FACTORS AFFECTING EMPLOYEE MOTIVATION AT THE WORK PLACE: A CASE OF KENYA BANKERS SACCO SOCIETY LTD.

BY

FLORENCE NJERI WANJIHIA

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2016
FACTORS AFFECTING EMPLOYEE MOTIVATION AT THE WORKPLACE: A CASE OF KENYA BANKERS SACCOSOCIETY LTD.

BY

FLORENCE NJERI WANJIHIA

A Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2016
STUDENT’S DECLARATION

I, the undersigned declare that this is my original work and that it has not been submitted to any other college, institution or university other than United States International University-Africa in Nairobi Kenya for academic credit. All material obtained from other sources is duly acknowledged.

Signed: ______________________ Date: ______________________

Florence Njeri Wanjiha – ID 620965

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

Signed: ______________________ Date: ______________________

Prof. Paul Katuse
Supervisor

Signed: ______________________ Date: ______________________

Dean, Chandaria School of Business
COPYRIGHT

© 2016 Florence Njeri Wanjihia

All rights reserved

No part of this Research Project may be copied, replicated, used to create derivative works, publicly displayed or distributed, or transmitted including but not limited to storage in a retrieval system or transmitted electronically or mechanically by recording, photocopying, or other such means without prior written permission of the author.
ABSTRACT

The purpose of this study was to determine the factors that affect employee motivation and performance at Kenya Bankers Sacco Society (KBSS). The study aimed at determining if reward, achievement and recognition, and, performance appraisal and feedback are effective employee motivators as currently used at KBSS.

This was a case study on Kenya Bankers Sacco which adopted a descriptive research design and a cross-sectional analysis. In general, a case study focuses on one organization that is selected from the total population of several organizations from a similar industry. Saccos in Kenya have increased in number over the years and consist of a great network with a large number of employees and a census would therefore not be appropriate. The study involved collection of primary data from a sample of 35 employees from various departments of Kenya Bankers Sacco at the headquarters.

The probability sampling technique of stratified sampling was used in the study using questionnaires to collect the primary data. The questions were presented in the form of statements on a 1-5 Likert scale. The data preparation from the filled-in questionnaires was done through editing, coding, transcribing and cleaning. The descriptive data was then analysed using Microsoft Excel and Statistical Package for Social Scientist (SPSS). A Chi-Square Test was conducted to find out which responses were significant based on levels of agreement in regard to the various objectives. Finally, the analyzed data was presented through tables and figures.

The study findings revealed that employees at KBSS greatly value motivation at their work place and majority agreed that reward is one way of motivating and hence enhancing their general performance. The respondents agreed that a good salary and compensation package, and a yearly bonus would greatly motivate them in addition to other non-monetary rewards such as gift vouchers and paid vacations for them and their nuclear families. In regard to achievement and recognition as motivating factors, the researcher found out that a very high percentage of respondents greatly value these motivators and especially when done publicly or in the presence of their colleagues.

Finally, in regard to performance appraisals and feedback, findings showed that of the total respondents, majority agreed that receiving timely feedback on their performance appraisals would greatly motivate them with those that have had this experience saying that this has motivated and improved their work performance since they were able to
identify their strengths and weaknesses. However, several of the respondents raised concern that they did not receive timely feedback on their appraisals and that the same were not used for promotion as expected.

This study therefore concluded that reward, achievement and recognition, and, performance appraisal and feedback have a great influence on employee motivation and consequent performance at the work place. In regard to reward and employee motivation, the study concluded that other than money, the employees also value other rewards such as gift vouchers and paid for vacations as motivators. Regarding achievement and recognition as motivators, the study concluded that achievement alone is not enough and employees value the consequent recognition and more so in the presence of their colleagues. Furthermore, the study concluded that employees value appraisals and feedback which should be done using a formal appraisal and feedback system especially when done consistently as this gives them a chance to also interact with their managers.

This study therefore recommended that KBSS should revisit the reward system that is currently in place by revising the grades that determine salaries in an endeavour to bridge the gap between the different salaries. The organization should also reward employees with other non-monetary rewards such as yearly gift vouchers and paid vacations as a way of appreciating and motivating the employees. Regarding achievement and recognition, the study recommends that KBSS changes the current way of doing this to an appropriate employee recognition system or program that can be adopted and consistently used across the board. In regard to performance appraisals and feedback, the study recommends that the organization adapts a system that can be used for this purpose such as a strategy-based performance management system that will ensure fairness and transparency of the process. It is recommended that both managers and employees be trained on any one such system for ease of understanding and transparency. The managers should also be trained on how to use objective based performance measures for accuracy on the appraisals. Timely feedback should thereafter be availed to all appraised employees through an interactive session with the manager and the same should consequently be used for employee promotion when the opportunity arises.
ACKNOWLEDGEMENT

It is with great pleasure that I acknowledge with gratitude the hand of the Almighty God in the completion of this project and throughout the course of my studies and indeed throughout my life.

I would also like to thank my supervisor, Professsor Paul Katuse whose guidance and encouragement have been inspirational in the course and completion of this research. He has been instrumental in making this research a success.

I sincerely thank my husband for being there for me and our children who kept encouraging me and always wished me the best as I updated them on the progress of my study. My late father, my mother and my siblings have greatly encouraged and urged me on many a times and I am eternally grateful to them all. My family’s emotional and financial support throughout my studies has been tremendous. I would also like to thank my friend Nancy Chege for encouraging me throughout the research.

Lastly I would like to acknowledge the employees of Kenya Bankers Sacco who were my respondents, for finding time to fill in my questionnaires and making my research a success. May God bless you all abundantly.
DEDICATION

With all honour and glory unto the Almighty God who has given me the gift of life above all else, I dedicate this work to my late loving father James Kinyanjui who instilled in me the value for education and always encouraged me towards achievement of the highest level, my prayerful and loving mother Ruth Wangui for being ever so loving, kind and encouraging, my loving mother-in-law Martha Njoki for your prayers, my darling husband John Wanjihia for your love and patience, our three children (‘my three musketeers’) Cynthia Njoki, Elsie Wangui and Emmanuel Ted Maina for filling my life with laughter and love, and all my siblings for your love, encouragement and for making my life whole.
# TABLE OF CONTENT

**STUDENT'S DECLARATION** .......................................................................................... ii

**COPYRIGHT** ................................................................................................................. iii

**ABSTRACT** ...................................................................................................................... iv

**ACKNOWLEDGEMENT** .................................................................................................. vi

**DEDICATION** ................................................................................................................. vii

**LIST OF TABLES** ........................................................................................................... x

**LIST OF FIGURES** .......................................................................................................... xi

**CHAPTER ONE** .............................................................................................................. 1

1.0 INTRODUCTION ........................................................................................................... 1

1.1 Background of the Problem ......................................................................................... 1

1.2 Statement of the Problem ............................................................................................. 5

1.3 Purpose of the Study ..................................................................................................... 6

1.4 Research Questions ..................................................................................................... 6

1.5 Significance of the Study ............................................................................................. 6

1.6 Scope of the Study ....................................................................................................... 7

1.7 Definition of Terms .................................................................................................... 7

1.8 Chapter Summary ....................................................................................................... 8

**CHAPTER TWO** ............................................................................................................ 9

2.0 LITERATURE REVIEW ................................................................................................ 9

2.1 Introduction ................................................................................................................ 9

2.2 Effect of Rewards on Employee Motivation ............................................................... 9

2.3 Effects of Achievement and Recognition on Employee Motivation ......................... 15

2.4 Effects of Performance Appraisal (Evaluation) and Its Feedback on Employee Motivation ........................................................................................................... 22

2.5 Chapter Summary ....................................................................................................... 27

**CHAPTER THREE** ....................................................................................................... 28

3.0 RESEARCH METHODOLOGY ................................................................................... 28

3.1 Introduction ................................................................................................................ 28

3.2 Research Design ......................................................................................................... 28

3.3 Population and Sampling Design .............................................................................. 29

3.4 Data Collection Methods .......................................................................................... 32
3.5 Research Procedures ................................................................................................................. 33
3.6 Data Analysis Methods ............................................................................................................... 33
3.7 Chapter Summary .................................................................................................................... 34

CHAPTER FOUR .......................................................................................................................... 35
4.0 RESULTS AND FINDINGS ...................................................................................................... 35
4.1 Introduction ............................................................................................................................. 35
4.2 General Information ................................................................................................................ 35
4.3 Effect of Rewards on Employee Motivation and Performance .............................................. 38
4.4 Effect of Achievement and Recognition on Employee Motivation and Performance .......... 43
4.5 Effect of performance appraisal and feedback on employee motivation and performance .... 46
4.6 Chapter Summary .................................................................................................................... 49

CHAPTER FIVE .......................................................................................................................... 50
5.0 CONCLUSION, DISCUSSION, AND RECOMMENDATION ................................................ 50
5.1 Introduction ............................................................................................................................. 50
5.2 Summary ................................................................................................................................ 50
5.3 Discussion ............................................................................................................................... 51
5.4 Conclusion .............................................................................................................................. 55
5.5 Recommendations .................................................................................................................. 56
REFERENCES ............................................................................................................................... 59
APPENDICES ............................................................................................................................... 62
APPENDIX I: COVER LETTER ..................................................................................................... 62
APPENDIX II: QUESTIONNAIRE ................................................................................................. 63
APPENDIX III: TIME SCHEDULE ............................................................................................... 68
APPENDIX IV: BUDGET ............................................................................................................... 69
LIST OF TABLES

Table 3.1: Target Population Distribution................................................................. 29

Table 3.2 Sample Size Distribution................................................................................. 31

Table 4.1: Gender of Respondents ................................................................................. 35

Table 4.2: Chi-Square Test on Frequency Tables ......................................................... 39

Table 4.3: Am happy and satisfied with my current salary and benefits ..................... 40

Table 4.4: Compensation Package offered is good and adequate ............................... 40

Table 4.5: Being offered a good salary and compensation package motivates me.... 41

Table 4.6: I receive a bonus every year which boosts my morale............................ 42

Table: 4.7: Non-monetary rewards like paid vacations and gift voucher would greatly motivate me ................................................................................................................. 42

Table 4.8: Chi-Square Test Statistics ............................................................................. 43

Table 4.9: The achievement and recognition system of the organization is adequate ................................................................................................................................................. 44

Table 4.10: Being recognized for my work achievements motivates me ............. 45

Table 4.11: Chi-Square Test statistics............................................................................. 47
LIST OF FIGURES

Figure 4.1 Respondents Age Bracket ................................................................. 36

Figure 4.2: Classification of Respondents by Education Levels ..................... 37

Figure 4.3: Classification of Respondents by Positions Held .......................... 37

Figure 4.4: Classification of Respondents by Years Worked at the Organization 38

Figure 4.5: Public recognition for my efforts boosts my morale ....................... 45

Figure 4.6: Recognition for my achievements at work would greatly motivate me into improving my performance ................................................................. 46

Figure: 4.7: I always receive timely feedback on the appraisal carried out .......... 48

Figure: 4.8: I enjoy appraisal sessions as a learning opportunity on where am doing well or where I need to improve ................................................................. 49

Figure 4.9: Performance appraisal results are often used for employee promotion... 49
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Over the years, human resource (HR) has developed from the early 1900’s traditional management approach (Newstrom, 2011). In the earlier traditional approach, the managers basically controlled the tasks to be done by the employees but with the development of the human resources approach which is supportive, the system encourages employees input in decision making hence making them more responsible. The author goes on to say that human resources approach is also known as supportive approach because the primary role of the manager now changes from one of controlling employees to actively supporting their performance and subsequent growth.

According to Kelly and Cole (2011), “human resource management (HRM) is a philosophy of people management based on the belief that human resources are uniquely important to sustained business success. An organisation gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible, and committed people, managing and rewarding their performance and developing key competencies” (p. 220-221). The two authors also posit that “the goal of HRM is to help an organization meet strategic goals by attracting and retaining employees and managing them effectively. HRM is therefore concerned with the strategic management of human resources to achieve a competitive advantage” (p. 220-221). To be able to do this successfully, an organization needs to be able to retain its employees as a human resource duty. The question then is how to effectively motivate the employees in order to retain them.

