition programs are important, but not exclusive, components in this mix."

Among financial, economic and human resources, the latest are more essential and have the capability to endow a company with competitive edge as compared to others (Rizwan, 2010). Employee Performance fundamentally depends on factors such as employee performance appraisals, motivation, satisfaction, compensation; Training and development, job security and Organizational structure among others, this study focus on employee motivation as this factor highly influence employee performance.

Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations (Shadare, 2009). A motivated employee is responsive of the definite goals and objectives they must achieve, therefore they direct their efforts in that direction. Rutherford (1990) reported that motivation formulates an organization more successful because provoked employees are constantly looking for improved practices to do a work, so it is essential for organizations to persuade motivation of their employees (Kalimullah, 2010).

Getting employees to do their best work even in strenuous circumstances, is one of the employees most stable and greasy challenges and this can be made possible through motivating them. Currently, an appropriate starting point is considering money as a motivator. Many employers believe that the workers would be motivated by obtaining the highest possible income. Of cause the most basic and primary motivating factor of a rational economic man is the maximum gain. In this strategy employers can motivate their labors through increasing their salaries and wages, extra payment through performance evaluation and other financial benefits such as transport allowance, medical allowance and many more.

Another factor that motivates people is socialization at work. This thinking strategy, top management and employers should pay attention to the needs of their people. The manager should always try to be a coordinator or a guide rather than being a discretionary controller. And group work and team work would improve good human relations within the company. This will result in increase in worker's efficiency and job satisfaction.



Coates, (1998), carrying out social activities that provide opportunity for employees and management to get-together and interact with each other can be recognized under this category. Some common activities organized by companies all around the world are New Year festivals, Christmas, annual trips and sports and cultural events. These types of events will give the chance to both sides to get to know each other's needs and ideas which will later help to improve industrial relations.

Etzioni (1988) asserts that self-fulfillment is a primary driving force behind some workers. Such employees expect a certain pride at the work, challenges and responsibility at workplace. Recognizing employees for their special contribution to the company will help to establish the pride at work. This can be done by individual or team basis. Awards such as best employee of the month, best sales team, best cost cutting unit can be given to workers in order to motivate them. But, it is argued that, these types of motivation factors should always establish equal treatment among the labor force. No discrimination should be done on the grounds of gender, race, religion or social status. Treating all workers equally is a crucial factor in increasing the job satisfaction. If one worker or groups of workers are discriminated on some ground, they will not be satisfied, so the human resource management strategy of such an organization will become a total failure.

Another effective motivation factor is open and two way communication. The labors should have the opportunity to inform their matters and problems to the management while the top managers should inform the workforce about the decisions they made regarding the company. Promoting of both upward and downward communication in a

company may help to improve the trust between employees and employers and decrease the number of disputes arise in a workplace.

In order to maintain a good industrial relationship, training and skill development of employees can be used. Some companies may think training and development of labor skills is an unwanted cost for the organization. But as this will increase the skill and knowledge of a worker, it will help to reduce production cost and improve productivity of a company. Employer should identify the importance of employee training for their higher performances and good labor relations.

Robert, (1997) there are as many different methods of motivating employees today as there are companies operating in the global business environment. Still, some strategies are prevalent across all organizations striving to improve employee motivation. The best employee motivation efforts will focus on what the employees deem to be important. It may be that employees within the same department of the same organization will have different motivators. Many organizations today find that flexibility in job design and reward systems has resulted in employees' increased longevity with the company, improved productivity, and better morale. Some of the motivational strategies according to Robert (1997) included:

**Empowerment** -Giving employees more responsibility and decision-making authority increases their realm of control over the tasks for which they are held responsible and better equips them to carry out those tasks. As a result, feelings of frustration arising from

being held accountable for something one does not have the resources to carry out are diminished. Energy is diverted from self-preservation to improved task accomplishment.

**Creativity And Innovation-** At many companies, employees with creative ideas do not express them to management for fear that their input will be ignored or ridiculed. Company approval and toeing the company line have become so ingrained in some working environments that both the employee and the organization suffer. When the power to create in the organization is pushed down from the top to line personnel, employees who know a job, product, or service best are given the opportunity to use their ideas to improve it. The power to create motivates employees and benefits the organization in having a more flexible work force, using more wisely the experience of its employees, and increasing the exchange of ideas and information among employees and departments. These improvements also create an openness to change that can give a company the ability to respond quickly to market changes and sustain a first mover advantage in the marketplace.

**Learning-** If employees are given the tools and the opportunities to accomplish more, most will take on the challenge. Companies can motivate employees to achieve more by committing to perpetual enhancement of employee skills. Accreditation and licensing programs for employees are an increasingly popular and effective way to bring about growth in employee knowledge and motivation. These programs improve employees' attitudes toward the client and the company, while bolstering self-confidence. Supporting this assertion, an analysis of factors which influence motivation-to-learn found that it is directly related to the extent to which training participants believe that such participation

will affect their job or career utility. In other words, if the body of knowledge gained can be applied to the work to be accomplished, then the acquisition of that knowledge will be a worthwhile event for the employee and employer.

**Quality of work-Life-**The number of hours worked each week by workers is on the rise, and many families have two adults working those increased hours. Under these circumstances, many workers are left wondering how to meet the demands of their lives beyond the workplace. Often, this concern occurs while at work and may reduce an employee's productivity and morale. Companies that have instituted flexible employee arrangements have gained motivated employees whose productivity has increased. Programs with flextime, condensed workweeks, or job sharing, for example, have been successful in focusing overwhelmed employees toward the work to be done and away from the demands of their private lives.

**Monetary Incentive-**All the championing of alternative motivators, money still occupies major place in the mix of motivators. The sharing of a company's profits gives incentive to employees to produce a quality product, perform a quality service, or improve the quality of a process within the company. What benefits the company directly benefits the employee. Monetary rewards are being given to employees for generating cost-savings or process-improving ideas, to boost productivity and reduce absenteeism. Money is effective when it is directly tied to an employee's ideas or accomplishments. Nevertheless, if not coupled with other nonmonetary motivators, its motivating effects are short-lived. Further, monetary incentives can prove counterproductive if not made available to all members of the organization.

**Other Incentives-**Studies has found that the most effective motivators of workers are nonmonetary. Monetary systems are insufficient motivators, in part because expectations often exceed results and because disparity between salaried individuals may divide rather than unite employees. Proven nonmonetary positive motivators foster team spirit and include recognition, responsibility, and advancement. Managers, who recognize the "small wins" of employees, promote participatory environments, and treat employees with fairness and respect, find their employees to be more motivated. One company's managers brainstormed to come up with powerful rewards that cost little or nothing to implement. The most effective rewards include letters of recommendation and time off from work, personal fulfillment and self-respect. Over the longer term, praise and personal gestures are far more effective and economical than awards of money alone. In the end, a program that combines monetary reward systems and satisfies intrinsic, self-actualizing needs may be the most potent employee motivator.

### **2.4.3 Employee Motivation and Performance**

Human motivation studies aim to discover what it is that triggers performance. Cole (1996) opines that motivation is the term used to describe those processes, both instinctive and rational by which people seek to satisfy their basic drives, perceived needs and personal goals which trigger performance. Motivation is a human psychological characteristic that contributes to a person's degree of commitment. It is very important in the consideration of the performance and output of employees in organizations. Motivation is essential to organizational effectiveness and is a predictor for performance of employees (Stoner, 2002).

Employee productivity depends on the amount of time an individual is physically present at a job and also the degree to which he or she is “mentally present” or efficiently functioning while present at a job. Companies must address both of these issues in order to maintain high worker productivity, and this may occur through a variety of strategies that focus on employee satisfaction, Kenya has experienced banking problems since 1986 culminating in major bank failures (37 failed banks as at 1998) following crisis of; 1986-1989, 1993/1994 and 1998. In a banking crisis; depositors, lenders to banks (Bruce and Kay, 2002). With the current expansion of the global economy and the fast-changing evolution of technology and innovation, organizations are facing an on-going need for employee learning and development (Swanson and Holton, 2001).

The resource base approach contends that the organization can develop a sustained competitive advantage only if its activities create value in a unique way, on that competitors cannot easily copy. The human capital cannot be easily copied once they acquire the expertise and the necessary skills and knowledge in their workplace, health, and morale (Ron and Ronald, 2002).

A 2001 study published in personnel psychology examined whether positive employee behaviors and attitudes influence business outcomes. Findings from the study support the idea that employee satisfaction, behavior, and turnover predict the following year’s profitability, and that these aspects have an even stronger correlation on customer satisfaction (Daniel, 2001). Sears used an “employee-customer-profit chain” Sears using an “employee-customer -profit chain” found that a five percentage increase in employee satisfaction drives a 1.3% in customer satisfaction, which results in 0.5% increase in

revenue growth (Anthony, 1998). PNC Bank Corporation found an 84% correlation between branches and their levels of customer satisfaction and employee satisfaction (Michael, 2001).

Professionals and academics have long asserted that the way in which an organization manages its people can influence its performance (Delaney, 1996). In particular, employee participation and empowerment, job redesign including based production systems, extensive employee training at workplace, and performance contingent incentive compensation, are widely believed to improve the performance of organizations (Pfeffer, 1994). A developing body of research has reported a positive association between employee participation, empowerment and organizational performance (Huselid, 2001).

Employee participation systems (Wagner, 1994), internal labour markets that provide an opportunity for employees to advance within a firm, and team-based production systems (Linda, 1998) are all forms of work organization that have been argued to positively affect firm performance. In addition, it has been argued that the provision of job security encourages employees to work harder. As Kozłowski and his associates noted (Kozłowski and Salas, 1997), “Workers will only expend extra effort. If they expect a lower probability of future layoffs”

Organizations can adopt various HRM practices to enhance employee skills. First, efforts are on improving the quality of the individuals hired, or on raising the skills and abilities of current employees, or both. This can be done by providing comprehensive training on the job and development activities after selection (Delaney, 1996). Considerable evidence

suggests that investments in training produce beneficial organizational outcomes. The organizations must therefore be concerned about inadequacies of their employees and be committed to educating and training employees at their workplace to enhance their skills, perspectives, and competencies.

Conger and Benjamin, (1999) asserts that effectiveness of skilled employees can be limited if they are not motivated. Organizations can implement merit pay or incentive compensation systems that provide rewards to employees for meeting specific goals. A substantial body of evidence has focused on the impact of incentive compensation and performance management systems on firm performance. In addition, protecting employees from arbitrary treatment, perhaps via a formal grievance procedure, may also motivate them to work harder because they expect their effort to be fairly rewarded.

Many organizations want their employees to perform to the best of their abilities, yet motivation remains a difficult factor to manage. Mullins (1999) observed that employees' aspirations and target do not always match with what their employer can provide. It has been suggested that proper motivation can significantly influence the attitude of workers towards their jobs and hence affect the performance of such employees on the job. For employers who successfully motivate their staff, it often translates to less absenteeism and turnover, greater satisfaction and commitment and ultimately higher productivity or performance in the work place.



An understanding of why people choose to perform satisfactorily; appear to be committed to their jobs and others are often absent. There is also need to find out what rewards and incentives individuals value so that where possible, it could be provided. People are usually willing to work harder when they expect to benefit by doing so. In other words, people exert effort when the effort helps them meet some personal needs. Commitment is a product of motivation (Stoner 2002). Obisi (1996) stated that human resources being the major essential element of an enterprise need to be handled with care, for they are the key to higher productivity. One of the basic and major needs in any organization is to evaluate its employee's performance continually to find out whether they improve or not.

Motivation theories, Ways to encourage employee motivation, Measures of Motivation, Principles of motivation, Ways of making your firm more exciting, How to motivate your people problem, The missing link in Strategic Performance, Salary is not a motivator anymore, How to effectively reward employees, Turning Motivation Theory into Practice, Measures of Motivation, Self Theories and Employee Motivation, How do you motivate employees, and Worker Motivation: Unsolved Problem or Untapped Resource?. Research done in both psychology and business literature over the past three decades has recorded that motivation varies as a function of different factors in the work environment, including evaluation expectation, actual performance feedback, reward, autonomy, and the nature of the work itself. Moreover, both theory and empirical research have suggested that human motivation toward work can be categorized into two types: Intrinsic motivation, which comes from the intrinsic value of the work for the individual,

and extrinsic motivation, which comes from the desire to obtain some outcomes that are separate from the work itself. When employees have high autonomy, receive feedback about their performance, and have an important, identifiable piece of work to do which requires skill variety, they experience feelings of happiness and therefore intrinsic motivation to keep performing well (Hackman & Oldham, 1980).

Frederick Herzberg, distinguished professor of Management at the University of Utah and Behavioral theorist conducted studies on worker motivation in the 1950's. He developed the Motivation-Hygiene theory of worker satisfaction and dissatisfaction. This incredible researcher concluded that hygiene factors such as salary, fringe benefits, and working conditions can prevent dissatisfaction, but they do not motivate the worker. He found that motivators such as achievement, recognition, responsibility, and advancement increase satisfaction from work and motivate people toward a greater effort and performance. Herzberg and other behavioral theorists were influenced by the writings of Abraham Maslow, a theoretical psychologist who analyzed what human beings seek in their lives and developed the Needs-Hierarchy concept. Of the many theories of work motivation, Herzberg's (1966) motivator-hygiene theory has been one of the most influential in recent decades. Basically, the theory divides motivating factors into two categories: Motivator factors, which have something to do with the work itself, and Hygiene factors, which have something to do with the surrounding context.

Motivator factors include such things as responsible work, independence in doing the work, and satisfaction arising from the completion of challenging tasks. Hygiene factors include pay, security, and general working conditions. According to Frederick Herzberg,

hygiene factor operate primarily as de-motivators if they are not sufficient. He suggests that workers are most satisfied and most productive when their jobs are rich in the motivator factor. When the work is interesting, he suggests can be accomplished by the job enrichment.

Hackman and Oldham's (1976) model of job enrichment propose that jobs can be made more motivating by increasing the following: skill variety, task identity (the degree to which the job produces something meaningful), task significance, autonomy, and feedback. Many of these same characteristics of the work, particularly independence and competence, are referred as intrinsic motivators by social psychologists and personality psychologists. Deci and his colleagues proposed that intrinsic motivation occurs when individuals feel both self-determined and competent in their work (Deci 1975; Deci & Ryan 1985). People will feel competent if they obtain feedback that indicates progress in their work, or suggests way they can increase their competence.

One psychological view suggests that very high levels of intrinsic motivation are marked by such strong interest and involvement in the work, and by such a perfect match of task complexity with skill level, that people experience some kind of psychological "flow," a sense of merging with the activity they are doing (Csikszentmihalyi, 1975).

The major psychological view suggests that extrinsic motivation works in opposition to intrinsic motivation (Ryan, 1985). Extrinsic motivation takes place when individuals feel driven by something outside of the work such as promised rewards or incentives. In general, these theorists suggest that, when strong extrinsic motivators are put to work,

intrinsic motivation will decline. In the Harvard Business Review Frederick Herzberg said that a brief review of his motivation-hygiene theory of job attitudes is required before theoretical and practical suggestions can be offered. According to him, the theory was first withdrawn from an examination of events in the lives of engineers and accountants. At least 16 other investigations, using a wide variety of populations (including some in the communist countries), have since been completed, making the original research one of the most replicated studies in the field of job attitudes.

The factors involved in job satisfaction and motivation are separate and distinct from the factors that lead to job dissatisfaction. Since separate factors need to be considered, depending on whether job satisfaction or job dissatisfaction is being examined, it follows that these two feelings are not opposites of each other. The opposite of job satisfaction is no job satisfaction; similarly, the opposite of job dissatisfaction is no job dissatisfaction. It is interesting to learn that we always think of satisfaction and dissatisfaction as opposites. But it comes to understanding the behavior of people in their jobs; more than words is involved.

Herzberg said that two different kinds of human beings are involved here. One set of needs is the built-in drive to avoid pain from the environment and the all the learned drives that become conditioned to the basic biological needs. For example, hunger, a basic biological drive makes it necessary to earn money, and then money becomes a specific drive. The set of needs relates to that unique human characteristic, the ability to achieve through achievement, experience psychological growth.

The factors which cause job satisfaction and job dissatisfaction were drawn from samples of 1,685 employees, in the appendix from previous studies done. The results indicated that motivators were the primary cause of satisfaction, and hygiene factors the primary cause of unhappiness on the job. The employees, studied in 12 different investigations, included lower level supervisors, professional woman, agricultural administrators, men about to retire from management positions, hospital maintenance personnel, manufacturing supervisors, nurses, food handlers, military officers, engineers, scientists, housekeepers, teachers, technicians, female assemblers, accountants, Finnish foremen, and Hungarian engineers. They were asked what job events had occurred in their work that had led to extreme satisfaction or extreme dissatisfaction on their part. Their responses were broken down into percentage ages of total "positive" job events and of total "negative" job events. The figures total more than 100% on both the "hygiene" and "motivators" side because of ten at least two factors, can be attributed to a single event; advancement, for instance, often accompanies assumption of responsibility.

To show, a common response involving achievement that had a negative effect for the employee was, "I was unhappy because I didn't do the job successfully." A typical response in the small number of positive job events in the company policy and administration grouping was, "I was happy because the company reorganized the section so that I didn't report any longer to the guy I didn't get along with." As the lower part shows that, of all the factors contributing to job satisfaction, 81% were motivators. Of all the factors contribute to the employees' dissatisfaction over their work, 69% involved hygiene elements.

The theory of Herzberg (1968) helped to focus interest on the importance of the intrinsic aspects of the job and their ability to motivate workers. It also spawned the concept of job enrichment. He also believed that people's satisfaction and motivation derive from the intrinsic nature of the work. Frederick Herzberg suggested things to enrich a job. Another distinguished personage who was concerned about the motivation of employees is the quality pioneer. (Deming, 1940s) who was a statistician and mathematical physicist by trade. He believed that performance did not come from the individual. Performance came from the system or for lack of a system. He also stated that one effective solution is to engage employees in the process of improving the system. People are born with intrinsic motivation, self-esteem, and dignity. One inherits joy in work, and joy in learning.

Deming's management theory is centered on thinking of an organization, and the vendors and customers of the organization, as a system. With what he called "profound knowledge," this system may be managed to yield maximum value to all involved. Profound knowledge itself is a system. Deming identified four interacting parts to this system of knowledge. The first part, which is appreciation for a system, has already been mentioned: Recognition of relationships within and between organizations, and the potential of these relationships to maximize value is crucial to realizing value. Smart systems allow for synergy which is greater than the sum of their parts. Appreciation for a system means that parts of an organization are always considered in relationship to other parts, and the aim of the system (Ali, & Ahmad, 2009).

An example of failure to appreciate a system would be setting up divisions or departments within an organization to be in competition with each other. While such an

arrangement might be an incentive to a type of "performance," it prevents the optimization of value that is possible when divisions or departments are thoughtfully managed as a whole system, where divisions or departments work in concert for maximum benefit for all. Deming emphasized that suppliers and customers must be included in the consideration of any system, and systems must include the future as well as the present. The generic aim Deming suggested for any organization is that, all affected by the organization (including organization personnel, customers, suppliers) are better off than they would be if the organization did not exist that is, everyone gains (Honold, 1997).

The second part of Deming's system of profound knowledge, knowledge about variation, is crucial for understanding various phenomena that occur in a system, and making smart decisions in designing and managing a system. Deming emphasized the importance of discerning (through statistical methods) what variation is built into a repeating process and will predictably occur within certain limits, and what variation represents extraneous phenomena, or the existence of chaos. Knowledge about variation also allows managers to make better decisions about what variation should be reduced, and what variation should be left alone (Ali, & Ahmad, 2009).