Motivation as defined by Nelson and Quick (2013, p. 144) “is the process of arousing and sustaining goal-oriented behaviour.” The authors posit that “the word motivation comes from the Latin root word ‘movere’ which means “to move” (ibid). Wesson et al., (2010) posit that formally, motivation can be defined as the energetic forces which originate from within and outside the employee and which initiates an effort related to
work hence determining the intensity, persistence and direction to be taken, and is therefore very important because job performance is believed to be related strongly to both motivation and ability. Wesson et al. (2010) go on to say that motivation determines what an employee does at any given time and where their efforts will be channelled. There are two different ways that managers can use to motivate different employees at the workplace namely; using extrinsic motivators (those that are visible to others and are tangible) such as promotions, pay and benefits; and intrinsic motivators (those that are internally generated and associated with the task itself) such as performing meaningful work, feelings of achievement, responsibility, competitiveness and accomplishment (Luthans, 2011).

Studies as indicated by Champoux (2011) therefore show that managers have a major function at the work place of endeavouring to enhance and sustain employee’s motivation. As further noted by Kelly and Cole (2011), motivation is that driving force that encourages individuals to behave in certain ways as they try to achieve a certain goal(s). Over the years, psychologists have come up with different motivational theories aimed at explaining why people behave differently, as well as how managers can be an effect on behaviour, (Champoux, 2011). The author goes on to explain that once a manager understands these theories, they are able to better motivate their employees.

Champoux (2011) posits that there are two groups of motivation theories namely; need theories and, cognitive and behavioural theories which explain in different ways why human beings behave differently. One of the oldest need theories was proposed by Abraham Maslow the psychologist, and it is known as Maslow’s Hierarchy of Needs (Kelly and Cole, 2011). According to the authors, Maslow’s needs theory states that people’s desires to satisfy their physiological, social as well as psychological needs in that progression order, determines their behaviour and that needs at the base of the hierarchy have to be satisfied before needs on the higher level emerge as important.

Clayton Alderfer, another theorist proposed an evolution to Maslow’s theory known as the ERG theory by consolidating Maslow’s five levels into three namely: existence(E), relatedness(R), and growth(G). The existence needs include Maslow’s interpersonal safety needs, love and interpersonal esteem needs, while the growth needs include self-
actualization and self-esteem of Maslow’s hierarchy of needs (Nelson and Quick, 2013). Fredrick Herzberg’s theory (motivator-hygiene) is more of a transition theory between the need theories and the behavioural and cognitive theories (Champoux, 2011). In his theory, Herzberg found that some factors led workers to job satisfaction, and he called them motivators such as the work itself, achievement and recognition while some other factors led to job dissatisfaction which he called hygiene factors such as working conditions, company policies, technical aspects of supervision, and the salary (Kelly and Cole, 2011).

According to Champoux (2011), the cognitive process theories are three, namely; expectancy, equity and goal setting theories and they explain human behaviour by using cognitive processes. The expectancy theory of Victor Vroom describes the internal process of choice of outcomes between different behaviours. The equity theory explains people’s reactions towards unfair treatment by a manager hence motivating them to behave in ways that may reduce the unfairness, while the goal-setting theory lays emphasis on a person trying to reach external goals, and how this can affect their behaviour and performance. The behaviour theory is one called behaviour modification and relies on behaviour that has been observed to explain the current behaviour and also change its direction. Kelly and Cole (2011), refer to Maslow and Herzberg as some of the early theorists while Victor Vroom (1964 Expectancy theory), John Stacy Adams (equity theory) and Locke and Latham’s (goal setting theory) as later theorists.

However, as Nelson and Quick (2013) note, although many executives in many organisations still value the old and traditional motivation theories like Maslow’s, there are other executives who prefer to make use of new motivational ideas to motivate their employees. The authors posit that in the past decade, there are two new ideas that have emerged in motivation: one idea is from the positive organisational behaviour and is centered on eustress (healthy, normal stress), strength (having courage, principled action, and being emotionally positive at work), and hope where employees see opportunities, challenges and generally feel energized by their daily experience at work. The other idea according to the authors suggests that people (employees) are not necessarily activated by their unmet needs but are activated by their spiritual, physical, mental and emotional energy. This new idea aims at developing corporate athletes and
the manager’s task therefore is to help individual employees in learning how to manage their energy for periodical renewal and eventually build capacity for work through this positive energy, even in the face of increased work demands.

One question posed by Eisner et al., (2010, p. 387), is how a person can tell if “he or she is motivated by a drive for achievement instead of external rewards?” The answer that the authors give is that, “you should look for a sign of passion for the work itself, such as seeking out creative challenges, a love of learning, and taking pride in a job well done.” They go on to say that “motivated people have a high level of energy to do things better as well as restlessness with the status quo. They are eager to explore new approaches to their work.”

Savings & Credit Co-operative Societies (SACCOS), have become very competitive in Kenya today all aiming at recruiting as many members as possible in order to mobilize savings from the members and thereafter lend the same to the members at affordable interest rates. It is therefore very important for each Sacco to stay ahead in the game by trying to gain competitive advantage over competition. For Kenya Bankers Sacco, one way of doing this is to invest in human resource. To do this, an organization needs to learn how to understand individual differences, manage a diverse workforce, and retain qualified and skilled manpower by way of motivating them (Fugate and Kinicki, 2012).

Kenya Bankers Sacco Society Ltd was established and registered on 14th February 1975 and is headquartered in Nairobi on 3rd Ngong Avenue off Ngong Road. The Sacco was established as a savings and credit co-operative society for employees of the banking industry in Kenya with the core business of mobilizing savings from its members and thereafter lending the monies to the same members at affordable interest rates. Members are mainly drawn from banks around the country, as well as from building societies, financial and micro-financial institutions and other such related institutions and also includes family members of the registered members. The Sacco offers several products and benefits such as various types of loans, savings products, and other services such as M-banking, cheque encashment, and money transfers. Kenya Bankers Sacco Society Ltd (KBSS) has a total of sixty five (65) permanent employees drawn from eight (8) departments (Kenya Bankers Sacco, 2016).
1.2 Statement of the Problem

According to Fugate and Kinicki (2012), effective employee motivation is and has been one of the most important yet difficult duties of management, and, that its success has become more important now than ever especially in light of the global competition for organizations to produce lower priced yet better quality products while still managing a diverse workforce. The authors further note that to motivate and satisfy employees, managers should first consider each individual’s differences and not use just one general approach especially considering that motivation is just but one of other factors that could influence performance. Employees tend to feel more motivated when they are involved in making effective strategic contributions in their organizations and are also committed to the achievement of major objectives when they are involved. Therefore well motivated employees are bound to influence the efficiency of an organization towards achieving its goals (Martin and Thompson, 2010).

In line with the Kenya Bankers Sacco vision “to be the leading Savings and Credit Cooperative Society in Africa” by use of its core values of solidarity, honesty, openness, democracy and equality, motivating their employees into delivering their best would go a long way in ensuring that the organization stays ahead of competition and ultimately attains its goal.

Previous studies have been carried out on motivation and further research has been recommended on factors affecting employee motivation at both the public and private sectors of employment. One such study is by Gichure (2014). Another study done by Soud (2014) also recommends further research to be done on factors influencing employee performance and these are usually factors that will also motivate employees. In their study, Ankil and Pallian talk of the Self Determination Theory (SDT) which looks at autonomous, controlled motivation and motivation as a predictor of performance and recommend that HR should consider the theory in their endeavour to motivate employees at the work place. This study therefore aims to fill this employee motivation knowledge gap.
1.3 Purpose of the Study

The purpose of this study is to determine the factors that affect employee motivation and how this affects employee performance at Kenya Bankers Sacco.

1.4 Research Questions

The research will be guided by the following questions:

1.4.1 To what extent does reward affect employee motivation and performance at Kenya Bankers Sacco?

1.4.2 To what extent does achievement and recognition affect employee motivation and performance at Kenya Bankers Sacco?

1.4.3 To what extent does performance appraisal and feedback affect employee motivation and performance at Kenya Bankers Sacco?

1.5 Significance of the Study

The following stakeholders will benefit from this study:

1.5.1 Kenya Bankers Sacco

The findings of this study would help the management at Kenya Bankers Sacco to identify areas that need to be improved as far as motivating their employees is concerned and the factors that they can identify and use in giving them a competitive edge over other players in the industry. Motivated employees are bound to give better service to customers thus ensuring continued and repeat business.

1.5.2 Other organizations

This study would also serve as a model framework that could be used by other organizations that may want to do a research in the area of employee motivation. All organizations want to stay ahead of their competition in whichever industry they may be in. If motivated employees are one way of ensuring this happens, then it will be worthwhile for the organization to go the extra mile in trying to accomplish this task.
1.5.3 Other scholars

Scholars of different disciplines will also benefit by the contribution to the general knowledge of the area of ‘motivation’, hence enhancing their understanding of factors that affect employee motivation in organizations.

1.5.4 HR Practitioners

As noted by Fugate and Kinicki (2012), one of the most difficult yet important tasks of management (and HR) has been effective employee motivation. As such, this study would be of great benefit to HR practices in this area of employee motivation as it is one that can guide on how to effectively undertake this task.

1.6 Scope of the Study

This study will be conducted at Kenya Bankers Sacco Society Ltd premises at Kenya Bankers Sacco Center off Ngong Road along 3rd Ngong Avenue Nairobi, focussing on employees from all the various departments. The study is expected to be carried out between March to June 2016.

One limitation that may be expected to come up is convincing the employees to participate in the survey, fill in and hand in a completed questionnaire in time. However, this will be solved by a proper explanation about the importance of the survey to both employees and the organization, as well as ensuring that the questionnaire is not too long, and is simple to understand. The researcher will also endeavour to hand in the tool early enough and make frequent follow-ups.

1.7 Definition of Terms

1.7.1 Motivation

According to Fugate and Kinicki (2012), motivation is defined as the psychological processes which bring about the direction, arousal, and the persistence of actions that are voluntary and goal directed.
1.7.2 Organization

Gully and Phillips (2012) define an organization as a group of people who have formally assigned roles and who work together towards achieving common goals.

1.7.3 Theory

Champoux (2011) defines a theory as a plausible explanation of a phenomenon adding that a theory also explains the relationships amongst its concepts.

1.7.4 Employee Performance

This refers to the behaviours that are relevant to the goals of the organization and are those that can be controlled by the individual employees (Gully and Phillips, 2012).

1.7.5 Employee

A person who works for another person under an agreed contract of service (Kelly and Cole, 2011).

1.8 Chapter Summary

This chapter has briefly highlighted on a few motivational theories that could be used to motivate employees at the work place. The chapter also highlighted on the background and statement of the problem, going through the purpose of the study and the research questions to be used in the survey, the importance as well as the scope of the study and definition of the key terms that will appear in the study.

Chapter 2 of this study will hold the literature review which will generally be based on the research questions, chapter 3 will include the research methodology to be used which includes the research design; population and sampling design; data collection methods; the research procedures; and the data analysis methods.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter seeks to present a critical review of the relevant theoretical and empirical literature in relation to the human resource management issues that affect employee motivation at the workplace and eventual performance in general based on work motivation theories. The chapter relates this literature to the research questions being analyzed, which are based on the extent that rewards, achievement and recognition, and performance appraisals and feedback motivate employees. The chapter also looks at employee motivation in relation to Maslow’s needs motivation theory in general in addition to several other related theories.

2.2 Effect of Rewards on Employee Motivation

According to Kreitner and Kinicki (2010), there are various kinds of rewards and non can be said to be the best in motivating employees because according to the need theories and the different kinds of individuals at the workplace, people are motivated by varying and different rewards. Thus the challenge to the manager is to establish what works for whom. For this to happen, the manager has to understand and appreciate the different needs that employees try to meet. McShane and Von Glinow (2011) define needs as “goal-directed forces that people experience” (p. 134). According to Kinicki and Fugate (2012), the perspective of total rewards include compensation such as pay increases, base pay, promotions, incentives and merit pay; benefits such as health, welfare, retirement and paid time off benefits; and personal growth such as through career development and training. Phillips and Gully (2012) also concede that rewards are among the “most powerful motivational tools managers have at their disposal” (p. 230), adding that for one to accept a job offer and decide how much effort to exert, the rewards being offered play a big role in the final decision. Phillip and Gully therefore agree that rewards motivate employees.
2.2.1 Improved Performance and Productivity.

Employee performance refers to the behaviours that are relevant to the goals of the organization and are those that can be controlled by the individual employees (Gully and Phillips, 2012). According to Achua and Lussier (2010), rewards affect performance expectations. The two authors add that managers should use incentives such as pay raises and bonuses as positive reinforcements to influence and motivate employee behaviour as they note that rewarding jobs well done motivates employees to continue doing the same. According to Luthans (2011), organizations give rewards to their employees in a bid to try and motivate them to perform better. Luthans notes that there is enough evidence to show that money as one form of reward can positively “impact on individual, team, and organizational performance” (p. 92).

The Valence, Instrumentality, and Expectancy (VIE) Theory of motivation by Victor Vroom, shows that employee motivation is usually enhanced when they perform well and expect a higher pay as a result (Phillips and Gully, 2012). Motivation is the product of the three factors, valence, expectancy, and instrumentality meaning that “if money is to act as a strong motivator, an employee must want more of it (valence), must believe that effort will be successful in producing desired performance (expectancy), and must trust that the monetary reward will follow better performance (instrumentality)” (Newstrom, 2011, p. 143-144). The first two of the three concepts in this theory are said to deal with one’s expectancy that their actions will result in certain outcomes while the third is about the individual’s preferences amongst the outcomes (Champoux, 2011).

In addition, managers need to be familiar with Stacy Adams’ Equity Theory in order to eliminate feelings of unfair or unequal treatment of employees at the workplace which may lead to de-motivation (McShane and Von Glinow). According to Cole and Kelly, (2011), the Equity Theory of motivation focuses on “people’s feelings of how fairly they have been treated in comparison with the treatment received by others” (p. 61). People therefore expect their input to reflect equally on the outcomes and be similar in comparison to those of others of the same ranking, and this includes the rewards they receive (Cole and Kelly).
Productivity according to Quinn, Faerman, Thompson, McGrath and St. Clair (2010) “is a key concept for measuring individual, group, and organizational effectiveness” (p. 204). Although Quinn et al. note that measuring productivity in today’s economy is often controversial and complicated, they concur that employees who are hardworking, empowered, committed and motivated are often more productive and therefore are highly essential as “components of winning organizations” (p. 204). Performance and productivity goals are necessary for each employee and are part of operative goals (the primary tasks that an organization should perform) which are very important as measures of employee performance and productivity respectively (Daft, 2010).

2.2.2 Employee Commitment and Retention

According to Mullins (2010), employee commitment is defined as “an individual’s psychological bond to the organization including a sense of job involvement, loyalty and a belief in the value of the organization” (p. 824). Mullins notes that one of the underlying influences and strength of employee commitment is “the nature of the reward system and the satisfaction of needs and expectations at work in terms of economic rewards” (p. 751). Mullins points out that companies have to come up with new ways of increasing employee loyalty and commitment such as paying attention to and implementing reward strategies. A research done by Lardner (2015) on a UK based company called Gemserv which is a specialist market design, governance and assurance service provider within the utilities and environmental sectors showed that after the company reviewed its reward and benefits strategy, they were able to retain talented employees. Likewise, Luthans (2011) states that, organizations give their personnel rewards as a way of trying to motivate and encourage employee loyalty as well as to retain them.

As Robbins and Judge (2010) point out, once an organization pays more, the result may be better qualified and highly motivated employees who stay in the organization for a longer time. Organizations expect their employees to be committed to the employer by being loyal, keeping company secrets and working hard towards the good of the organization (Hayes, 2010). Hayes points out that employees in return expect that their employer should have honoured their part of a psychological contract one of which should be receiving an equitable remuneration. As a result, employees will most
likely respond by displaying high levels of organizational commitment. An organization needs to know which steps to take in order to ensure that the incentives and pay given to employees is enough to not only attract and encourage but to also retain them (Cole and Kelly, 2011). From a study done in Iran, it was revealed that one of the indicators of high performance practices which was also seen to reduce intentions of employee turnover was rewards in addition to other factors such as teamwork, job security as well as training (Karatepe and Vatankhah, 2014).

However, McShane and Von Glinow (2010) point out that organizational or affective commitment which is an employee’s feelings of attachment/loyalty to the organization is different from ‘continuance commitment’. The two authors concede that employees with high continuance commitment feel bound to stay in the organization not because they identify with it but because the financial implications of working elsewhere is much lower than in their current organization. Continuance commitment is the awareness of the costs which are associated with leaving an organization (Kreitner and Kinicki, 2010). Affective commitment can be a competitive advantage in an organization as loyal employees are bound to stay at their jobs (McShane and Von Glinow). Kreitner and Kinicki introduce a third component of organizational commitment called ‘normative commitment’ which they say is the feeling of obligation that an employee has to continue employment at the organization adding that the three components influence employee turnover consequences.

2.2.3 Job Satisfaction

Cole and Kelly (2011) define job satisfaction as “an attitude or internal state which is associated with the working environment and working experiences” (p. 232). From an analysis of studies done on over 1,000 workers, there was a noted “significant positive relationship between motivation and job satisfaction” (Kreitner and Kinicki, 2010, p. 173). According to Robbins and Judge (2010), pay is noted as one of the major facets of job-satisfaction. The two authors’ state that the relationship between a salary and job satisfaction is rather interesting especially for those who live below the poverty mark in that pay correlates with their overall happiness and job satisfaction.
According to Kinicki and Fugate (2012), a survey done on employees showed that one of the main causes of job satisfaction is need fulfilment or the aspect of one’s job that is of great importance in their job satisfaction adding that compensation and benefits were some of the top choices mentioned by the employees. Apart from helping people in attaining their basic needs, money is also said to be instrumental in individuals attaining their higher-level need satisfaction (Luthans 2011). This is because employees view pay as a way of reflecting how managers view their contribution towards the organization. This is an indicator that pay is indeed one of the major factors which influence job satisfaction. Having a fair pay, fair benefits as well as fair promotion opportunities are some of the guidelines that organizations could use to enhance job satisfaction (Luthans). Quick and Nelson (2013) also concede that pay is one of the job dimensions that are related to job satisfaction.

Colquitt, et al. (2010) also concur that pay satisfaction in reference to the feelings that employees have about their pay including if it’s what they feel they deserve, whether it is secure and adequate for both luxury and normal expenses tops the list of overall job satisfaction values. The authors note that to get the pay satisfaction, many employees related to the content of a task that is being performed and this is related to Psychologist Frederick Herzberg’s content theory known as Herzberg’s Two Factor Theory/ motivation-hygiene theory (Robbins and Judge, 2010). Employees generally compare what they are paid in comparison with their colleagues and also based on their job duties. However Quick and Nelson (2013) also point out that pay is just marginally relative to job satisfaction as it does not always follow that those who are well paid are automatically satisfied with their jobs.

### 2.2.4 Alternative Rewards

Luthans (2011) agrees that today, money is the most dominant of an organization’s reward system. This can be in the form of salaries, incentive pay and bonuses. Rewarding human beings in general with money according to McShane and Von Glinow (2011) is among the oldest and most widely practised applied performances. The authors add that monetary awards are what align goals of employees with those of the organization. According to Phillips and Gully (2012), pay-for-performance in form of money can be one powerful motivator as it determines how people are able to satisfy
most of their wants and needs. Financial rewards can be in form of individual, team or organizational rewards (McShane and Von Glinow, 2011).

While McShane and Von Glinow (2011) acknowledge that a study on money shows that it generates varying emotions mostly negative such as depression and anxiety, they also note that many experts are of the opinion that because of its symbolic value today, money is a more important motivator than it was before. In view of this, the authors believe that it is important for employers while giving out financial rewards to remember that money can influence emotions, and shape people’s self-concept since it is more than just a means of exchange between an employer and an employee.

However, money is not the only motivator of good performance or the greatest for that matter as Andersen (2012) maintains. Andersen notes that there are other motivators such as autonomy and flexibility rewards. In addition, other alternative motivators to money are such as recognition, non-monetary rewards and simple gestures of appreciation (Phillips and Gully, 2012). Others are such as benefits (welfare and health, paid time-off as well as retirement packages) and personal growth (career development, training, work-life balance and performance management) which have proved to be effective on employee engagement (Kinicki and Fugate, 2012). According to Newstrom (2011), performance appraisals also play a major role in an organization’s reward system. According to Bukusi, (2013) “managing people is not just about pay rewards and benefits. It is more about developing people you need to run your organization’s business. Managing people is about developing HR to access the resources the leader knows they have and empowering them to do what they can to contribute to the success of the organization” (p. 99).

2.2.5 Failure of Rewards to Motivate

At times, the motivational effect of rewards on employees that is desired is not always achieved. According to Kinicki and Fugate (2012), some of the reasons behind this were analysed by a management consultant and writer as follows: over emphasising on only monetary rewards without considering other motivators; when employees start viewing the benefits as entitlements; some types of counterproductive work behaviour like mistreatment of employees, sabotage, backstabbing etc. that take away the joy of
rewards; long delays in between the performance and the subsequent reward; too many similar rewards without variety; use of rewards whose motivational impact is short-lived; and, practices such as layoffs, very high executive compensations or raises and cuts across-the-board may also lead to failure of rewards in motivating employees as intended.

2.3 Effects of Achievement and Recognition on Employee Motivation

Achievement and recognition are motivational factors that are generally related to the content of a task that is being performed and are related to Psychologist Frederick Herzberg’s content theory known as Herzberg’s Two Factor Theory/ motivation-hygiene theory (Robbins and Judge, 2010).

2.3.1 Job Satisfaction

Job satisfaction is defined as the greatest job attitude that describes positive feelings towards a job as a result of evaluating its characteristics (Robbins and Judge, 2010). Mullins (2010) defines job satisfaction as “an attitude or internal state that is associated with, for example, a personal feeling of achievement either quantitative or qualitative” (p. 827). “It is often suggested that job satisfaction is necessary in order to achieve a high level of motivation and performance” (Mullins, p. 282). According to Kinicki and Fugate (2012), research has shown that value fulfillment or fulfillment of a person’s important work values is related positively to job satisfaction. Therefore managers can enhance their employees’ satisfaction through structuring the work environment and recognizing employee values in a bid to motivate them.

Mullins observes that an employee’s psychological contract is one of the contractual areas that are related to job satisfaction whereby the employee seeks to secure achievement and recognition. According to Mullins, one way of increasing and improving job satisfaction is through recognizing employee achievements. Mullins states that this can be done through pay for related performance or by non-financial recognition such as by giving employees certificates, awards for employee of the year or month or just simple verbal appreciation. When the job task that an employee performs gives a sense of achievement, the employee is bound to experience job
satisfaction and this gives them positive feelings of motivation and positive thoughts concerning their duties or task activities (Colquitt, et al., 2010).

According to Cole and Kelly (2011), the idea behind creation of autonomous work groups (work teams that have delegated responsibilities for a certain part of organizational activities and have the freedom of organizing their own resources, work pace, and allocation of duties within the group), is to ensure that job satisfaction and consequently employee morale is enhanced when employees work in a group towards achieving their production goals. Colquitt, et al. (2010) conclude that job satisfaction does have an influence on job performance as satisfied and motivated employees do better in fulfilling duties that are in their job descriptions.

Frederick Herzberg’s content theory is based on a motivational study of about 200 engineers and accountants using data for analysis whereby he asked his professional subjects two questions: “when did you feel particularly good about your job- what turned you on? ; when did you feel exceptionally bad about your job- what turned you off?” (Luthans, 2011, p. 165). From the responses which were tabulated and categorized (Robbins and Judge), Herzberg found factors that were associated with both job satisfaction as well as dissatisfaction. Job satisfaction was seen to be associated with recognition, achievement, responsibility, advancement and work characteristics. These factors according to (Kinicki and Fugate, 2012) were labelled by Herzberg as the motivators because they were “associated with strong effort and good performance” (p. 151). Herzberg argued that these could make a person move from a no satisfaction state to a satisfied one.

On the other hand, Herzberg found that job dissatisfaction factors which employees mentioned frequently such as administration and company policy, working conditions, salary, technical supervision and employee-supervisor relations were primarily related to the environment and he labelled these as hygiene factors and noted that they were not motivational (Kinicki and Fugate, 2010). McShane and Von Glinow (2011) point out that Herzberg’s ideas brought about new ways of thinking of the potential of motivation from the job itself. Herzberg’s hygiene factors can roughly be related to the lower- level needs of Maslow while the motivators to the higher- level needs (Mullins,
The simplicity and intuitiveness of Herzberg’s theory is said to appeal to many managers (Phillips and Gully, 2012).

According to Kinicki and Fugate (2012), Herzberg’s theory shows that a manager can motivate people through incorporation of the ‘motivators’ into their jobs. Herzberg’s interpretation of his theory is that individuals experience no job dissatisfaction if they have no problem with the hygiene factors. He concludes that “the opposite of job satisfaction is not job dissatisfaction, but rather no job satisfaction; and similarly, the opposite of job dissatisfaction is not job satisfaction, but no dissatisfaction” (p. 152). These findings according to Robbins and Judge were an indication of an existing dual continuum. McShane and Von Glinow (2011) point out that according to Herzberg, it is the job characteristics which motivate employees while the hygiene factors only prevent dissatisfaction, (the motivators and hygiene factors taken together are the two-factor theory of motivation (Luthans, 2011).