The third part of Deming's system of profound knowledge was Theory of knowledge, which concerns understanding how knowledge is created, and how there is no substitute for knowledge in managing a system. Deming defined knowledge as rational predictions (or theories) about relationships between phenomena that are separate in time. A rational prediction is a prediction that conforms faithfully to observations that have been made

through the present. A theory must change when new observations refute previous theory. Knowledge is built through cycles of theory, experience, and then corroboration or revisions of theory. Good theory or knowledge is essential for creating value in a system. Knowledge must be extracted from experience, and sought from outside the system, to manage well. The alternatives to management by knowledge - such as superstition, luck, hoping and wishing, copying examples without understanding, following tradition for its own sake - tend to take away value.

The last part of Deming's system of profound knowledge, psychology, comprises knowledge about what humans do and why they do it. Psychology is extremely relevant to organizations in that "human beings doing things" is what organizations are. Even the non-human pieces of an organization (e.g., machines, buildings, physical raw materials, procedures) were ultimately the result of human beings doing things. He was especially concerned with effective uses of motivation, and emphasized the motivating power of the joy, satisfaction, and pride that occurs when one contributes to an effective system. He noted how many typical employee reward programs are contrary to appreciation for a system, and hurt, rather than help, morale. He also was concerned about organizational cultures based on fear, which is destructive to both the system and to individuals (Ali, & Ahmad, 2009).

McClelland (1968) was another illustrious researcher on motivation and a Harvard Psychologist, studied the phenomenon of constructive activity beyond survival requirements for over 20 years. He labeled this trait Need for Achievement. He found that high achievers value extrinsic rewards such as money only as a method of keeping score,



and that the real reward, the satisfaction of achievement, stimulated their performance. In order for organizations to succeed McClelland advised that they invest in a man and not in just a plan (Jun, Cai, & Shin, 2006)

Most of what we know of human motivation comes not from psychologists but from psychotherapists treating patients. He explains that these patients are a great source of error as well as of useful data, because they constitute a poor sample of the population. The motivational life of neurotic sufferers should be rejected as a paradigm for healthy motivation. Any theory of motivation must deal with the highest capacities of the healthy and strong person. Maslow's theory has received little research support and is judged to have low scientific validity and low usefulness in application. The theory continues to be very popular among managers and executives who have accepted a need for self-actualization as a motivating force to be reckoned with on the job.

The most worrisome problem American business are facing today is the low employee work productivity. In the past, America's industrial gains have been the highest in the world, but lately our productivity growth has declined, particularly when compared with some of our industrial competitors. The decline in employee motivation and in commitment to high-quality work performance may well be one of the major causes of this productivity slowdown. Productivity is defined as the efficient and effective use of resources with minimum waste and effort to achieve outcome. A decline in productivity is a cost that many companies cannot afford and that the United States, with its high standard of living, cannot tolerate. Increasing foreign competition already has caused many of firm's serious problems and failures (Latt, 2008).

Taylor (1930) brought to management studies what Adam Smith had contributed in the field of economics. Taylor's ideas about motivation were based on the assumption that workers act to maximize their economic self interest. He observed an "us vs. them" relationship between managers and employees. His observation of this condition, plus the extent of some employees' poor performances, convinced him that success was possible when employers and employees cooperated and worked jointly toward a common goal of profits that would benefit all. Hence, a motivated work force aims at bringing personal and organization goals in harmony (Mani, 2010).

Psychological contracts motivate employees to fulfill commitments made to employers when employees are certain that employers will give in return and carry out their end of the bargain. Professor Rousseau said, "Agreement between worker and employer on what each owes the other is critical to the employment relationship's success. Managers who feel poorly treated by the employer are less likely to make extensive commitments to their workers or to signal that the employer is trustworthy." Recent studies show that scholars have identified six key features of the psychological contract which are described as follows:

#### **2.4.3.1 Voluntary Choice**

Psychological contracts motivate people to fulfill their commitments because they are based on the exchange of promises in which the individuals have freely participated. Commitments made voluntarily tend to be kept. An employee who agrees to work for a firm for at least a year is likely to be internally conflicted if offered a job elsewhere a few

months after being hired. That particular employee is more likely to decline the offer than a co-worker who had made no such commitment to the employer. Explicit voluntary commitments ("I agree to stay a minimum of a year") have more powerful effects on behavior than implicit ones ("to stay a while").

#### **2.4.3.2 Belief in Mutual Agreement**

An individual's psychological contract reflects his or her own understanding of the commitments made with another. Individuals act on that subjective understanding as if it is mutual, regardless of whether that is the case in reality. For example, consider a new employee who is told that his or her job requires two or three days of travel a week. The employee might interpret it to mean that he or she will be traveling more than three days a week, although the manager who hired him or her really meant that there would be two or three days of travel per week on average. More experienced recruits are better at probing for mutual understanding.

#### **2.4.3.3 Incompleteness**

Psychological contracts tend to be incomplete and need to be fleshed out over time. Neither employee nor employer can initially spell out all the details of a long-term employment relationship. It is also impractical to recall all the details that should be shared with one another. These contracts tend to become more elaborate over the course of the employment relationship.

#### **2.4.3.4 Multiple Contract Makers**

How workers interpret their psychological contracts with employers is shaped by many sources of information. These sources may include top management, human resource representatives, and in particular, a worker's immediate boss. The boss consistently sends strong signals regarding the terms of an individual's psychological contract. If their immediate boss leaves, many employees will view the departure as a violation of their psychological contract with the firm. When their boss leaves, many employees feel they are losing the shared understanding about their psychological contract. Co-workers can also provide information which people use to determine what they owe employers and vice versa. Finally, human resource practices such as training and performance appraisal processes can signal promised benefits and required contributions. And as you might suspect, when information sources convey different messages, it erodes the mutuality of the psychological contract.

#### **2.4.3.5 Managing Losses When Contracts Fail**

If employees and employers rely on psychological contracts to guide their actions and then the failure of the other party to fulfill anticipated commitments results in losses. Such losses are the basic reason why psychological contract violation generates strong negative reactions, including anger, outrage, termination, and withdrawal of support. In essence, employees and employers must focus on both fulfilling commitments of their psychological contracts as well as on managing losses when existing commitments are difficult to keep. For instance, an employer might offer someone a challenging project

when a promised promotion fails to materialize. Likewise, an employee who misses a critical meeting might make special efforts that her performance is unimpaired.

#### **2.4.3.6 The contract as Model of the Employment Relationship**

A psychological contract creates an enduring mental model of the employment relationship. This mental model provides a stable understanding of what to expect in the future and guides efficient action without much need for practice. Think about the way the conventional QWERTY keyboard helps those of us who type in English to compose a document without looking at the keyboard. Having a psychological contract as a mental model helps employer and employee function despite having incomplete information about the other party's intentions or expectations. Subsequent information also tends to be interpreted in light of the pre-existing psychological contract. For the most part, this is functional since new performance demands can be incorporated into existing understandings of one's work role.

Organizations need to look beyond reward at what really drives people to succeed, and provide examples of how reward and recognition can be harnessed as an effective motivational tool. Reward and recognition make people feel good, look good, and do good things. To reward our employees in a way that will have maximum impact we have to create something tailored that will honor and delight them personally. That will do far more in the longer term than a gold watch or a little extra in their pay packet ever would. We need to ask people how they would like to be rewarded (Baldoni, 2005).

Clear determination of an individual's motivation depends on the individual's expressed levels of interest, enjoyment. There are thousands of companies selling Motivational Products, Programs, and services to organizations, motivational speakers, posters, signs, and slogans. Do they all work for everyone in the company? Despite all precautions, there will be incompetent and/or lazy people who will get through the screen. We need to prepare ourselves for this possibility. Establishing a system for eliminating them from the workforce if that is possible within our organization. If there is not a system for purging these workers, they may linger and infect or disrupt the organization (Matthew, Grawhich, & Barber, 2009).

#### **2.4.4 Challenges faced in Employee Motivation Process**

Staff motivation is a key component for every business, regardless of whether you have 1, 2 or 100 employees everybody needs a little bit of motivation every now and then. Staff motivation is one of the primary concerns and challenges facing today's supervisors and managers. Staff motivation is not only about preparing individuals and teams for on-the-job problems but for identifying the issues that may cause low morale and negative attitudes within team members. It should be known that, staff members are the key to every company's success and motivation is the key to every employee's success, within the company. Therefore, motivation is ultimately the most important ingredient for your businesses overall growth and increased productivity. However, motivation is not a simple subject; no two people can respond to precisely the same set of motivators. Managers face several pressing issues that complicate motivating their employees.

Barber, (2009), notes that one of the main reasons of motivation being a challenging job is due to the changing workforce. The employees become a part of their organization with various needs and expectations. Different employees have different beliefs, attitudes, values, backgrounds and thinking. But all the organizations are not aware of the diversity in their workforce and thus are not aware and clear about different ways of motivating their diverse workforce. Employees motives cannot be seen, they can only be presumed. Suppose, there are two employees in a team showing varying performance despite being of same age group, having same educational qualifications and same work experience. The reason that motivates one employee may not seem motivating to others.

Organizational Restructuring is also a critical issue in the motivation process. The wave of mergers and acquisitions is followed by massive layoffs that represent another challenge. Employees who have been let go for reason unrelated to their performance may question whether initiative and creativity are now less important than political survival skills. Moreover, employees who have seen colleagues' loss their jobs may concentrate on keeping their own jobs and may stop taking risks that might lead to new products, new markets, or other advances. Motivation of employees becomes challenging especially when the organizations have considerably changed the job role of the employees, or have lessened the hierarchy levels of hierarchy, or have chucked out a significant number of employees in the name of down-sizing or right-sizing (Barber, 2009). Certain firms have chosen to hire and fire and paying for performance strategies nearly giving up motivational efforts. These strategies are unsuccessful in making an individual overreach himself (Thomas, 1992).

The vigorous nature of needs pose challenge to a manager in motivating his subordinates. This is because an employee at a certain point of time has diverse needs and expectations. Also, these needs and expectations keep on changing and might also clash with each other. For instance-the employees who spend extra time at work for meeting their needs for accomplishment might discover that the extra time spent by them clash with their social needs and with the need for affiliation. However, there are very many factors that inhibit motivation of workers. Here are some of the factors that determine motivation.