2.3.2 Job Enrichment

According to Daft (2011), job enrichment is a motivational technique that “incorporates high-level motivators into the work, including job responsibility, recognition and achievement” (p. 225). Daft states that in a job that is enriched, an employee is the one who has control of the resources that are needed for performance as well as making decisions on how the work will be done. Kreitner and Kinicki (2010) define job enrichment as “building achievement, recognition, stimulating work, responsibility, and advancement into a job” (p. 232). Luthans states that job enrichment whose technique is to ‘enrich’ the job in a way that includes the factors which provide employees with motivational opportunities for responsibility, advancement, achievement, recognition, and growth, also loads the job vertically whereby an employee has more accountability and responsibility thereby leading to personal growth and a more meaningful work experience.

Kreitner and Kinicki (2010) concede that job enrichment practically applies to the motivator-hygiene theory by Frederick Herzberg. Kinicki and Fugate (2012) also concur that research supports many of the theory’s implications on job design, further adding that job enrichment is one aspect that has its basis “on the application of
Herzberg’s ideas” (p. 152). This theory shows that the first cluster of motivators such as achievement, recognition, advancement, characteristics of the job, and responsibility can be incorporated by the manager into an employee’s job hence motivating them. Herzberg labelled the second cluster as the hygiene factors, such as working conditions, company policy, technical supervision, administration, and supervisor-employee relations which he said were not motivational (Luthans, 2011). Generally, people who are in enriched jobs often experience higher work motivation, job satisfaction and have lower rates of turnover and absenteeism (McShane and Von Glinow, 2010).

Job enrichment which is related to the motivating potential notion can greatly increase and improve employee motivation (Phillips and Gully, 2012). To do this, Phillips and Gully suggest that a supervisor or manager can introduce harder or newer tasks, grant more authority to the employees or organize work teams hence giving employees autonomy, feelings of control and a reduce negative motivational effects which can be brought about by repetitive and non-challenging tasks. Research has suggested that job enrichment efforts can boost levels of job satisfaction, customer satisfaction and work accuracy (Colquitt, LePine and Wesson, 2010). According to McShane and Von Glinow (2010), there are two strategies of increasing job enrichment namely; the ‘natural grouping approach’ whereby tasks that are highly interdependent are combined into natural work units and the employees perform one complete task which gives them a sense of ownership; the second strategy is known as ‘establishing client relationships’ which allows employees to deal directly with clients about whom they can make decisions. Research has shown that the two methods have resulted in more satisfied and motivated employees (McShane and Von Glinow).

2.3.3 The Need for Achievement and Motivation

According to Luthans (2011), the need for achievement means doing better than one’s competitors, attaining or surpassing a challenging goal, solving a tough assignment or problem, or coming up with a better way of doing something. David McClelland is a psychologist well known for his research since the 1940’s based on the needs for affiliation, power but most recognized for his research on the need for achievement (Kreitner and Kinicki, 2010). The need for achievement is defined by Kinicki and Fugate (2012) as the desire to “accomplish something difficult; to master, manipulate,
or organize physical objects, human beings, or ideas; to do this as rapidly and as independently as possible; to overcome obstacles and attain a high standard; to excel one’s self; to rival and surpass others; and to increase self-regard by the successful exercise of talent” (p. 148).

Of the three needs researched on by McClelland, he and other subsequent researchers mainly focused on the need for achievement (Robbins and Judge, 2010). According to McShane and Von Glinow (2011), achievement-motivated people or those with a high need for achievement prefer working on challenging goals on their own effort, prefer to work alone as opposed to teams on tasks with certain degree of risk, and also desire feedback on their performance as compared to low achievers. Kinicki and Fugate (2012) point out that since adults “can be trained to increase their achievement motivation, and achievement motivation is correlated with performance, organizations should consider the benefits of providing achievement training for employees” (p. 149). The two author’s further state that a study showed that people whose need for achievement was high preferred organizations with a pay-for-performance attitude as compared to those who had low-achievement motivation.

However, the need for achievement theory also has a downside as Kinicki and Fugate (2012) point out; McClelland the theorist notes that those with high-achievement motivation may “be more prone to cheat and cut corners and to leave people out of the loop” (p. 149) as seen in the example given by McClelland of the founder of an Indian computer company. In spite of McClelland’s theory having “the best research support,” (Robbins and Judge, 2010, p. 91), as compared to earlier motivation theories, the authors admit that it is less practically effective in comparison. Robbins and Judge observe that measuring the three needs is expensive, time consuming and not easy because as McClelland argues, they are subconscious, meaning that one could be high on a need and not know it. As a result, there are not many organizations ready to invest in time and resources to measure McClelland’s concept. The achievement-oriented leadership style from the path goal leadership theory whereby the leader sets goals that are challenging but shows confidence that the associates will perform and attain these goals is perhaps one way to go with those who have high-achievement motivation.
2.3.4 Recognition and Employee Motivation

Employee recognition at the work place is noted by Kinicki and Fugate (2012) to be a key component of an employee’s engagement. Luthans (2011) concedes that recognition in different forms to reward and identify outstanding performance plays a vital role in an organization’s reward system yet this is often overlooked. Luthans continues to say that both formal and social organizational recognition when used by managers and supervisors is very important in employee performance effectiveness and their daily behaviour. He states that research done shows that social recognition such as genuine appreciation for a job well done, praise, approval, attention and formal acknowledgement has a great impact on performance in all types of organizations. As noted by Andersen (2012), recognition of employees and people in general generally makes them endeavour to even do better in whatever they do.

According to Robbins and Judge (2010), a survey done on 1,500 employees in different work settings showed that they considered recognition as the most powerful motivator at the workplace. Kinicki and Fugate (2012) also state that according to a report from a human resource magazine, companies that attain high financial results are noted to be top performance in employee engagement and that recognition is one component of employee engagement. Further, the two report that the best practices that are followed by those companies which place value on recognition are such as: consistency in the recognition processes and opportunities as well as fairness across the organization; control of a tracking and reporting system whereby it is known who was recognized, why and how much they got; communication and an understanding by managers on how and why the recognition; choice by employees on whether to receive short or long term types of recognition and awards; and commitment by management to fund the practice and make reward and recognition a priority. With such best practices in place in any organization, any employee will feel great at being appreciated and consequently, human nature calls one to continue behaving in a way that garners more appreciation (Andersen, 2012).

There are several employee recognition programs as noted by Robbins and Judge (2010) ranging from formal recognition programs whereby specific behaviour types are encouraged and there are procedures in place for attaining recognition, to the informal
private and spontaneous “thank you” way of recognizing an employee. Luthans (2011) agrees that all effective programs seemingly have two common things; they lead to better employee performance as well as retention; and that by design, they strive to meet specific and changing employee needs. In this, Luthans notes that a recognition system or program that works or worked in one organization may not work in another and therefore, many organizations today have tried several systems before settling on the one that works best for their employees many of them being highly effective.

One such system of praising, recognizing and hence motivating employees is used by David Gachuru the general manager of Sarova Panafric Hotel Nairobi, Kenya (McShane and Von Glinow, 2011). Gachuru believes in motivating “employees with much more than money”: “if an employee’s work calls for a thumps-up, I will appreciate him or her as many times as possible” (p. 137). In the report, Gachuru is said to congratulate top-performing employees at bimonthly meetings as well as giving them paid-for holidays together with their families, and their achievements are also highlighted in the hotel’s own newsletter. Recognition programs are advantageous because they are inexpensive (Robbins and Judge, 2010), for example praising someone is free and this could be one explanation why the recognition programs have become popular.

Robbins and Judge (2010) illustrate this with findings from a 2002 survey done in 391 companies 84% of which had an employee achievement recognition program and 4 out of 10 companies said they had stepped up employee recognition as compared to a year earlier. According to Luthans (2011), firms which follow a recognition system in place have reported improvement in retaining their best employees as well as increased cost-benefit results. However, although it seems most authors agree that recognition is a good way of motivating employees, Robbins and Judge (2010) observe that critics argue that the employee recognition programs are susceptible to manipulation by management especially in jobs where criteria for high performance is not clear hence giving lee way for managers to manipulate the program and only recognize their friends or favourite employees. Abuse of a system like this may undermine the logic and importance of a recognition program and can lead to demoralized employees. All in all,
the power of rewarding employees with generous flexibility and autonomy should never be underestimated (Andersen, 2012).

2.4 Effects of Performance Appraisal (Evaluation) and Its Feedback on Employee Motivation.

According to Quinn et al. (2010), performance evaluation can be defined based on the assumptions of traditional control values which are mostly used by organizations in the performance evaluation process or from the values that are rooted in communication, trust and involvement. From the traditional perspective, Quinn et al. define performance evaluation as an annual formal process planned for employee performance evaluation, an organizational requirement procedure, a time to clarify certain standards and other issues, confront poor performance, and an opportunity to provide direction, control and they point out that evaluation is “only as good as the organization’s forms” (p.59). When looked at from the aspect of an organization that enjoys trust, involvement and communication, Quinn et al. define performance evaluation as an informal organizational process done continuously regardless of requirements; a time and an opportunity to express appreciation, clarify employee’s career needs and increase commitment and enthusiasm.

2.4.1 Employee Empowerment

Employee empowerment can be defined as “where employees are allowed greater freedom, autonomy and self-control over their work, and the responsibility for decision making” (Mullins, 2010, p. 683). Luthans (2011) defines empowerment as “the authority to make decisions within one’s area of responsibility without first having to get approval from someone else” (p. 322). According to Kotter (2012), environmental changes demand a change in the organizations as well, yet these changes cannot take place because people need to assist but are unable to do so because they are not empowered. This is the reason or relevance of empowerment (Kotter). Cole and Kelly (2011) admit that empowerment may motivate employees as well as enabling them to respond positively to the trust that is vested on them by their seniors who should then become their sources of power.
Cole and Kelly (2011) state that when empowerment is practised, the organizational systems and structures can be aligned in a way that the hierarchy is little and the systems are flexible, adding that in order to empower employees, they need to be trained and given the tools that are necessary to tackle the assigned tasks. Other ways of empowering people as described by Kotter (2012) are; communicating to them a vision that is sensible; making the structures compatible with that vision; aligning personnel systems and information to the vision; and confronting any supervisor who attempts to undercut the needed change. Employee empowerment is now widely acknowledged as a key contributor towards organizational success hence enriching the work experience and performance of employees (Erbe, 2014).

When employees receive timely feedback concerning their accomplishments and performance as happens during a performance evaluation process, they are bound to have more self-confidence that could lead to empowerment (McShane and Von Glinow, 2010). Employees who have an ‘empowerment culture’ especially in work groups usually have an enhanced work performance as stated by Phillips and Gully (2012).

2.4.2 Improved Employee Performance

Performance appraisal according to Newstrom (2011) plays a major role in the rewards system. Newstrom defines this as an employee performance evaluation process whereby there is sharing of that performance information between the manager and employee as well as looking for ways of improving the performance in a bid to meet future goals of the employee. Quick and Nelson (2013) note that the main purpose of performance appraisals is to give employees performance feedback, identify their developmental needs, decide on their rewards, promotion and termination and also develop information on the selection and placement decisions of the organization. Once the performance evaluation has been completed, feedback on the performance should be carried out (Quick and Nelson). Though this can be stressful, both employee and manager should try and make it a learning experience because both negative and positive feedback can have long-term implications on the employee’s performance and the work-relationship (Quick and Nelson).
Improving employee performance is said to be the overriding purpose of carrying out behavioural performance management as people generally engage in behaviour that seeks feedback to satisfy their great desire to know about their performance (Luthans, 2011). This performance feedback according to a review has a positive effect on performance improvement (Luthans). When employees feel that they have been appraised based on objective rather than subjective measures of their performance, the employees are said to feel more motivated to perform better (Kinicki and Fugate, 2012). Such objective measures are those that can be easily quantified for example output, sales or customer complaints (Williams, 2011).

According to Newstrom (2011), employees are able to better fine-tune and improve their overall performance when they receive feedback as part of the appraisal system. This feedback helps them to know what they are supposed to do and if they are meeting the expected goals. Newstrom observes that if the feedback on performance is better or satisfactory, it enhances the employee’s self-image and competence feelings and this also leads to improved performance. Appraisals in general maybe carried out in an organization with the aim of motivating employees as well as to enable them to improve on their performance (Cole and Kelly, 2011).

### 2.4.3 Appraisal Problems

The traditional control values which form the basis of most performance evaluation processes in organizations are generally not liked by employees and managers alike due to the associated negative criticism (Quinn et al., 2010). The employees do not like hearing criticism while the managers are fearful of employees’ negative reaction even to what may seem like constructive criticism. Employees seem to view this process as one with minimal benefit to them, the manager or the organization and both the employees and managers often become defensive over any negative assessments (Williams, 2011). According to Robbins and Judge (2010), managers have to align their decisions in line with the organization’s regulations, time limits and the performance evaluation system. Yet these managers at times also fail to carry out effective appraisal interviews due to lack of vital skills such as not having adequate data, reluctance to address sensitive or difficult topics or failing to involve the concerned employee in the discussion or assessment process (Newstrom, 2011).
Robbins and Judge (2010) note that the criteria used to evaluate managers strongly influence their decision making such that if a manager believes that a job is being done well because he has not heard anything negative, his assistant(s) will endeavour to ensure that he does not receive any negative information. Kreitner and Kinicki (2010) point out that an organization’s performance appraisal is regarded as one of the barriers towards the implementation of successful diversity programs adding that the appraisal system should reinforce the need for effective diversity management. According to Mullins (2010), annual performance evaluation in many organizations forms a base for review of career progression as well as that of financial rewards and should be a two way dialogue on the past year’s performance, objectives and expectations for the next year. This is not always the case as some managers see the appraisal process as meaningless and may end up distorting the feedback and ratings given intentionally (Newstrom, 2011).

Inaccurate performance appraisals resulting from faulty analysis of what constitutes a poor versus good performance can erode employee commitment, loyalty as well as work motivation as pointed out by Kinicki and Fugate (2012). To avoid this, it is important that managers objectively and accurately identify behavioural characteristics that indicate good performance and which will serve as employee performance benchmarks at the beginning of any performance review cycle. Kinicki and Fugate illustrate that results from a meta-analysis of 50 studies, researchers found that subjective measures were prone to inaccuracy and bias hence the recommendation to use objective based performance measures as well as the need for managers to use a mechanism to assist them in accurate recollection of employee behaviour. From this, the authors conclude that research has shown that training for accuracy in performance rating is necessary and possible. According to Quinn et al. (2010), performance evaluation systems are not all created equally and even one system could be differently evaluated at different times and by different people.

2.4.4 Conducting Effective Performance Appraisals

Quinn et al. (2010) point out that individual performance evaluations form a major “component of an organization’s comprehensive performance management system”
(p.60), adding that at this level, there is a “strategy-based performance management system” (p. 61) which has four stages namely;

Performance planning- begins an year prior to the real performance review involving a meeting of the employee and manager to discuss the employee’s next 12 months expected performance; Performance execution– at this stage, as the employee performs his duties and other responsibilities, the manager coaches and gives regular feedback during planned meetings; Performance assessment – this should start a few weeks prior to the meeting for performance review and involves getting information on employee’s performance focusing mainly on goal attainment; and, Performance review meeting – when the manager gives formal feedback on employee’s performance while suggesting developmental areas. At this stage, the employee should be clear on what he wants to accomplish and should have written a self-evaluation listing down all the things he has accomplished successfully with the manager’s contribution at the end of which the employee is free to suggest what changes he could make from the list (Quinn et al.). After all this, the individual’s career development plans and progress should be discussed and finally an overall review and summary of the whole process should be done with an agreement for the next meeting on performance planning (Quinn et al.).

Another method of carrying out an effective performance appraisal is making use of the ‘360-degree feedback’ which is “a performance appraisal process in which feedback is obtained from the boss, subordinates, peers and coworkers, and the employees themselves” (Williams, 2011). In this approach, all the data apart from the boss’s is obtained anonymously then it is compiled and compared (Williams). Quick and Nelson (2013) concur that this method is used by many organizations in a bid to improve performance appraisal accuracy which results from the four sources of information.
2.5 Chapter Summary

This chapter has presented a review of the pertinent literature on employee motivation. Earlier studies, theories and findings related to the subject matter have been covered in the chapter. It has shown that reward, achievement and recognition, and performance appraisal, have been used to motivate employees to a great extent. Employee motivation is an important aspect of human resource in any organization for it eventually leads to employee performance and productivity. Research in this area will provide further knowledge on the extent to which these theories are applicable to organizations with Kenya Airways as a case study. The next chapter will present imperative research methods that will be used to conduct this research.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology used in conducting the study. The research methodology basically “contains all of the detail on how the research was conducted” (Quinlan, 2011, p. 15). The chapter therefore focuses on the research design, population and sampling techniques, data collection methods, data analysis methods as well as the research procedures.

3.2 Research Design

The research design that will be used for the study is a descriptive research design. Research design basically comprises of the blueprint for collection, measurement as well as the analysis of data; it is the plan or overall research program that helps the researcher obtain answers to the research questions; it includes an outline of what the researcher will do right from writing the hypothesis to the analysis of the data; it outlines the research problem structure by showing the relationship of the different variables of the study and the research plan that is used to acquire empirical evidence on the various relationships (Cooper and Schindler, 2014). The research design is a planned activity which is based on research questions and therefore acts as a guide for selection of information sources and shows an outline for all the activities carried out in the research.

According to Cooper and Schindler (2014), a study that is concerned with finding out who, where, what, when and how of a phenomenon (which was the concern of this project), is a descriptive study. In this study, the descriptive research design will answer the research questions using the cross-sectional technique whereby the chosen population sample will be interviewed once. In cross-sectional studies, data are only gathered once over a period of some days, weeks or months for answering a research question (Sekaran and Bougie, 2013). The researcher believes that a descriptive research design is appropriate for the study because the study is concerned with finding out which factors affect employee motivation at the work place. The dependent variable
is employee motivation while the independent variables are reward, achievement and recognition, and, performance appraisal and feedback.

3.3 Population and Sampling Design

3.3.1 Population

A population is defined as the elements of which some study or inferences will be made (Cooper and Schindler, 2014). According to Quinlan (2011), a population can be made up of several individual cases, units or individuals. The target population has to be defined by the elements, time and geographical boundaries showing that the scope of study and the research objective play a major role in the definition of the target population (Bougie and Sekaran, 2013). The study population in this research will consist of 65 permanent employees of Kenya Bankers Sacco Society Limited from eight departments based at the Sacco’s headquarter offices in Nairobi.

Table 3.1: Target Population Distribution
Source: Kenya Bankers Sacco (2016)

<table>
<thead>
<tr>
<th>Department</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource &amp; Administration</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>Credit Control</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Customer Service</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Finance</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Investment</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>C.E.O</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>ICT</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>65</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
3.3.2 Sampling Design

Sampling refers to “any procedure that draws conclusions based on measurements of a portion of the population” (Zikmund, Babin, Carr, and Griffin, 2010, p. 658). Sampling can also be defined as the process by which part of a population is selected and conclusions from the population are drawn about the entire population (Cooper and Schindler, 2014).

3.3.2.1 Sampling Frame

A sampling frame is “a list of elements from which a sample may be drawn, also called a working population” (Zikmund, et al., 2010). Quinlan (2011) describes a sampling frame as a chart or complete list of all the individuals, case or unit within the given population. In this study, the sampling frame consisted of 65 employees from various departments at Kenya Bankers Sacco. The list from which the sample will be drawn will be obtained from human resource department of Kenya Bankers Sacco Ltd.

3.3.2.2 Sampling Technique

Sampling procedure or technique can further be divided into “two broad categories, probability and non-probability samples “(Ghauri and Gronhaug, 2010, p. 139). According to Sekaran and Bougie, 2013), “in probability sampling, the elements in the population have some known, nonzero chance or probability of being selected as sample subjects. In non-probability sampling, the elements do not have a known or predetermined chance of being selected as subjects” (p. 245). This study will use a stratified random sampling technique which is a type of probability sampling (Ghauri and Gronhaug, 2010). This technique refers to the “probability sampling that includes elements from each of the mutually exclusive strata within a population “(Cooper and Schindler, 2014, p. 667).

In stratified random sampling, “the parent population is divided into a mutually exclusive and exhaustive subset and a simple random sample of units is chosen independently from each subset “(Ghauri and Gronhaug, 2010, p. 143). The study will group the population into different strata according to the departments. Dividing the population into subsets whose members have more or less similar characteristics is
important and is done based on existing information (Zikmund, et al., 2010). In this study, the subsets of the strata will be pooled to form a random sample hence producing characteristics in the sample that are proportionate to the overall population. This is an advantageous method to use as it helps to trace the differences in parameters of the various subgroups of a population (Sekaran and Bougie, 2013). According to Zikmund, et al., (2010), the method also produces a more efficient sample as well as ensuring that the sample accurately reflects the population based on the criterion that is used for stratifying.

3.3.2.3 Sample Size

A sample is defined as a subset or subgroup of the population and therefore comprises some members who are selected from it (Sekaran and Bougie, 2013). According to Quinlan (2011), decisions as to “whether to work with an entire population or a sample of the population are made based on the size of the population, the time available for the research, and the requirements of the research” (p. 208). If the researcher decides to use a sample, it is important that the sample selected and the sampling method that is used are clearly described (Quinlan).

**Table 3.2 Sample Size Distribution**

Source: primary data

<table>
<thead>
<tr>
<th>Department</th>
<th>Population</th>
<th>Percentage</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource &amp; Administration</td>
<td>27</td>
<td>41</td>
<td>13</td>
</tr>
<tr>
<td>Credit Control</td>
<td>13</td>
<td>20</td>
<td>6</td>
</tr>
<tr>
<td>Customer Service</td>
<td>10</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Finance</td>
<td>8</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Investment</td>
<td>4</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>C.E.O</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>ICT</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>65</strong></td>
<td><strong>100</strong></td>
<td><strong>35</strong></td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods

The type of data to be used in the study is primary data which will assist in answering the research questions. According to Ghauri and Gronhaug (2010), primary data have the advantage of being collected for a particular project that is at hand and are therefore more consistent with research questions and objectives. Ghauri and Gronhaug also state that ‘data on motivation’ which is one type of primary data provides information that can help in understanding the motives that influence behaviour towards a particular issue. Data collection can be done in various ways and in different settings such as field or in a lab and from many different sources according to Sekaran and Bougie (2013). “Data collection methods include interviews (face-to-face interviews, telephone interviews, computer-assisted interviews, and interviews through electronic media); observation of individuals and events, with or without videotaping or audio recording; questionnaires, which can be personally administered, sent through the mail, or electronically administered; and a variety of motivational techniques such as projective tests. Interviewing, observing people and phenomenon, and administering questionnaires are the three main data collection methods in survey research” (Sekaran and Bougie, 2013, p. 116).

The primary data which will be used in the study will use a structured questionnaire method to collect the data.” Questionnaires are generally highly structured data collection instruments “(Quinlan, 2011, p. 223). Questionnaires will enable the researcher collect a large number of quantitative data (Sekaran and Bougie, 2013) hence attaining the most information possible. The questionnaires to be used will consist of both open ended (which allow respondents to express themselves) and closed questions (for example yes/no responses), (Quinlan). The questions will be presented in the form of statements on a 1-5 Likert scale ranging from 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, and 1=strongly disagree. The questionnaire will be divided into 4 sections each dealing with the individual research questions: section A-General Information, section B-Compensation and Reward, section C- Achievement and Recognition and section D-Performance Appraisal.
3.5 Research Procedures

A self-administered structured questionnaire will be developed by the researcher based on the research questions as a data collection tool. The questionnaire will then be pilot tested (pre-tested) on 10% of the total population prior to using it to collect data. It is important to do the pilot test as this helps to ensure that the respondents understand the questions (questions are clear) and the wording, grammar and flow are clear as well (Sekaran and Bougie, 2013). A pilot test also enables the researcher in assessing the validity of the questions and the possible reliability of collected data (Saunders, Lewis, and Thornhill, 2012). The pilot test will be conducted with representatives of the sample (from each of the departments of the population), a human resource manager, my supervisor as well as my peers. This pilot test questionnaire will not be used for the final analysis but will only be a guide to fine-tune the final questionnaire.

For the administration of the pilot-test questionnaires, field assistance will be used and they will be constantly monitored by the researcher to ensure that the tools are administered appropriately. The monitoring will be through frequent phone calls, visits to the field as well as going through the returned questionnaires. The field assistance will have a pre-introductory letter on the intention to carry out the survey which will be presented to the various respondents in the pilot test. The respondents will be assured of anonymity and confidentiality in participation. To improve the rate of return, the researcher will also use follow-up method through personalized emails and telephone reminders in addition to giving out incentives such as pens as gifts for the participants as well as a promise to give them a copy of the findings.