**Creativity-** On the cutting edge of research pertaining to motivation in the workplace is the integration of motivation and creativity. Essentially, Ambrose and Kulik (2001), note that the same variables that predict intrinsic motivation are associated with creativity. This is a helpful conclusion in that organizations can measure and influence both creativity and motivation simultaneously. Further, allowing employees to choose creative and challenging jobs/tasks has been shown to improve motivation. In order to increase creativity, setting "creativity goals" can positively influence the process, along with allowing more autonomy (giving employees freedom to feel/be creative). Other studies have found that team support may enable more creativity in a group setting, also increasing motivation.

**Workforce Diversity-** Thomas (1992), dimensions of workplace diversity include, but are not limited to: age, ethnicity, ancestry, gender, physical abilities/qualities, race, sexual orientation, educational background, geographic location, income, marital status, military experience, religious beliefs, parental status, and work experience. Similarities and differences among employees in terms of age, cultural background, physical abilities and



disabilities, race, religion, sex, and sexual orientation. Composition of the workforce is becoming less homogeneous. This diversity complicates the task of motivating employees because managers must consider many more motivational variables.

The future success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. The challenge and problems faced of workplace diversity can be turned into a strategic organizational asset if an organization is able to capitalize on this melting pot of diverse talents. With the mixture of talents of diverse cultural backgrounds, genders, ages and lifestyles, an organization can respond to business opportunities more rapidly and creatively, especially in the global arena (Cox, 1993), which must be one of the important organizational goals to be attained. If the organizational environment does not support diversity broadly, one risks losing talent to competitors.

This is especially true for multinational companies who have operations on a global scale and employ people of different countries, ethical and cultural backgrounds. Thus, a Human Resource manager needs to be mindful and may employ a 'Think Global, Act Local' approach in most circumstances. The challenge of workplace diversity is also prevalent amongst Singapore's Small and Medium Enterprises (SMEs). With a population of only four million people and the nation's strive towards high technology and knowledge-based economy; foreign talents are lured to share their expertise in these areas. Thus, many local HR managers have to undergo cultural-based Human Resource Management training to further their abilities to motivate a group of professional that are highly qualified but culturally diverse. Furthermore, the HR professional must assure the

local professionals that these foreign talents are not a threat to their career advancement (Toh, 1993). In many ways, the effectiveness of workplace diversity management is dependent on the skilful balancing act of the HR manager.

#### **2.4.5 Performance Indicators**

A performance indicator or key performance indicator (KPIs) is a type of performance measurement. An organization may use KPIs to evaluate its success, or to evaluate the success of a particular activity in which it is engaged. Sometimes success is defined in terms of making progress toward strategic goals, but often success is simply the repeated, periodic achievement of some level of operational goal (e.g. zero defects, 10/10 customer satisfaction, etc.). Accordingly, choosing the right KPIs relies upon a good understanding of what is important to the organization. 'What is important' often depends on the department measuring the performance e.g. the KPIs useful to finance will be quite different than the KPIs assigned to sales. Since there is a need to well understand what is important (to an organization), various techniques to assess the present state of the business, and its key activities, are associated with the selection of performance indicators. These assessments often lead to the identification of potential improvements, so performance indicators are routinely associated with 'performance improvement' initiatives. A very common way to choose KPIs is to apply a management framework such as the balanced scorecard (Thomas, 1992).

Performance indicators differ from business drivers and aims (or goals). A school might consider the failure rate of its students as a key performance indicator which might help

the school understand its position in the educational community, whereas a business might consider the percentage of income from returning customers as a potential KPI. A KPI can follow the SMART criteria. This means the measure has a Specific purpose for the business, it is Measurable to really get a value of the KPI, the defined norms have to be Achievable, the improvement of a KPI has to be Relevant to the success of the organization, and finally it must be Time phased, which means the value or outcomes are shown for a predefined and relevant period (Thomas, 1992).

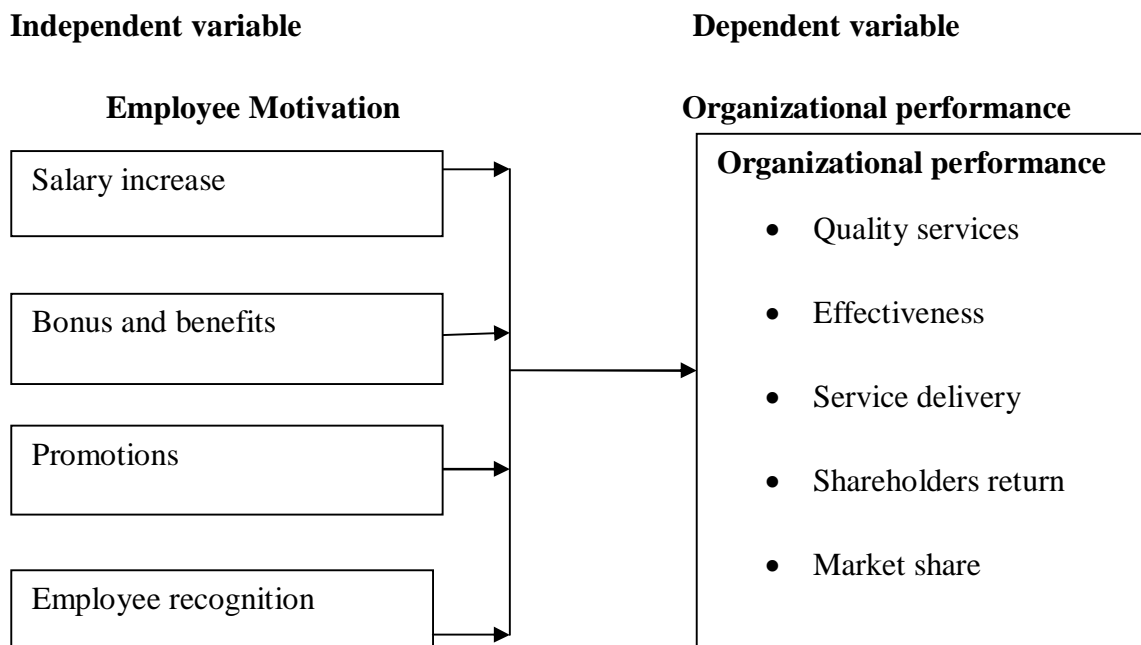
In order to be evaluated, KPIs are linked to target values, so that the value of the measure can be assessed as meeting expectations or not. In practice, overseeing key performance indicators can prove expensive or difficult for organizations. Some indicators such as staff morale may be impossible to quantify. As such dubious KPIs can be adopted that can be used as a rough guide rather than a precise benchmark. Key performance indicators can also lead to perverse incentives and unintended consequences as a result of employees working to the specific measurements at the expense of the actual quality or value of their work. For example, measuring the productivity of a software development team in terms of source lines of code encourages copy and paste code and over-engineered design, leading to bloated code bases that are particularly difficult to maintain, understand and modify (Thomas, 1992).

## **2.5 Conceptual Framework**

The conceptual framework for this study is presented in Figure 2.3. It shows the independent and dependent variables in the study. The independent variable include the

employee motivation variables such as salary increase, bonuses better working conditions, promotions and employee recognition. The dependent variable include organizational performance variable such as quality services, effectiveness, service delivery, shareholder return and market share.

The conceptual framework shows relationship of variables employee motivation and organizational performance. Employees are motivated when they are given promotions, salary increase or when they are recognized in their work. This motivation will trigger them to work harder thus increase the quality services through efficiency and effectiveness as motivation will also improve shareholder return of the organization and may increase the market share of the organization.



**Figure 2.3 Conceptual Framework**

(Source: Researcher, 2012)

## CHAPTER THREE

### MATERIALS AND METHODS

#### 3.1 Introduction

This chapter covers the research methodology. It provides a description of the research area or setting, an outline of the study population, sample size and sampling techniques, data sources and instruments, data collection procedures and data analysis and presentation.

#### 3.2 Research Design

The study employed a survey research design. Social scientists, in particular, have made wide use of this research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension of methods. Yin, (1984) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984).

According to Mugenda and Mugenda (2003), correlation research explores the relationship between variables, that is, the effect of one thing on another and more specifically, the effect of one variable on another. The design described conditions that already exist between two phenomena and attempts to determine reasons, or causes, for the existing condition. The design was adopted because of being relatively cheap and it

was considered for the study so as to establish the influence of employee motivation on performance.

### **3.3 Target Population**

The target population of this study was 164 respondents from the University of Eldoret, comprising of 154 employees from hostels and catering departments and 10 administrative officials (managers). All individuals or objects within a certain population usually have a common, binding characteristic or trait. Usually, the description of the population and the common binding characteristic of its members are the same. "Government officials" is a well-defined group of individuals which can be considered as a population and all the members of this population are indeed officials of the government (Castillo, 2009).

### **3.4 Sample Size**

The concept of sample arises from the inability of the researchers to test all the individuals in a given population. Joseph (2009) argues that, the sample must be representative of the population from which it was drawn and it must have good size to warrant statistical analysis. The main function of the sample is to allow the researchers to conduct the study to individuals from the population so that the results of their study can be used to derive conclusions that will apply to the entire population. The population "gives" the sample, and then it "takes" conclusions from the results obtained from the sample (Castillo, 2009).

In this study the researcher used 30% of the target population as recommended by Mugenda and Mugenda (2003). Mugenda and Mugenda (2003) suggest that between 10 and 30 percentage (10% - 30%) of the accessible population is enough for a descriptive study. For the purpose of getting a representative sample, the study used this percentage to obtain a sample size of 46 respondents as it sample size.

**Table 3.1: Sample Size Determination**

<b>Respondent type</b>	<b>Target population</b>	<b>Sampling procedure</b>	<b>Sample size</b>
Hostels Department	118	30/100 * 118	35
Catering Department	36	30/100* 36	11
Administrative officials	10	100%	10
<b>Total</b>	164		<b>56</b>

**Source: Field data, (2012)**

### **3.5 Sampling Technique**

The researcher employed purposive sampling technique to select Administrators of the University. Purposive sampling was used to sample all the administrative officials (managers), because they were more informed and have a similar characteristic such as level of education, therefore more homogeneous than employees who had different levels of education, included as part of the sample. The employees were stratified according to their departments for example hostels and catering departments.