3.6 Data Analysis Methods

According to Cooper and Schindler (2014), data analysis is “the process of editing and reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (p. 655). Cooper and Schindler state that what managers need is information and not raw data. It is therefore the duty of the researcher to generate the needed information through analysis of the collected data. Data analysis according to Quinlan (2011) is done in four stages namely; description (the researcher describes what is in the data), interpretation (the researcher at this stage will state what they think the data means), conclusions (at this stage, the researcher uses
the data to draw a minor or major conclusion about the data), and theorization (this is theorization of the analysis which should contribute to theory and the knowledge body).

In this study, before processing the responses, data preparation will be carried out on the completed questionnaires through editing, coding, transcribing (entering), and cleaning the data. Descriptive analysis using measures of central tendency will be used such as; mean median and mode, as well as measures of variability such as the standard deviation and variance to determine the proportions and frequency of the variables. Correlation and regression models as well as chi-square test will also be used to establish the relationship and strength between the dependent (employee motivation) and independent variables (rewards, achievement and recognition, and, performance appraisal) before settling on the most appropriate of these methods. “Statistical inference uses the data gathered on a sample population to draw conclusions (or inferences) about the population from which the sample was drawn (Quinlan, 2011). Data analysis will be done using two tools namely; Statistical Package for Social Scientist (SPSS) as well as Microsoft Excel. The study results will be presented in the form of figures and tables.

3.7 Chapter Summary

This chapter has described the research methodology that will be adopted to conduct the study. It has outlined the research design, the population and sampling design, the data collection methods, the research procedure and the data analysis methods.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results from the findings of a case study of Kenya Bankers Sacco. The findings are from the data analyzed from the questionnaires based on the research objectives. Data was obtained from the questionnaires distributed to 35 respondents, of which thirty five questionnaires were returned dully filled giving a response rate of 100%. The data is presented in frequency distribution tables, charts and graphs.

4.2 General Information

This section of the questionnaire presents data based on the basic information of the respondents such as gender, age bracket, level of education, the current position held by the respondent and the number of years worked at the organization.

4.2.1 Gender of Respondents

Data on the gender of the respondents were also analyzed. Table 4.1 is indicative of the results that were obtained showing that 40% (n=14) of the respondents were female, while 60% (n=21) were males.

Table 4.1: Gender of Respondents
Source: Primary Data

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>14</td>
<td>40.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Male</td>
<td>21</td>
<td>60.0</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
4.2.2 Respondents Age Bracket

The respondents were also classified in four age bracket categories ranging from 21 to over 50 years of age. Figure 4.1 below shows that 51.4% were aged between 21-30 years, 40% were aged between 31-40 years, 6% were aged between 41-50 years, and there were none above 50 years. Results indicated that majority of the respondents were aged between 21-30 years.

![Figure 4.1 Respondents Age Bracket](image)

Source: Primary Data

4.2.3 Classification of Respondents by Education Levels

Findings on the classification of respondents by education levels are presented in figure 4.2. The figure shows that 34.3% of the respondents possessed a certificate/diploma level of education. Bachelor’s degree holders were a total of 51.4%, while the Master’s degree holders comprised of 8.6% of the respondents. There were no respondents who had attained a Doctorate degree level. Majority of the respondents were therefore found to be Bachelor’s degree holders.
Figure 4.2: Classification of Respondents by Education Levels

4.2.4 Classification of Respondents by Position held at the Organization

Figure 4.3 below is a representation of the results that were obtained when the respondents were classified according to the positions they held at the organization. From the study, it was found that managers constitute only 8.6% of the respondents, supervisors made up 14.3%, the clerks made up 31.4% of the total, the one messenger made up 2.9%, officers constituted 5.7%, while the majority of the respondents were from the technical team that constituted 37.1% of the respondents.

Source: Primary Data

Figure 4.3: Classification of Respondents by Positions Held
4.2.5 Years Worked at the Organization

The respondents were also classified according to the years each has worked at the Sacco. Figure 4.4 below shows the responses from the respondents and indicates that majority (62.9%) have been in the organization for between 1-4 years, 25.7% have worked at the same place for 5-9 years while those who have worked at the Sacco for over 10 years account for 11.4% of the respondents.

Source: Primary Data

Figure 4.4: Classification of Respondents by Years Worked at the Organization

4.3 Effect of Rewards on Employee Motivation and Performance

Employees of the Kenya Bankers Sacco were asked to respond to the following items indicating the levels of agreement to the above objective: Q6; am happy and satisfied with my current salary, q7; happy and satisfied with bonuses offered by my employer,q8; my employer offers me other rewards apart from my salary,q9; rewards are good and acceptable,q10; I am adequately awarded and compensated for at work, q11; compensation package is good and adequate,q12; being offered a good salary and compensation package motivates me,q13; I receive bonuses every year which boosts my morale and q14; Non-monetary rewards like paid vacations and gift vouchers would greatly motivate me. A non-parametric test was conducted and chi square test was used at a significance level of 0.05. The researcher used chi-square test for the analysis based on the target sample size which provided enough respondents from all
the categories considering that the entire population was not very high. The chi-square test was also found to be ideal in comparing the observed and expected frequencies. The results of the tests are shown in table 4.2:

**Table 4.2: Chi-Square Test on Frequency Tables**

Source: Primary data

<table>
<thead>
<tr>
<th></th>
<th>q6</th>
<th>q7</th>
<th>q8</th>
<th>q9</th>
<th>q10</th>
<th>q11</th>
<th>q12</th>
<th>q13</th>
<th>q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>8.000&lt;sup&gt;a&lt;/sup&gt;</td>
<td>8.571&lt;sup&gt;a&lt;/sup&gt;</td>
<td>4.286&lt;sup&gt;a&lt;/sup&gt;</td>
<td>6.000&lt;sup&gt;a&lt;/sup&gt;</td>
<td>15.429&lt;sup&gt;a&lt;/sup&gt;</td>
<td>10.571&lt;sup&gt;a&lt;/sup&gt;</td>
<td>24.85&lt;sup&gt;a&lt;/sup&gt;</td>
<td>23.143&lt;sup&gt;a&lt;/sup&gt;</td>
<td>20.857&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Differing freedom</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Asym.p. Sig.</td>
<td>.092</td>
<td>.073</td>
<td>.369</td>
<td>.199</td>
<td>.004</td>
<td>.032</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.8.

The following tables show the frequencies on various levels of agreements on the items that were found to be significant;

**4.3.1 Am happy and satisfied with my current salary and benefits**

Table 4.3 below shows that the study revealed that very few of the respondents (8.7%) agreed that they were happy and satisfied with their current rewards in terms of salaries and other benefits while a great number (45.7%) were neutral about how they felt about their salaries and benefits indicating that this is not a great indicator of their motivation and consequent performance.
Table 4.3: Am happy and satisfied with my current salary and benefits
Source: Primary data

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>3</td>
<td>8.7</td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
<td>11.4</td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td>16</td>
<td>45.7</td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>6</td>
<td>17.1</td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>6</td>
<td>17.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

4.3.2 The compensation package offered is good and adequate
Table 4.4 indicates that majority of the respondents at 34.3% felt that the compensation package that is in place at the Sacco is not good or adequate indicating that if this was good, it would be a good motivator to the employees. Only a total of 2.9% of the respondents felt it was good and adequate.

Table 4.4: Compensation Package offered is good and adequate.
Source: Primary data

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>1</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td>5</td>
<td>14.3</td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td>10</td>
<td>28.6</td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>34.3</td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
4.3.3 Being offered a good salary and compensation package motivates and makes me improve my performance.

From table 4.5 below, it is clear that majority of the respondents at 45.7% strongly agreed that a good salary and a good compensation package would be a great motivator to them and their performance, 34.3% respondents also agreed with this. Only a very small percent, 2.9%, felt that this was not necessarily a motivating factor.

Table 4.5: Being offered a good salary and compensation package motivates me.

Source: Primary data

<table>
<thead>
<tr>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>16</td>
<td>45.7</td>
</tr>
<tr>
<td>Agree</td>
<td>12</td>
<td>34.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>8.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>8.6</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.3.4 I receive a bonus every year which boosts my morale

The respondents were also asked to indicate their level of agreement in regard to yearly bonuses which they felt would be a great motivator and table 4.6 below indicates that the majority (48.6%) strongly disagreed that they received yearly bonuses and this was also disagreed upon by the next category of respondents comprising of 22.9%. The least percentage of respondents at 2.8% said they did receive yearly bonuses.
Table 4.6: I receive a bonus every year which boosts my morale
Source: Primary data

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>1</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>2</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>8</td>
<td>22.9</td>
</tr>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>17</td>
<td>48.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>35</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.5 Non-monetary rewards like paid vacations and gift vouchers would greatly motivate me.

Table 4.7 below indicates the respondents’ responses when asked if other rewards such as paid vacations and gift vouchers would motivate them. The highest percentage at 40% agreed that this would motivate them, 37.1% strongly agreed with the statement, the smallest number with 2.9% disagreed that this would be a motivator while 8.6% strongly disagreed, perhaps feeling that there were other ways of motivating them.

Table: 4.7: Non-monetary rewards like paid vacations and gift voucher would greatly motivate me.
Source: Primary data

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>13</td>
<td>37.1</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>14</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>4</td>
<td>11.4</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>3</td>
<td>8.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>35</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4 Effect of Achievement and Recognition on Employee Motivation and Performance

A chi-square test was conducted to find out which responses were significant based on levels of agreements in regard to the above objective. The statements used included; q15; I am adequately recognized for my achievements, q16; the achievement and recognition system of the organization is adequate, q17; being recognized for my work achievements motivates me, q18; public recognition for my work boosts my morale, q19; being recognized for my achievements at work would greatly motivate me into improving my performance, q20; I often receive recognition for my work achievements.

The results showed that questions16, 17, 18 and 19 were significant at a p value of \( p \leq 0.05 \) as shown in table 4.8 below:

**Table 4.8: Chi-Square Test Statistics**

Source: Primary data

<table>
<thead>
<tr>
<th></th>
<th>q15</th>
<th>q16</th>
<th>q17</th>
<th>q18</th>
<th>q19</th>
<th>q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>4.857&lt;sup&gt;a&lt;/sup&gt;</td>
<td>10.000&lt;sup&gt;a&lt;/sup&gt;</td>
<td>11.971&lt;sup&gt;b&lt;/sup&gt;</td>
<td>11.143&lt;sup&gt;a&lt;/sup&gt;</td>
<td>27.714&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2.286&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Differing Freedom</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Asymp. P. Sig.</td>
<td>.302</td>
<td>.040</td>
<td>.007</td>
<td>.025</td>
<td>.000</td>
<td>.683</td>
</tr>
</tbody>
</table>

<sup>a</sup> 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.0.

<sup>b</sup> 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.8.

The following tables show the frequency distributions based on levels of agreement:
4.4.1 The achievement and recognition system of the organization is adequate

Table 4.9 shows that the majority of the respondents at 34.3% disagreed that the achievement and recognition system that is in place at the organization was adequate. Only 2.9% who were the minority strongly agreed that this is adequate while 25.7% agreed with the statement. This is an indicator that majority of the respondents would be motivated by a system that recognizes their work achievements.

Table 4.9: The achievement and recognition system of the organization is adequate

Source: Primary data

<table>
<thead>
<tr>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td>Agree</td>
<td>9</td>
<td>25.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>22.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>34.3</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.2 Being recognized for my work achievements motivates me.

The study also revealed that 45.7% of the respondents strongly agreed that being recognized for the work achievements would greatly motivate them as seen in table 4.10 below. This was followed by 31.4% who were also in agreement, 14.3% showed indifference to this kind of motivator, 8.6% disagreed while none of the respondents totally disagreed with this
Table 4.10: Being recognized for my work achievements motivates me

Source: Primary data

<table>
<thead>
<tr>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>16</td>
<td>45.7</td>
</tr>
<tr>
<td>Agree</td>
<td>11</td>
<td>31.4</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>14.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>8.6</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.3 Public recognition for my efforts at work boosts my morale

Figure 4.5 below shows the respondents responses when asked if being recognized publicly would motivate them. 34% who were the majority were neutral or indifferent to this kind of motivator. However the next two categories forming 26% each strongly agreed/agreed that this would boost their morale. Only 11% disagreed and a mere 3% strongly disagreed with this.

Source: Primary data

Figure 4.5: Public recognition for my efforts boosts my morale.
4.4.4 Being recognized for my achievements at work would greatly motivate me into improving my performance

The study revealed that in general, majority of the respondents (43%) would be greatly motivated and improve their performance if their work achievements were recognized. These are followed closely by 40% who agree with this, 11% were neutral while those who disagreed/strongly disagreed formed a paltry 3% each as shown by figure 4.6 below.

Source: Primary data

Figure 4.6: Recognition for my achievements at work would greatly motivate me into improving my performance

4.5 Effect of performance appraisal and feedback on employee motivation and performance

A chi-square test (table 4.11 below) was conducted to find out which responses were significant based on levels of agreements in regard to the above objective. The statements used included: q21; I am happy with the performance appraisal and feedback system in place, q22; I am appraised annually or biannual which is adequate for me, q23; performance appraisal is carried out in a fair and unbiased way, q24; I always receive timely feedback on the appraisal carried out, q25; performance appraisal and feedback sessions offers an opportunity to interact freely with my manger and give my honest view on my performance, q26; I enjoy appraisal session as a learning opportunity on where I am doing well or where I need to improve, q27; performance appraisal results are often
used for promotion of employees, q28; performance appraisals and feedback motivates and helps me improve on my performance.

**Table 4.11: Chi-Square Test statistics**

Source: Primary data

<table>
<thead>
<tr>
<th></th>
<th>q21</th>
<th>q22</th>
<th>q23</th>
<th>q24</th>
<th>q25</th>
<th>q26</th>
<th>q27</th>
<th>q28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Sq</td>
<td>3.429&lt;sup&gt;a&lt;/sup&gt;</td>
<td>5.429&lt;sup&gt;a&lt;/sup&gt;</td>
<td>7.143&lt;sup&gt;a&lt;/sup&gt;</td>
<td>10.571&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2.000&lt;sup&gt;a&lt;/sup&gt;</td>
<td>11.176&lt;sup&gt;b&lt;/sup&gt;</td>
<td>12.571&lt;sup&gt;a&lt;/sup&gt;</td>
<td>7.714&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Df</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Asym . P. Sig.</td>
<td>.489</td>
<td>.246</td>
<td>.129</td>
<td>.032</td>
<td>.736</td>
<td>.048</td>
<td>.014</td>
<td>.103</td>
</tr>
</tbody>
</table>

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.0.

b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 5.7.

The results show that questions 24, 26 and 27 were significant. The figures below show the frequency distribution of the significant responses.

**4.5.1 I always receive timely feedback on the appraisal carried out.**

Performance appraisal and timely feedback was one of the motivators that were considered in the study. When asked if they received timely feedback on the appraisals carried out, only 3% of the respondents strongly agreed, 29% agreed, 31% neither agreed nor disagreed, 11% disagreed while 26% strongly disagreed as indicated in figure 4.7.
Source: Primary data

Figure: 4.7: I always receive timely feedback on the appraisal carried out

4.5.2 I enjoy appraisal sessions as a learning opportunity on where am doing well or where I need to improve

The study as shown by figure 4.8 also revealed that while 29% of the respondents agreed that they enjoyed appraisal sessions, an equal number were indifferent to this factor being a main motivator. 14% strongly agreed that they enjoyed the session as a learning opportunity while 20% strongly disagreed and only 8% disagree with this.

Source: Primary data

Figure: 4.8: I enjoy appraisal sessions as a learning opportunity on where am doing well or where I need to improve.
4.5.3 Performance appraisal results are often used for promotion of employees

Figure 4.9 below shows that only 9% of the respondents strongly agreed that appraisals were used to promote employees, 20% agreed with this statement though the majority of the respondents were neutral or indifferent in this regard. 14% strongly disagreed and another 14% of the total also disagreed that the results arrived at from performance appraisals were in any way used in the process of promoting employees.

Source: Primary data

**Figure 4.9: Performance appraisal results are often used for employee promotion**

4.6 Chapter Summary

This Chapter presented data that was obtained from a field study in the case of Kenya Bankers Sacco. Descriptive statistics was used to analyze the data which was consequently presented in frequency tables, pie charts and bar graphs. The chapter also shows the results of a non-parametric test and Chi-Square test which was used to show the frequencies on various levels of agreements on certain responses that were found to be highly significant. Chapter five will provide the summary, discussion of the findings, the conclusion and recommendations.
CHAPTER FIVE

5.0 CONCLUSION, DISCUSSION, AND RECOMMENDATION

5.1 Introduction

This chapter addresses the results and findings from the factors that affect employee motivation and performance in the case of Kenya Bankers Sacco Society Ltd. The findings are based on the respondents’ responses which were acquired from the questionnaires filled-in and the information gathered on the research objectives outlined in chapter one which looked at the motivation factors of reward, achievement and recognition, and, appraisal and feedback. The section also includes a summary, discussion, conclusion, recommendations and suggestions for further research.

5.2 Summary

The purpose of this study was to find out the factors that affect employee motivation at the work place. The study was guided by these research objectives: (i) The effect of rewards on employee motivation and performance at Kenya Bankers Sacco, (ii). The effect of achievement and recognition on employee motivation and performance at Kenya Bankers Sacco and (iii) The effect of appraisals and feedback on employee motivation and performance at Kenya Bankers Sacco.

The descriptive research design adopted in this study used a case of Kenya Bankers Sacco as the focus organization. The population covered was that of 35 employees of the organization from various departments. Simple random sampling technique was used in the study. The data was collected by means of questionnaires and was then edited and entered into the Statistical Package for Social Sciences (SPSS) software to enable the final analysis of the data. The descriptive statistics used in the study made use of statistical indexes such as frequencies and percentages. The data was eventually analyzed through a non-parametric test and a Chi-Square Test was used at a significance level of 0.05 to ascertain if what was observed was what was expected in the study. The analyzed data was finally presented in the form of figures, and tables in relation to each of the research objectives.
The first research objective looked at the effect of rewards on employee motivation and performance at Kenya Bankers Sacco. Majority of the respondents felt that the rewards that would greatly motivate them were a good salary and compensation package, paid vacations, gift vouchers and a bonus at the end of every year. Only 8.7% of the respondents strongly agreed that they were happy with the current salary and benefits. A very small number of respondents at 2.9% strongly agreed that the compensation package offered is good and adequate with a much larger 34.3% disagreeing with this. 45.7% of the respondents strongly agreed that a good salary and compensation package would motivate them with another 34.3% agreeing with the same.

The second research objective looked at the effect of achievement and recognition on employee motivation and performance at the organization. A chi-square test was carried out to find out the responses that were significant based on agreement levels in regard to this objective. It was observed that majority of the respondents at 34.3% disagreed that the achievement and recognition system in place was adequate with only 2.9% agreeing with the objective. 45.7% of the respondents being the majority strongly agreed that being recognized for their work achievements motivates them with none (0%) disagreeing with this. 31.4% agreed with the same.

The third research objective looked at the effect of performance appraisal and feedback on employee motivation and performance at Kenya Bankers Sacco. Using the chi-square test, it was observed that only 3% of the respondents strongly agreed that they received timely feedback on their appraisals while those who strongly disagreed constituted 26% of the total. When asked if they enjoyed the appraisal sessions, majority agreed although an equally big number disagreed. Only 29% of the respondents agreed that the appraisal results were used to promote employees while the majority in this category constituting 43% was neutral about this.

5.3 Discussion

5.3.1 Rewards as an Employee Motivator

The study revealed that although majority of the respondents at 45.7% were indifferent (neutral) when asked if they were happy with their current salary and benefits, quite a substantial number generally disagreed (34.2%) about the same. However, when further
asked if other forms of reward such as their compensation package was good and adequate, majority still disagreed. The study further showed that most of the respondents do not receive a yearly bonus. Majority agreed that a good salary and compensation package and a yearly bonus would greatly motivate them in addition to other non-monetary rewards such as paid vacations and gift vouchers.

The respondents were then asked to suggest how they would like the reward system to be carried out in order to effectively motivate them into better performance. These are some of their suggestions; Pay bonus every time the company makes profits; the system should be fair and transparent; should be performance, merit, skills, experience, pro rata and qualifications based; can be monetary or non-monetary; better remuneration packages; be done annually at close of each financial year; be done soon after the performance not postponed to later; disparity between grades to be reduced by raising the lower grades; should be done automatically without staff asking; offer scholarships; must be documented in a policy not dished out in favours but earned; and that employees should be involved in the process and their opinions factored.

According to Kreitner and Kinicki (2010), there are varying kinds of rewards yet none can be said to be the best in motivating employees because there are different kinds of individuals at the workplace, and according to the need theories each individual is motivated by different rewards. The manager’s challenge then is to establish what rewards will work for whom. For this to happen, the manager has to understand and appreciate the different needs that employees try to meet. Phillips and Gully (2012) concur that rewards motivate employees and are among the highly powerful motivating tools that a manager has at their disposal, adding that the rewards being offered for a job play a big role in an individual’s decision to accept the offer and decide how much effort to put in on the job. Abraham Maslow’s hierarchy of needs theory is also supported by the findings of the study as Maslow stated that the lower level needs among them being the physiological and safety needs of human beings are usually satisfied by pay (Robbins and Judge, 2010).

However, as Andersen (2012) notes, money is not always the greatest or the only motivator of good performance. This is proved true by the study which showed that although a good number of respondents would be satisfied with a higher salary and
other benefits, 77.1% agreed that they would equally value other non-monetary rewards such as paid for vacations and gift vouchers.

5.3.2 Achievement and Recognition as Employee Motivators

From the study, a total of 83% of the respondents agreed (both strongly agreed and agreed on the Likert scale) that being recognized for their work achievements would greatly motivate them into improving their performance. When asked if achievement recognition currently motivates them, a good number at 77.1% agreed that this had indeed motivated them. 52% would like that recognition to be done in public or in the presence of other employees.

The respondents were asked how they would like their work achievements to be recognized so as to motivate them into improved performance and below are their responses: recognitions should be done every time good work is done and be made in the presence of other staff (public recognition); have job specific trainings and staff exposure; being given career advancement opportunities like scholarships; give rewards, incentives or token of appreciation (monetary or non-monetary e.g. certificates and appreciation letters); have employee of the month & year awards as a way of recognition; give promotions; should be done through performance management; public recognition based on work achievements; give salary increments based on merit & annual bonuses; increase job satisfaction; encourage continuous improvement; and that this should be done through area of specialization of one’s ability.

According to Fredrick Herzberg’s content theory, recognition and achievement were some of the factors that were seen to be associated with job satisfaction and Herzberg labeled them as motivators because of their association with good performance and strong effort (Kinicki and Fugate, 2012). The study conducted at Kenya Bankers Sacco supports this theory as seen from the 83% respondents who either strongly agreed or agreed that if they were recognized for their work achievements, it would greatly motivate them into improving their performance.
Employee performance effectiveness has been seen to thrive when used by managers in both formal and social organization recognition as noted by Luthans (2012). Luthans further states that research done shows that social recognition such as genuine appreciation for a job well done, praise, approval, attention and formal acknowledgement has a great impact on performance in all types of organizations. This is also supported by Andersen (2012) who noted that recognition of employees and human beings in general generally makes them endeavour to even do better in whatever they do. According to Robbins and Judge (2010), a survey done on 1,500 employees in different work settings showed that they considered recognition as the most powerful motivator at the workplace. These observations are all supported by the responses received from respondents at Kenya Bankers Sacco.

5.3.3 Performance Appraisals and feedback as Employee Motivators

According to research, individual performance evaluations (appraisals) form a major “component of an organization’s comprehensive performance management system” (Quinn et al., 2010, p 60-61) and at this level, there is a “strategy-based performance management system” (p. 61) that should be in place. Quick and Nelson (2013) note that the main purpose of carrying out appraisals is to let the employee know how they are faring at work by assessing their developmental needs, having a review of their career progression as well as that of financial rewards, and that after the appraisal process is completed, timely feedback on the performance should be carried out. Mullins (2010) adds that the appraisal session should be a two way dialogue between the employee and the manager on the past year’s performance, objectives and expectations for the next year.

The study carried out revealed that only 3% of the respondents strongly agreed that they receive timely feedback on their appraisals although a higher number, 29%, agreed to this. However, quite a big number at 37% strongly disagreed or disagreed with this. When further asked if the appraisals were used for employee promotions, 29% generally agreed while 28% generally disagreed. Only 28% disagreed that they enjoyed the appraisal session as a learning opportunity as opposed to 37.1% who agreed that they enjoyed appraisal sessions.
The respondents were then asked to suggest general ways of how they would like the performance appraisals and feedback sessions to be carried out and below were their responses: on quarterly basis; using a systematic, fair & transparent module; on a one-on-one with the manager (interactive); quarterly but with monthly one-on-one reviews with manager; after giving adequate time to set targets; after a good performance management system has been put in place; should be transparent, objective, fair & unbiased and not used to settle scores between employee & appraiser; both should reflect the employee performance without favour; point out how staff can improve performance; clarify performance expectations; make staff feel valued by praising high performance; annually & timely; bi-annually; appraisal documents should be summarized simply to avoid monotony; should be automated not manual; timely feedback always; and, use appraisal results for promotions. One respondent said he has not gone through an appraisal session.