The researcher highlighted specific subgroup within the population and establish the relationships between these subgroups using stratified random sampling. This technique was useful because it ensures the presence of the key subgroup within the sample. After stratification, the simple random sampling was used to select 46 employees from the hostels and catering departments.

### **3.6 Data Collection Instruments**

Primary data was collected from the actual field study. This method was used so as to obtain specific and current data needed in the study, and might not be available in previous studies. Primary data was obtained from the field by use of questionnaires, interview schedules and observation checklist. Questionnaires were used in collecting information from employee, while interview schedules was used to collect data from the administrative officials. Observation checklist data was collected in a data sheet by the researcher. This study used questionnaire, interview schedules and observation checklist as the main data collection tools. The questions or items in word format were distributed to the respondents. Questionnaires were used in this study since:

Questionnaires are very cost effective, they are generally easy to analyze, and data entry and tabulation for nearly all surveys can be easily done with many computer software packages. Questionnaires are also familiar to most people, questionnaires reduce bias, they have a uniform question presentation and no middle-man bias; the researcher's own opinions will not influence the respondent to answer questions in a certain manner, there are no verbal or visual clues to influence the respondent, they collect a lot of information



over a short period of time, and the method was also suitable since the information needed was easily described in writing and within the limited time.

### **3.7 Validity and Reliability of the Research Instrument**

The study tested the reliability and validity of the data collection instruments.

#### **3.7.1 Validity of the Research Instrument**

Paton (2000) asserts that validity is quality attributed to proposition or measures of the degree to which they conform to establish knowledge or truth. An attitude scale is considered valid, for example, to the degree to which its results conform to other measures of possession of the attitude. The validity of the instrument was determined in two ways. Validity in relation to research is a judgment regarding the degree to which the components of the research reflect the theory, concept, or variable under study. The validity of the instrument used and validity of the research design as whole are important criteria in evaluating the worth of the results conducted (Streiner & Norman, 1996).

First the researcher discussed the items in the instrument with the supervisors and colleagues. The advice given by these people greatly helped the researcher to determine the validity of the research instruments. The advice included suggestions, clarifications and other inputs. These suggestions were used in making necessary changes. Secondly, content validity of the instruments was determined through piloting, where the responses of the subjects were checked against the research objectives, using a sample of some

questionnaires which were distributed to non participating respondents in the actual study. This also gave a reason as to why content was used.

### **3.7.2 Reliability of the research instruments**

The reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. Although unreliability is always present to a certain extent, there will generally be a good deal of consistency in the results of a quality instrument gathered at different times. The tendency toward consistency found in repeated measurements is referred to as reliability (Carmines & Zeller, 1979).

Kombo and Tromp, (2006), noted that the reliability of an instrument is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Christensen (1988) holds that reliability refers to the extent to which a measuring instrument measures what it is supposed to measure. In order to test the reliability of the instrument that was used in this study, the test- retest technique was used. The questionnaire was administered twice within an interval of two weeks. The results obtained from the pilot study assisted the researcher in revising the questionnaire to make sure that it covers the objectives of the study. Cronbach's Coefficient Alpha was computed for each instrument in Likert scale. A reliability coefficient of 0.7 or over was assumed to reflect the internal reliability of the instruments (Fraenkel & Wallen, 2000). In this study, Cronbach's coefficient was 0.86 which is considered reliable for the study.

### **3.8 Data Analysis Procedures**

Data analysis commenced after all the data collection was completed and all the data collection instruments were collected. This was followed by data classification then coding and itemization. The data was then analyzed using the Statistical Package for Social Sciences (SPSS) version 20.0. The collected data yielded both qualitative and quantitative data. Quantitative techniques such as inferential statistics were used to establish relationships between different variables. In quantitative techniques the researcher used descriptive statistics such as frequencies, percentage ages and means to analyze the data. Pearson product moment correlation was used to establish the relationships between the variables. After analysis, data was presented in tabular form using frequencies and percentage ages alongside inferential statistics.

### **3.9 Ethical Considerations**

The study acknowledged the importance of ethical issues in a research study and therefore there was need to observe the ethical issues of confidentiality by not disclosing the identity of the respondent; integrity by using the data collected for academic purposes only; honesty by not altering the data collected and respondent's rights while dealing and getting information from them. The researcher ensured tolerance and patience throughout the research period. A letter was attached to the questionnaire explaining the purpose of the study and how the researcher would maintain privacy, confidentiality and anonymity during the study. A letter of authorization from the university administration to undertake the study was also attached in the document.

## CHAPTER FOUR

### RESULTS

#### 4.1 Introduction

This chapter consists of data analysis, interpretation and presentation of the findings. The data analysis was based on the objectives of the study. Quantitative data collected was coded for the analysis and findings presented and discussed in relation to the objectives of the study.

#### 4.2 Background Information of the Respondents

The researcher sought to get information on the background of the respondents and these included gender, age, marital status, level of education and the gross monthly salary of the respondents.

##### 4.2.1 Gender of the respondents

The results on gender of the respondents presented in Table 4.1. The majority 29 (63.0%) of the respondents were male, while 17 (37%) were female. These findings agree with Naff and Crum (1999), that employee from the public sector had a higher level of motivation for women than for men. Whatever the motivation women appreciate it more than men. This implies that the male respondents were more than the female.

**Table 4.1 Gender of the respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	29	63.0
Female	17	37.0
<b>Total</b>	<b>46</b>	<b>100.0</b>

Women are easily motivated to give their best with any little motivation, thus suggesting the role of gender in motivation. This implies that the number of employees working with hostels and catering needed more women to provide good and fast routine services to the students.

#### **4.2.2 Age of the Respondents**

The results on the age of the respondents are presented in Table 4.2. The results revealed that 33.3% of the respondents were between the ages of 32-40 years, 22.9% between the ages of 40-48 years, 20.8% between the ages of 18-25 years, 12.5% above 49 years and 6.2% between the ages of 26-32 years.

**Table 4.2: Age of the respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
18-25 years	10	20.8
26-32years	3	6.2
32-40 years	16	33.3
40-48years	11	22.9
49 and above	6	12.5
<b>Total</b>	<b>46</b>	<b>100.0</b>

Majority of the employees were entitled to and have received motivational packages in one way or the other if only it is awarded on the basis of time scale worked. The number of years an employee remains in the employment enhances his/her chances of getting motivated in one way or the other. The goodwill nature ensures that employee stay in the job for long years before motivated with a package must be a thing of the past. This findings imply that a number of the respondents who participated in the study were mainly the middle aged category (32 – 40 years) in need of the various types of motivation.

#### **4. 2.3 Marital Status of the Respondents**

The results on the marital status of the respondents are presented in the Table 4.3. Most (45.7%) of the respondents were married, single (39.1%), separated (8.7%) and divorced (6.5%).

**Table 4.3: Marital Status of the Respondents**

<b>Marital status</b>	<b>Frequency</b>	<b>Percentage age</b>
Single	18	39.1
Married	21	45.7
Divorced	3	6.5%
Separated	4	8.7%
<b>Total</b>	<b>46</b>	<b>100.0</b>

The findings imply that respondents had different responsibilities that may be satisfied through using motivation. Marital status of the employees goes with the responsibilities entrusted with them and should be considered during motivation.

#### **4.2.4 Level of Education of the Respondents**

The information on the level of education of the respondents is presented in Table 4.4. From the study results, 34.8% of the respondents had a college level of education, 30.4% had reached university education, 19.6% of the respondents had a secondary education and 15.2% had a primary level of education.

**Table 4.4 Level of Education of the Respondents**

<b>Level of education</b>	<b>Frequency</b>	<b>Percentage</b>
Primary	7	15.2
Secondary	9	19.6
College	16	34.8
University	14	30.4
<b>Total</b>	<b>46</b>	<b>100.0</b>

This implies that the respondents who had participated in the study were knowledgeable. The educational qualification of the employees and their responsibilities should be considered in the course of promoting employees in taking up higher responsibility as a way of motivating them.

#### **4.2.5 Monthly Gross Salary of the respondents**

The findings for the monthly gross salary of the respondents are presented in Table 4.5. The study revealed that 41.3% of the respondents had a monthly Gross salary of 31000 and above, 34.8% of the respondents had a monthly gross salary of 10000-20000, and 23.9% of the respondents had a monthly gross salary of 21000-30000.



**Table 4.5 Monthly Gross Salaries of the Respondents**

<b>Monthly gross salary (Kshs)</b>	<b>Frequency</b>	<b>Percentage age</b>
10000-20000	16	34.8
21000-30000	11	23.9
31000 and above	19	41.3
<b>Total</b>	<b>46</b>	<b>100.0</b>

This implies that most of the respondents who participated in the study to some extent were motivated financially. A salary of over 31,000 may be considered a good base of motivation but not sufficient based on the employee responsibilities. The choice is necessary so as to enable them finance their physiological needs which are fundamental to employees as suggested in Maslow's hierarchy of needs model.

### **4.3 Motivation Techniques used in the University of Eldoret**

The researcher sought to find information on the motivation techniques used to motivate employees in the University of Eldoret and the findings are represented in the Table 4.6. From the study 41(89.1%) of the respondents were motivated by use of bonuses, using investment benefits 30(65.2%) and using salary increase and fringe benefits as well as promotion at work 27(58.7%). The study indicated that the university used diverse techniques in order to motivate their employees. It was reported that bonuses (mean=0.8913, SD=0.31470) were the most preferred motivational technique in the

organization. Employee recognition as a motivational technique has not been used in the department.