Inaccurate performance appraisals can erode work motivation, employee commitment and loyalty (Kinicki and Fugate, 2012). To avoid this, it is important that managers use objective based performance measures as research has shown that subjective measures were prone to inaccuracy and bias, in addition to training managers for accuracy in performance rating (Kinicki and Fugate).

5.4 Conclusion

5.4.1 Reward as an Employee Motivator

The study revealed that majority of the respondents were neutral or indifferent about their happiness and satisfaction in regard to their current remuneration. However a small majority of these agreed they were happy with their package. This indicates that although the amount of salary paid to an employee is highly important, the respondents felt that there were still other ways that they could be rewarded. The study showed that 37.1% of the respondents would be greatly motivated by other rewards such as paid-vacations and gift vouchers. 40% of the respondents would be motivated while only 11.4% were indifferent to this kind of reward and 8.6% of respondents strongly disagreed with this kind of reward and felt least motivated by it. This statistics indicate
that although monetary rewards play a major role in the respondents’ motivation, other non-monetary rewards were equally important.

5.4.2 Achievement and Recognition as Employee Motivators

The study revealed that majority of the respondents at 45.7% strongly agreed that recognition of their achievements greatly motivates them and another 31.4% agree on the same. 34.3% however strongly disagree to there being an adequate achievement and recognition system in the organization. Likewise, 34.3% disagree on the same. This is in spite of 42.9% respondents strongly agreeing that if they were recognized for their achievements, they would be highly motivated. Following closely are the 40% who also agree on the same. In addition to just being recognized for their work achievements, 25.7% of respondents would greatly prefer that this is done publicly or in the presence of their colleagues and another 25.7% agree to this.

5.4.3 Performance Appraisals and Feedback as Employee Motivators

Although 37.1% of the respondents said they greatly enjoyed or enjoyed the appraisal sessions, 28.6% disagreed with this. 37.1% also either strongly disagreed or disagreed about receiving timely feedback on their appraisals. Only 8.6% strongly agreed that the appraisal results were used for employee promotion. Respondents expressed their desire to have a performance management system for appraisal in place to avoid bias and unfairness in the process.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Rewards as Employee Motivators

Kenya Bankers Sacco needs to revise its remuneration package since most of the respondents have expressed dissatisfaction with their current salaries and compensation package. The amounts should be revised upward with the endeavour of bridging the gap between the grades disparity by raising the lower grades of employees. The organization should also look into the issue of giving bonuses to employees at the end
of every profit-realized financial or calendar year as a way of giving back and appreciating the employees dedicated input in raking in profits for the organization.

Rewards that are commensurate to a certain course of action can also be awarded. For example a sales person who hits a certain target even in bringing in customers or a certain amount of revenue can be rewarded according to the sum of money brought in. Having a yearly award system in place that awards top performers in each department would also boost employee morale. In regard to other non-monetary awards such as paid-for vacations, these can be awarded to the overall employee of the year while the gift vouchers can be alternated with the bonuses on an every-other year basis. These changes would greatly improve the employees’ morale thereby increasing their motivation levels and consequently their performance at the Sacco.

5.5.1.2 Achievement and Recognition as Employee Motivators

A good number of respondents expressed their satisfaction at being recognized for their work achievements at the organization, yet others sited their desire to be likewise recognized. This indicates that this is being done at the organization but only to a certain extent. It should therefore be a consistent practice across the board in order to motivate all employees and strive to meet specific and changing employee needs.

Recognition for a job well done should not be delayed but be done as soon as the commendable deed is accomplished. This type of recognition may not necessarily be in monetary terms as this could take time but can be in form of an appreciation letter or even verbally thanking, praising and appreciating the employee daily as need be or at monthly departmental meetings. Kenya Bankers Sacco should therefore endeavour to adapt an appropriate employee recognition program or system be it a formal or informal one as this has been seen to improve performance and retention of best employees as well as resulting in a noted increase in cost-benefit results (Luthans, 2011).

5.5.1.3 Performance Appraisals and Feedback as Employee Motivators

Performance appraisals are vital in organizations that are interested in encouraging communication, trust and involvement between employees and their managers. These
kind of sessions should be encouraged at Kenya Bankers Sacco. Several employees expressed their desire to be trained on the appraisal system and procedure, have an interactive appraisal session with their managers and to receive feedback on where they are doing well or need to improve and be guided accordingly on the same or be given appropriate training on their weak areas.

Timely feedback on these appraisals should also be given in a learning experience session to ensure that a positive and long-term work relationship cum employee performance is maintained. The appraisal should be one of the tools that the organization can use to promote employees in a fair and transparent manner. The organization can adapt one of several systems that are used for appraisals such a strategy-based performance management system or one that is in place at the organization. The managers should also be trained on how to use objective based performance measures for accuracy in performance rating in addition to using a continuous employee observation approach.

5.5.2 Recommendations for Future Research

Future research should be carried out in the field of employee motivation in an endeavour to find out more about other factors that affect employee motivation both intrinsic and extrinsic taking into consideration that different employees are motivated by different factors. Some of these factors are such as team building activities, job sharing, employee empowerment, training and development, open and effective two-way communication channels, and adequate working conditions at the work place which all came up in the course of this study. Future research should also be done on the issues that this study has looked into in order to improve the current study as well as the general understanding of employee motivation in a bid to consistently and continuously improve on this.
REFERENCES


APPENDICES

APPENDIX I: COVER LETTER

Dear respondent,

I am a graduate student at United States International University- Africa (USIU) studying for a degree in Master of Business Administration (MBA). As part of my studies, I am conducting a research to better understand the factors that affect employee motivation at Kenya Bankers Sacco Society Ltd.

You are part of the selected sample of respondents whose views I am seeking in the above research. The information you give is anonymous and will be treated with strict confidentiality and solely for the purpose of completing this study.

The attached questionnaire is for collecting data in relation to these factors and will take approximately 15 minutes to fill in. Please answer all the questions as accurately as possible by ticking the box with the appropriate answer for each question.

Thank you for your cooperation and for taking the time to participate in this research by filing- in the questionnaire.

Yours faithfully,

Florence Wanjihia.
APPENDIX II: QUESTIONNAIRE

Please tick [✓] inside the appropriate box below

SECTION A: GENERAL INFORMATION

1. Gender

   Male [ ]         Female [ ]

2. What is your age bracket?

   Below 21 years [ ]  21-30 years [ ]  31-40 years [ ]  41-50 years [ ]
   Over 50 years [ ]

3. What is your education level?

   Certificate/Diploma [ ]  Bachelor’s Degree [ ]  Master’s Degree [ ]
   Doctorate [ ]  Others [ ]

4. What is your position in the organization?

   Manager [ ]  Supervisor [ ]  Technical staff [ ]

   Others, please specify __________________

5. How many years have you worked with the organization?

   1-4 years [ ]  5-10 years [ ]  Over 10 years [ ]
SECTION B: EFFECT OF REWARDS ON EMPLOYEE MOTIVATION AND PERFORMANCE

Please tick in the appropriate box where 5= Strongly Agree, 4= Agree, 3=Neutral, 2= Disagree and 1= Strongly Disagree.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>I am happy and satisfied with my current salary and benefits.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>I am happy and satisfied with the bonuses offered by my employer.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>My employer offers me other rewards apart from my salary.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>The rewards offered by my employer other than my salary are good and acceptable.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>I am adequately awarded and compensated for at work.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>The compensation package offered is good and adequate.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>Being offered a good salary and compensation package motivates and makes me improve my performance.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>I receive a bonus every year which boosts my morale.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Non-monetary rewards like paid vacations and gift voucher would greatly motivate me.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
14b. Briefly explain how would you like the compensation and reward system to be carried out in order to effectively motivate you and other employees into better performance?
   i.______________________________________________________________________________

   ii.____________________________________________________________________________

SECTION C: EFFECT OF ACHIEVEMENT AND RECOGNITION ON EMPLOYEE MOTIVATION AND PERFORMANCE

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>I am adequately recognized for my achievements at work.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>The achievement and recognition system of the organization is adequate.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>17</td>
<td>Being recognized for my work achievements motivates me</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>18</td>
<td>Public recognition for my efforts at work boosts my morale.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>Being recognized for my achievements at work would greatly motivate me into improving my performance.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>20</td>
<td>I often receive recognition for my work achievements.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

20b. How would you like your achievements at work to be recognized in a way that would help you improve your performance?

   i.______________________________________________________________________________

   ii.______________________________________________________________________________
### SECTION D: EFFECT OF PERFORMANCE APPRAISAL AND FEEDBACK ON EMPLOYEE MOTIVATION AND PERFORMANCE.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>I am happy with the performance appraisal system in place.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>22</td>
<td>I am appraised annually or bi-annually which is adequate for me.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>23</td>
<td>The performance appraisal is carried out in a fair and unbiased way/manner.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>24</td>
<td>I always receive timely feedback on the appraisal carried out.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>25</td>
<td>The performance appraisal and feedback sessions offer an opportunity to interact freely with my manager and give my honest view on my performance.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>26</td>
<td>I enjoy the appraisal and feedback sessions as a learning opportunity on where I am doing well or where I need to improve.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>27</td>
<td>Performance appraisal results are often used for promotion of employees.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>28</td>
<td>Performance appraisals and feedback motivate me and help me improve on my work performance.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

28 b. How would you like the performance appraisals and feedback to be carried out?

i. _____________________________________________________________

ii. _____________________________________________________________

iii. ___________________________________________________________
29. Kindly suggest other ways that you feel would improve employee motivation and performance at the organization.

i. _______________________________________________

ii. ______________________________________________

iii. ______________________________________________

iv. ______________________________________________
# APPENDIX III: TIME SCHEDULE

<table>
<thead>
<tr>
<th>NO</th>
<th>ACTIVITY</th>
<th>START- END DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Submission of research proposal</td>
<td>7th - 11th Mar</td>
</tr>
<tr>
<td>2</td>
<td>Corrections on any arising issues</td>
<td>14th – 18th Mar</td>
</tr>
<tr>
<td>3</td>
<td>Administration and collection of pre-test questionnaire</td>
<td>21st – 25th Mar</td>
</tr>
<tr>
<td>4</td>
<td>Corrections and fine tuning questionnaire</td>
<td>28th – 02nd Mar-Apr</td>
</tr>
<tr>
<td>5</td>
<td>Data Collection/ field work</td>
<td>05th – 16th Apr</td>
</tr>
<tr>
<td>6</td>
<td>Data Analysis</td>
<td>19th – 23rd Apr</td>
</tr>
<tr>
<td>7</td>
<td>Submission of draft report</td>
<td>26th- 30th Apr</td>
</tr>
<tr>
<td>8</td>
<td>Corrections after review</td>
<td>02nd- 6th May</td>
</tr>
<tr>
<td>9</td>
<td>Final project preparation</td>
<td>9th – 20th May</td>
</tr>
<tr>
<td>10</td>
<td>Submission of final project</td>
<td>23rd – 27th May</td>
</tr>
</tbody>
</table>
## APPENDIX IV: BUDGET

<table>
<thead>
<tr>
<th>NO.</th>
<th>ACTIVITY</th>
<th>UNIT</th>
<th>UNIT COST (KSHS)</th>
<th>AMOUNT (KSHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pilot Questionnaire Testing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Printing</td>
<td>35</td>
<td>35</td>
<td>1,050</td>
</tr>
<tr>
<td></td>
<td>Transport for field assistants</td>
<td>2</td>
<td>2</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>5,050</td>
</tr>
<tr>
<td>2.</td>
<td>Questionnaire Development and Data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Collection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Printing</td>
<td>35</td>
<td>30</td>
<td>1,050</td>
</tr>
<tr>
<td></td>
<td>Transport for field assistants</td>
<td>2</td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>Research assistants fees</td>
<td>2</td>
<td>3,000</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>9,050</td>
</tr>
<tr>
<td>3.</td>
<td>Data Analysis, Entry &amp; Coding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Printing of draft project document</td>
<td></td>
<td></td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td>4.</td>
<td>Final Report Preparation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Printing</td>
<td>1</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>Binding</td>
<td>1</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td></td>
<td></td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>7,000</td>
</tr>
<tr>
<td></td>
<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>25,100</strong></td>
</tr>
</tbody>
</table>