**Table 4.6 Motivational techniques**

Motivation Techniques	Yes		No		Mean	Sd
	Freq	%	Freq	%		
Salary increase and fringe	27	58.7	19	41.3	0.41	0.50
Regular timely salary	23	50.0	23	50.0	0.50	0.51
Vouchers	23	50.0	23	50.0	0.50	0.51
Investment benefits and	30	65.2	16	34.8	0.65	0.48
Bonuses	41	89.1	5	10.9	0.89	0.31
Involvement in decision	18	39.1	28	60.9	0.39	0.49
Promotion at work	27	58.7	19	41.3	0.59	0.50
Employee recognition	19	41.3	27	58.7	0.41	0.50

**Source: Field Data, 2013**

#### **4.4 Motivation status of the employees**

The findings of motivation status presented in Table 4.7. From the study, 50% of the employees were motivated and 41.3% did not care much about motivation as long as the organization assured them of employment. However, 39.1% employees were motivated when the organization employs certain occasional motivation techniques and 34.8% employees were motivated throughout the year. The study revealed that on average employees were motivated when the organization employed certain occasional

motivation techniques and some did not care much about motivation as long as the organization provided them with stable employment.

**Table 4.7 Motivation status of the employees**

Motivation status	Yes		No		Mean	Sd
	Freq	%	Freq	%		
Employees are motivated throughout the year.	16	34.8	30	65.2	0.35	0.48
Employees are motivated when the organization employs certain occasional motivation techniques.	23	50.0	23	50.0	0.50	0.51
Employees are never motivated.	18	39.1	28	60.9	0.39	0.49
Employees don't care much about motivation.	19	41.3	27	58.7	0.41	0.50

**Source: Field Data, 2013**

#### **4.5 Relationship between employee Motivation and Performance**

These were achieved by establishing the indicators of motivation as well as the effects of motivation on performance. This was found to be important establishing the influence of motivation on service delivery at hostels and catering department. These were achieved by using Pearson product moment correlation to establishing whether there was significant relationship between motivation and performance. The Pearson product-moment correlation helps the researcher to determine whether there is a significant relationship or association between two variables.

#### **4.5.1 Indicators of motivated employees**

The researcher sought to find information on the indicators of motivated employees in the hostels and catering department as presented in Table 4.8. From the study it showed that majority 41(89.1%) of the employees identified that the remarks about the university as an employer was used as an indicator of motivation. However, 69.6% identified employee team's ability to meet organizational goals and employee's attitude towards work on a daily basis as indicators of motivation. Further, 58.7% established that the employee's ability to meet set individual work goal was the indicator of motivated employees at departments of hostels and catering. The findings indicated that employees who were motivated had the ability to work hard and improve performance. It is therefore the duty of every organization to consider motivation of employees as an important aspect in their daily operations in order to reap excellent results.

**Table 4.8 Indicators of motivated employees**

Indicators	Yes		No		Mean	Sd
	Freq	%	Freq	%		
Employee's ability to meet set individual work goal.	27	58.7	19	41.3	0.59	0.50
Employee's teams ability to meet organizational goals.	32	69.6	14	30.4	0.70	0.47
The employee's attitude towards work on a daily	32	69.6	14	30.4	0.70	0.47
The employees rate of turnover.	15	32.6	31	67.4	0.33	0.47
The employee's remarks about the university as an employer.	41	89.1	5	10.9	0.89	0.31

**Source: Field Data, 2013**

#### **4.5.2 Influence of employee's motivation on performance of the Institution**

The researcher sought to find information on the influence of employee motivation on the performance of the organization and study findings presented in Table 4.9. The findings showed that 89.1% (4.89) of the respondents strongly agreed that de-motivated employees give poor quality of work as they are not dedicated to their work, 80.4% (4.70) of the respondents strongly agreed that de-motivated employees pay little attention to organizational welfare and hence lead to low output, 67.4% (4.67) of the respondents strongly agreed that de-motivated employees only do the minimum acceptable work, 65.2% (4.65) strongly agreed that de-motivated workers have less output as they have very little desire to work and 67.4% (4.02) strongly agreed that de-motivated employees do not enjoy their work and hence high staff turnover.

**Table 4.9 Influence of employee's motivation and the performance of the organization**

De-motivated	Strongly agree		Agree		Disagree		Mean	Sd
	Freq	%	Freq	%	Freq	%		
Give poor quality of work as they are not dedicated to their work.	41	89.1	5	10.9			4.89	0.31
Have less output due to little desire to work.	30	65.2	16	34.8			4.65	0.48
Do not enjoy their work and hence high staff turnover.	31	67.4	5	10.9	10	21.7	4.02	1.64
Only do the minimum acceptable work.	31	67.4	15	32.6			4.67	0.47
Pay little attention to organizational welfare and hence lead to low output	37	80.4	4	8.7	5	10.9	4.70	0.66

**Source: Field Data, 2013**

#### **4.5.3 Status of Performance of employees in Institution**

The researcher sought to find information on the performance of the employees in the institution and results are presented in Table 4.10. From the study, majority 26(56.5%) of the respondents strongly agreed that the performance in the institution was regularly measured and 43.5% agree that it was measured. The majority 30 (65.2%) strongly agree and 19.6% agree that indicators were used to measure performance and 7(15.2%)

disagree. However it was found that appraisal was not conducted as well as establishing growth at the university.

**Table 4.10 Performance of employees in Institution**

Performance of employees	Strongly agree		Agree		Disagree		Strongly disagree		Mean	Sd
	Freq	%	Freq	%	Freq	%	Freq	%		
Regularly measured.	26	56.5	20	43.5					4.57	0.50
Indicators are used to measure performance.	30	65.2	9	19.6			7	15.2	4.20	1.42
Appraisal is conducted.	10	21.7	9	19.6	20	43.5	7	15.2	2.89	1.46
Steadily growing at the university.	14	30.4	12	26.1	20	43.5			2.74	1.72

**Source: Field Data, 2013**

#### **4.5.4 Relationship between Employee Motivation and their Performance**

A Pearson correlation coefficient was used when working with continuous data, in other words, data on the interval or ratio level of measurement. The Pearson correlation is also a parametric test or a parametric statistic. Correlation analysis was used to describe the strength and direction of the linear relationship between two variables, depending on the level of measurement. Pearson product-moment coefficient was designed for interval level (continuous) variables as shown in Table 4.11 (Appendix VIII). The relationship

between independent variables (motivation factors) and dependent variable (performance) were investigated using Pearson product-moment correlation coefficient.

There was a strong positive relationship between the bonuses given to employees and their performance [ $r=.493$ ,  $n=46$ ,  $p<.05$ ], this indicated that an increase in bonus the employee is given their performance also improved. Thus the more they earn bonus the higher their performance. There was a strong positive relationship between the promotion of employees and their performance [ $r=.441$ ,  $n=46$ ,  $p<.05$ ], this indicated that the more the employee is promoted their performance also improved. Thus the more they are promoted their performance increase.

There was a strong positive relationship between the salary increase and employee recognition on their performance [ $r=.759$ ,  $n=46$ ,  $p<.05$ ], this indicated that the more the employee is paid their performance also improved. Thus the more they are paid their performance increase. There was a strong negative relationship between the regular salary payment and vouchers on their performance [ $r=-.659$ ,  $n=46$ ,  $p<.05$ ], this indicated that the more the employee is not paid on time their performance will reduce. There was a strong negative relationship between the involvement in decision making on their performance [ $r=-.361$ ,  $n=46$ ,  $p<.05$ ], this indicated that the more the employee are not involved in decision making their performance will reduce. There was a strong negative relationship between the investment benefits and their performance [ $r=-.089$ ,  $n=46$ ,  $p<.05$ ], this indicated that the more the employee do not get investment benefits their performance will reduce.



#### **4.6 Challenges Faced in Providing Employee Motivation**

The researcher sought to find information on the challenges faced by the organization while trying to motivate their employees and the study findings are presented in the Table 4.12 (Appendix VIII). From the study, majority 27 (58.7%) of the employees agreed that the challenges facing the employee motivation was that organization policies may be rigid to allow employee motivation. Also 26(56.5%) agreed that the management was not conversant with the employees. The majority 34 (73.9%) of the employees disagree that the challenges facing the employee motivation was that organization may not have enough funds to motivate employee. However, 41(89.1%) disagreed that organization management concept and misuse of incentives meant to motivate employees.

The study revealed that 57% (mean= 2.87) of the respondents strongly agreed that the organization management concept and misuse of incentives meant to motivate employees. 55% (mean=2.76) organization policies may be rigid to allow employee motivation, 47% (mean=2.33) of the respondents strongly agreed that management are not conversant with the employees. 42% (mean=2.09) strongly agreed that it was difficult to identify the most suitable procedures to motivate employees and 40% (mean=2.02) strongly agreed that the organization may not have enough funds to motivate employee.

## **CHAPTER FIVE**

### **DISCUSSION**

#### **5.1 Introduction**

This chapter presents the summary of the findings with respect to the objectives of the study.

#### **5.2 Summary of findings**

The summary of the study are organized and based on the motivation techniques used in the institution, current employee motivation status, the relationship between employee motivation and performance and the potential challenges faced on the provision of employee motivation.

##### **5.2.1 Motivation techniques used in the University of Eldoret**

From the study 41(89.1%) of the respondents were motivated by use of bonuses, using investment benefits 30(65.2%) and using salary increase and fringe benefits as well as promotion at work 27(58.7%). The study indicated that the university used diverse techniques in order to motivate their employees. Bonuses were the most preferred motivational technique in the organization. Employee recognition as a motivational technique has not been used in the departments. Bonuses can serve as an important tool for organizations, which have smaller staff and a smaller reservoir of talent, helping to ensure employee loyalty and reducing turnover. The employees who want enhanced salary have the tendency to move to where the salary is much higher than the existing

one. The motivational techniques used by the organization include bonuses, salary increments and fringe benefits, promotions of employees at work, and employee recognition.

The results (Table 4.6) compare well with those of Robert, (1997), who noted that bonuses motivate employees to raise their performance to meet business goals. Organizations may want employees to lower production costs, for example, or eliminate waste in the materials they use. They might give cash or non-cash bonuses as incentives. Employees earn rewards for special achievements, improving productivity and raising profits. Bonuses can serve as an important tool for organizations, which have smaller staffs and a smaller reservoir of talent, helping to ensure employee loyalty and reducing turnover.

The findings compare well with those of Khan *et al.*, (2010), that extrinsic elements of motivation encapsulate all economic benefits made available to compensate staff for their services, effort and/or achievements. These include salary, promotion, retirement and other working reward benefits. Promotion is technically the enrichment of one's job and its associated remuneration. Thus, when employees are promoted, they are given higher pay to compensate for the increased or higher responsibilities assigned them to carry out. This finding is consistent with Khan (2010) that employees would like to be promoted to ensure continuity and survival of the operations.

The findings compare well with those of Wilson (1994) that the performance management process is one of the primary elements of the total reward system. It is the

process that impacts performance between wages or salaries and provides the basis on which individual results are measured and calculated. The motivational factors are factors that are intrinsic to the job, such as achievement, recognition, interesting work, increased responsibilities, advancement, and growth opportunities. The consequence of the extrinsic motivation is that, it entices the employees to deliver in the short run and to augment in achieving the long term goal of the institution. The employees who want enhanced salary have the tendency to move to where the salary is much higher than the existing one. Universities should be interested in employees who are achievers and try to ensure that all employees work to their full potential.

### **5.2.2 Motivation status of the employees**

From the study 50% of the employees were motivated and 41.3% did not care much about motivation as long as the organization assured them of employment. However, 39.1% employees were motivated when the organization employed certain occasional motivation techniques and 34.8% employees were motivated throughout the year. The study revealed that on average employees were motivated when the organization employed certain occasional motivation techniques and some didn't care much about motivation as long as the organization provided them with stable employment. Regular motivation is considered the right of the employee, while the occasional motivation such as the bonuses are considered to be the main forms of motivation that drive the employee as they are recognized as additional incentives to work hard.

The findings (Table 4.7) compare well with those of Thomas (2002) that employees in organizations are motivated when the organization performs tasks which tend to motivate them. Motivation will increase the employee morale of doing work and thus enhance productivity and performance in the workplace. The success of any facet of an organization can almost always be traced back to motivated employees, from productivity and profitability to recruiting and retention, hardworking and happy employees lead to triumph.

These findings are in line with Robert (2007) who notes that the employees need to be motivated occasionally by awarding them extra incentives outside their regular salary and regular incentives. For example employees should be treated to events and awarded vouchers as per the management's ability with the intention of making them see that management is appreciative of their efforts. This mode of motivation has been found to significantly influence performance over time.

From the study employees in the university were motivated using bonuses, investment benefits, salary increase and fringe benefits as well as promotion at work. However, they still perform their duties with or without motivation. Regular motivation considered the right of the employee, while the occasional motivation such as the bonuses were considered main forms of motivation that drive the employee as they are recognized as additional incentives to work hard. From the study management of the University of Eldoret, 50% of the employees were motivated and 41.3% did not care much about motivation as long as the organization assured them of employment. Thus, the university

offers motivation to their employees. The motivational techniques used by the organization include bonuses, salary increments and fringe benefits, promotions of employees at work, and employee recognition.

### **5.2.3 Relationship between employee motivation and performance**

From the study there was a strong positive relationship between the bonuses given to employees, promotion, the salary increase, employee recognition and their performance ( $p < .05$ ). The findings showed that the more the employee is paid, given bonuses, promoted, increase in salary and recognized their performance also improved.

There was a strong negative relationship between the regular salary payment, vouchers and involvement in decision making ( $p < .05$ ). This indicated that the more the employee is not involved in decision making, gets irregular salary payment and vouchers, their performance will reduce. The performance of employees' depend on different expectations and desires at work. Some rewards can be really rewarding for them but others are rather seen as factors that negatively influence their performance.

The findings (Table 4.8) compare well with those of Rutherford (2000), that employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations. A motivated employee is responsive of the definite goals and objectives they must achieve, therefore they direct their efforts in that direction.

The findings (Table 4.9) concurs with Latt (2008), that the main difficulty businesses are facing today is the low employee work productivity. In the past, industrial gains have been the highest in the world, but lately productivity growth has declined, particularly

when compared with some of our industrial competitors. The decline in employee motivation and in commitment to high-quality work performance may well be one of the major causes of this productivity slowdown.

From the study all the employees identified that the effect of motivation on performance of employee's leads to poor quality work, had less output due to little desire to work. Also from the study de-motivated employees does not enjoy their work and hence high staff turnover and only do minimum acceptable work. The findings showed that de-motivated employees gave poor quality of work as they were not dedicated to their work, they pay little attention to their work, less output, high staff turnover and they pay little attention to organizational welfare and hence lead to low output in the organization. The findings from interview schedule showed that through employee motivation, there is achievement of organizational goals. There was best possible utilization of resources, co-operative work environment, the employees are goal-directed and act in a purposive manner, goals achieved if co-ordination and co-operation takes place simultaneously.

The findings (Table 4.10) supports those of Ansoff (1965) that the ultimate measure of organizational performance is return on investment. While this is argued to be the aim of the organization, Ansoff acknowledges that the organization should not be constrained by individual employee objectives. As a consequence, the organization must also have non-economic objectives that lead to maximization of return on investment as constrained by employee constraints on organizational flexibility. The findings indicate that the performance of the organization is regularly measured, for an organization to accomplish

its objectives; it has to utilize its relationships with employees to accomplish both organizational goals and the employee goals. Employees are not considered organizational constraints. Rather, they are a resource to accomplish organizational objectives. This requires satisfying at least the minimal interests of all employees.

The findings (Table 4.11) agree with Frey & Osterloch, (2002) where the performance of employees' depended on different expectations and desires at work. Some rewards can be really rewarding for them but others are rather seen as factors that negatively influence their performance. This is in agreement with Armstrong (2007) that money is a motivator because it satisfies a lot of needs. It is a factor which is indispensable for life and which is needed to satisfy basic needs of survival and security. Higher needs such as self-esteem and satisfied by it. Money let people buy things that show their status and create a visible sign of appreciation. In other words, money is a symbol of many intangible goals what makes it a powerful motivating factor. Some credible studies confirm that in fact money is a good motivator, while others, equally credible neglect that.

Rynes, Gerhart and Minette (2004) in their study on the importance of pay in employee motivation found that money is not a motivator for every person and not in every circumstance. Money is much more important in peoples' actual choices than in their responses to the question about importance of money as a motivator that might lead to an underestimation of monetary rewards as one of motivating factors in job settings. Similar results about the importance of money as a motivator come from Agarwal's (2010) that



money is still the most crucial motivating factor for employee that makes him perform well in the company. He agrees that intrinsic rewards motivate executives but after a certain point of career money seems to have greater importance. It is also congruent to Kovach's findings (1995) that promotion and growth in the organization and full appreciation of work done were included in the top five factors according to their importance. Recognition seems to be an important aspect of motivation. The most important factors chosen by employees can be analyzed in the light of Maslow's theory of needs. Interesting work is related to self-actualizing need, Good wages to physiological need, Job security to safety need, Feeling of being well informed and involved to social need and finally promotion and growth in the organization and full appreciation of work done to self-esteem need.

According to Maslow the higher needs occur when the lower needs are fulfilled. This might explain why good wages are one of the most important factors for employee. Money is needed to satisfy all basic needs related to everyday expenses. The empirical evidence for this comes from Kovach's (1995) study where the importance of wages was lower in groups of older employees and employees higher in the hierarchy. The possible explanation for that might be that time of students' service as employees was too short to change their expectations about work.

#### **5.2.4 Challenges faced in providing employee motivation**

From the study majority 27 (58.7%) of the employees agree that the challenges facing the employee motivation was that the organization policies may be rigid to allow employee

motivation. Also 26(56.5%) agreed that the management was not conversant with the employees. From the study majority 34 (73.9%) of the employees disagree that the challenges facing the employee motivation was that the institution do not have enough funds to motivate employee. Also 41(89.1%) disagree that organization management concept and incentives not given to employees.

The study findings indicate that the organization faces challenges while trying to motivate their employees. The organization policies may also be rigid to allow employee motivation and the management may not be conversant with the employees. The organization had inadequate funds to motivate employees, which may be difficult to arrive at the level of employee satisfaction in regard to motivation. The findings agree with Kulik (2001), that one of the main reasons of motivation being a challenging job is due to the changing workforce. The employees become a part of their organization with various needs and expectations. Employees motives cannot be seen, they can only be presumed.

The study findings indicate that the organization faces challenges while trying to motivate their employees, the organization according to the study, incentives were not given out to motivate employees and the organization policies may also be rigid to allow employee motivation.

## **CHAPTER SIX**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 Introduction**

This chapter presents the conclusion and recommendations of the study. The presentation was based on the respective objectives of the study.

#### **6.2 Conclusion**

The university used diverse techniques in order to motivate their employees, but bonuses were the most preferred. Bonuses serve as an important tool for institution, which have smaller staff and a smaller reservoir of talent, helping to ensure employee loyalty and reducing turnover. The employees who want enhanced salary have the tendency to move to where the salary is much higher than the existing one. Other motivational techniques used by the organization were bonuses, salary increments and fringe benefits, promotions of employees at work, and employee recognition.

On average employees were motivated when the organization employed certain occasional motivation techniques and some didn't care much about motivation as long as the institution provided them with stable employment. The success of an institution was through motivated employees. Regular motivation was considered the right of the employee, while the occasional motivation such as the bonuses was considered to be the main forms of motivation that drive the employee as additional incentives to work hard.

There was positive relationship between the bonuses given to employees, promotion, the salary increase, employee recognition and their performance. There was a negative relationship between the regular salary payment, vouchers and involvement in decision making. The performance of employees' depend on different expectations and desires at work. Some rewards may be rewarding for them but others are rather seen as factors that negatively influence their performance.

The motivational challenges faced by the institution while trying to motivate their employees was lack of incentives given out to motivate employees. The institution policies were rigid to allow employee motivation and the management was not conversant with the employees. The institution had inadequate funds to motivate employees, which was difficult to arrive at the level of employee satisfaction regarding motivation.

## **6.3 Recommendation**

### **6.3.1 Recommendation to the management**

The study made the following recommendations

- i. There is need for the University management to diversify the motivation techniques, to enhance workers to be more purposeful and improve their performance.

- ii. The University of Eldoret should recognize the need for continuous motivation of employees in an effort to maintain their performance and consequently the performance of the organization.
- iii. The University of Eldoret should be interested in employees who are achievers and try to ensure that all employees work to their full potential.
- iv. The University of Eldoret should develop policies that allow effective and transparent employee motivation.

### **6.3.2 Recommendation for Further Research**

The study recommends the following for further research on:

- i. The relationship between employees motivation and retention in organizations
- ii. Establish the motivation of the University of Eldoret and public sector employees and organizational performance.
- iii. Further study can be extended to other universities and institutions to assess the effects of motivation on employee performance.
- iv. This study focused on the motivation of hostels and catering employees who were service providers to the students. Thus there is need to conduct study on the recipients of these services.

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**APPENDICES****APPENDIX I: INTRODUCTORY LETTER****LETTER TO HOSTELS / CATERING MANAGER**

KYOLOLO ANGELINE MUENI

P.O.BOX 1125

ELDORET

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam

**RE: PERMISSION TO CARRY OUT THE RESEARCH STUDY**

I am studying towards a Master's degree in Business Administration. The project focuses on INFLUENCE OF EMPLOYEE MOTIVATION ON PERFORMANCE IN THE CATERING AND HOSTELS DEPARTMENT OF THE UNIVERSITY OF ELDORET. Kindly assist me by completing the attached questionnaire. The information you provide is for research purposes only and will be kept strictly confidential.

Thank you for your time.

Yours sincerely

KYOLOLO ANGELINE MUENI

**APPENDIX II: AUTHORIZATION LETTER****CHEPKOILEL UNIVERSITY COLLEGE**

( A constituent College of Moi University)

OFFICE OF THE PRINCIPAL  
INTERNAL MEMO

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**FROM:** PRINCIPAL

**DATE:** 27<sup>TH</sup> NOVEMBER, 2012

**TO:** KYOLOLO ANGELINE MUENI

**REF:** PF. NO. 0074

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**AUTHORITY TO UNDERTAKE STUDY**

Your letter Dated 12<sup>th</sup> November, 2012 refers:

Your request to collect data from Chepkoilel University College for your academic Research is hereby granted.



**PROF. ELIJAH BIAMAH**  
**PRINCIPAL**

### APPENDIX III: QUESTIONNAIRE

This questionnaire consists of three sections. Please see the instructions at the beginning of each section.

#### SECTION A: BACKGROUND INFORMATION

Please complete the following questions as appropriate as possible

1. What is your age in years?

18-25yrs [ ]

40 -48yrs [ ]

26-32yrs [ ]

49 Above [ ]

32-40yrs [ ]

2. What is your Gender?

Male [ ]

Female [ ]

3. What is your Marital Status?

Single [ ]

Divorced [ ]

Married [ ]

Separated [ ]

4. What is your level of education?

Primary [ ]

Secondary [ ]

College [ ]

University [ ]

5. What is your current gross monthly salary in Kshs? \_\_\_\_\_



## SECTION B: EMPLOYEE MOTIVATION STATUS

### Currents employee motivation status

6. What are some of the motivational techniques employed by the organization to enhance the motivation level of employees?

Motivation Techniques	Tick Here
a) Salary increase and fringe benefits	
b) Regular timely salary	
c) Vouchers	
d) Investment benefits and opportunities	
e) Bonuses	
f) Involvement in decision making	
g) Promotions at work	
h) Employee recognition (e.g, verbal appreciations)	

7. What can you comment about the motivation status of the employees at the university?

Motivation status	Tick Here
a) We as employees are motivated throughout the year	
b) Employees are motivated when the organization employs certain occasional motivation techniques.	
c) We as employees are never motivated.	
d) Employees don't care much about motivation as long as the organization is keen to keep them in employment	

### Relationship between employee motivation and performance

8. What are some of the indicators an employee who is motivated in the organization?

Indicators of Motivated Employees	Tick Here
a) Employee's ability to meet set individual work goal.	
b) Employee's teams ability to meet organizational goals.	
c) The employee's attitude towards work on a daily basis.	
d) The employees rate of turnover.	
e) The employee's remarks about the university as an employer.	

9. Kindly rate the following statements as to the relationship between the employee's motivation and the performance of the organization?

	SA	A	UD	D	SD
a) De-motivated employees give poor quality of work as they are not dedicated to their work					
b) De-motivated workers have less output as they have very little desire to work					
c) De-motivated employees do not enjoy their work and hence high staff turns over.					
d) De-motivated employees only do the minimum acceptable work.					
e) De-motivated employees pay little attention to organizational welfare and hence lead to low output					

### Challenges faced in providing employee motivation

10. To what extent do you agree with the following statements on the performance issues at the catering and hostels department of University of Eldoret College

<b>Performance of the Organization</b>	<b>SA</b>	<b>A</b>	<b>UD</b>	<b>D</b>	<b>SD</b>
a) Performance is regularly measured					
b) Performance indicators are used to measure performance					
c) Performance appraisal is conducted to enhance performance					
d) Performance is steadily growing at the university					

11. To what extent do you agree or disagree with these sentences in regard challenges facing the human resource department in the implementation of employee motivation strategies?

<b>Challenges faced in providing employee motivation</b>	<b>SA</b>	<b>A</b>	<b>UD</b>	<b>D</b>	<b>SD</b>
a) The organization may not have enough funds to motivate employee					
b) Organization policies may be rigid to allow employee motivation					
c) The organization management concept and misuse of incentives meant to motivate					
d) It is difficult to identify the most suitable procedures to motivate employees					
e) Management not conversant with the employees					

**APPENDIX IV: INTERVIEW SCHEDULE FOR MANAGEMENT**

1. Does the firm currently offer its employees any form of motivation?

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2. If yes what are some of the motivational techniques used to the employees?

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3. How is the relationship between employee motivation and performance in your organization?

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4. How do your employees behave when they are de-motivated?

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What are some of the indicators of employee motivation in the organization?

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5. What can you say about the performance of the University of Eldoret College departments in terms of service delivery to students.

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6. Outline some of the challenges you encounter in executing motivation in your organization

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### APPENDIX V: OBERVATION CHECKLIST

Tick where appropriate

Motivation indicator	Yes	No
Employee seem busy		
Employees are generally punctual		
Employees walking lazily		
Management is doing little supervision		
Students look happy		
Everything seem to be in place		
There is little commotion at the premise		

**APPENDIX VI: PROPOSED BUDGET**

<b>EVENT/ITEM</b>	<b>AMOUNT (Kshs)</b>
<b>A. Preparation of Research proposal</b>	
Printing of the proposal draft	6500
Binding of the proposal draft	2000
Printing of the final proposal	1800
Photocopying of final proposal	2900
Internet services	3400
<b>B. Piloting</b>	
Printing of the questionnaire	500
Photocopying of the questionnaire	2100
Stationery	1500
Travelling expenses and miscellaneous	4300
<b>C. Collecting of Data</b>	
Printing and photocopying of questionnaire/ stationery	6500
Travelling and miscellaneous	7000
<b>D. Preparation of project</b>	
Printing and photocopying of draft Project	6800
Draft project loose binging	3500
Printing and photocopying of final project for defense	7100
Final project loose binding	3450
Printing of corrected final project	2800
Final project hand binding	2400
<b>Total</b>	<b>64,550</b>

## APPENDIX VII:

## WORK PLAN (TIME)

Item	2012					2013		
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Selection of the topic								
Writing of the proposal								
Submission to the supervisor								
Doing for corrections								
Submission to the supervisor								
Doing for correction and submitting								
Submitting for defense								

## APPENDIX VIII: TABLES

Table 4.11 Relationship between employee motivation and their performance

		Perform	Salary	Regular	Vouchers	Bonuses	Decision	Promotions	Recog-
			and fringe	timely			making		nition
			benefits	salary					
Performance	Pearson	1							
	Correlation								
	Sig. (2-tailed)								
Salary	Pearson	.759**	1						
increase	Correlation								
	Sig. (2-tailed)	.000							
Regular timely	Pearson	-.659**	.839**	1					
salary	Correlation								
	Sig. (2-tailed)	.000	.000						
Vouchers	Pearson	-.659**	.839**	1.000**	1				
	Correlation								
	Sig. (2-tailed)	.000	.000	.000					
Bonuses	Pearson	.493**	-.416**	-.349*	-.349*	1			
	Correlation								
	Sig. (2-tailed)	.000	.004	.017	.017				
Involvement	Pearson	-.361*	.594**	.802**	.802**	.280	1		
in decision	Correlation								
making	Sig. (2-tailed)	.014	.000	.000	.000	.059			
Promotion	Pearson	.441**	-.372*	-.221	-.221	.416**	.039	1	
	Correlation								
	Sig. (2-tailed)	.002	.011	.140	.140	.004	.795		
Employee	Pearson	.759**	1.000**	.839**	.839**	-.416**	.594**	-.372*	1
recognition	Correlation								
	Sig. (2-tailed)	.000	.000	.000	.000	.004	.000	.011	

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

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

c. List wise N=46

**Source: Field Data, 2013**



**Table 4.12 Challenges faced in providing employee motivation**

Challenge	Strongly agree		Agree		Disagree		Strongly disagree		Mean	Sd
	Freq	%	Freq	%	Freq	%	Freq	%		
The organization may not have enough funds to motivate employee	7	15.2	5	10.9	4	8.7	30	65.2	2.02	1.58
Organization policies may be rigid to allow employee motivation	23	50.0	4	8.7	4	8.7	15	32.6	2.76	1.37
The organization management concept and misuse of incentives meant to motivate employees			5	10.9	25	54.3	16	34.8	2.87	0.88
It is difficult to identify the most suitable procedures to motivate employees	5	10.9	4	8.7	27	58.7	10	21.7	2.09	0.86
Management not conversant with the employees			26	56.5	9	19.6	11	23.9	2.33	0.84

**Source: Field Data, 2013**