THE INFLUENCE OF WORK ENVIRONMENT ON EMPLOYEE PRODUCTIVITY

BY

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other that the United States International University in Nairobi for academic credit.

Signed: Mwaura Jackson Alexander (ID 624252)  
Date: 5th April 2013

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

Signed: Dr. Zachary Mosoti  
Date: 26th April 2013

Signed: Dean, School of Business  
Date: 30/4/13

Signed: Deputy Vice Chancellor, Academic Affairs  
Date: 02/05/13
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ABSTRACT

Employee productivity is critical to the survival of any organization. The element of staff productivity gives the organization an edge over other organizations because it promotes high performance and innovation levels. This research project was conducted with an aim to establish what influence the work environment has on employee productivity within Samaritan’s Purse, a Non-Governmental Organization based in Nairobi, Kenya.

The research was carried out to fulfill three specific objectives. These are: To determine the effect of remuneration on employee productivity, To explore how employee motivation influences productivity, and, To investigate how organizational culture affects employee productivity.

The Case Study Research design was used and entailed data collection from all the employees of Samaritan’s Purse Non-Governmental Organization—Nairobi office. The NGO has 30 employees as per the Human Resource register, thus census was identified as the most ideal sampling technique, and the entire population constituted the sample size.

The analysis method used in the research was descriptive statistics where frequencies of parameters were computed. The results were then presented in tables, bar graphs and majority converted to percentages for easier interpretation.

Each objective generated a host of responses. A summary of these follows:

Remuneration: Seventy-three percent of the respondents understood remuneration to mean their salary. Majority of the respondents, 56 percent, agreed that they are recognized by their employer (in any form) for their efforts at work. Twenty-three percent agreed that they do not feel recognized for their efforts at work while 90 percent of the respondents agreed that salary is not the only form of remuneration which the employer can offer the employee. Fifty-three percent of the respondents agreed that other benefits offered by their employer, in addition to salary, could be termed as good. Twenty-three percent of the respondents disagreed that the benefits offered by their employer, in addition to salary, could be termed as good. Sixty percent of the respondents disagreed that their salary is pegged on skills, work output, and is reviewed often, based on performance. 90 percent of the respondents agreed that terminal review of their performance and consequent remuneration benefits adjustments would positively influence their work. It seemed that the oldest respondents did not put much value on
remuneration as a factor that would affect their productivity. This could suggest self-actualization: Motivation, Forty seven percent agreed that they are motivated at work daily. Ninety six percent of the respondents denied that they are completely de-motivated at work. Eighty seven percent of the respondents agreed that their motivation at work was as a result of self-motivation. Fifty six percent of the respondents agreed that they can still be productive when not motivated. Seventy nine percent agreed that innovation is a product of motivation, Ninety seven percent of the respondents admitted that when they are motivated they can be very productive. Ninety seven percent of the respondents alluded to motivation spurring creativity and productivity: Organizational Culture, Eighty three percent enjoyed the culture in the organization and only 3 percent did not enjoy the culture in the organization, Eighty six percent of the respondents disagreed with the culture in the organization being tense and work specific while 90 percent of the respondents agreed that the culture in their organization helped them be more productive.

The study found out that remuneration did play a role in influencing the productivity of an employee. It was also clear from the study that the end of the month salary was not the only form of remuneration that could be offered by an employer. To measure productivity and pay, the study found out that majority of the employees would like their performance reviewed and commensurate adjustments made to their pay. The study showed that the level of motivation does actually affect productivity and in addition would spur creativity. It was also important to note that not many of the employees were sure about their employers’ role in motivating them to be productive. Overall, the study concludes that motivation is a key factor in influencing employee productivity.

The employees loved the culture in their organization. Culture, as a component of the work environment, has a significant influence on employee productivity. From the findings of the study, a good number of the respondents showed that they did not understand the role the employer makes to keep them motivated. This presents an opportunity on the part of the employer to find out ways of keeping their employees motivated. Flexible working hours, gain sharing, and even pay as relates to performance, are some of the methods the employer can use to ensure their employees are motivated.
Samaritan’s Purse needs to review its performance appraisal mechanism. Majority of the respondents felt that terminal review of their pay/benefits as per their performance would greatly influence their productivity. The management within Samaritan’s Purse needs to continue maintaining and nurturing the culture in the organizational culture because it has a positive effect on the productivity of the employees.
ACKNOWLEDGEMENTS

First and foremost, I would like to thank God for giving me the strength and resources to accomplish the task that was set before me. I would like to thank my family for the support they have given me throughout this venture. I would like to thank my wife Helen Mwaura, and the entire family for their continual and unwavering support. I also would like to express my sincere gratitude to my supervisor, Dr Zachary Mosoti for his valuable insight, support and encouragement. I would like to acknowledge all the lecturers and staff of the EMOD program. I want to thank my group members, Meshack Kijuba Llanziva, Tito Wambua, Leonard Kesekwa, Elijah Shiverenje, Sharon Chepkwony and Grace Kibunja-Kabungo for the splendid team work, insight, support and encouragement. Special thanks to Mr. Njeru Kirira (for your mentorship).

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DEDICATION

I would like to dedicate this project report to all staff of working at the Samaritan's Purse Kenya office.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CTC</td>
<td>Community-Based Therapeutic Care</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>WFP</td>
<td>World Food Program</td>
</tr>
<tr>
<td>PEPFAR</td>
<td>President’s Emergency Plan for AIDS relief</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Disease Syndrome</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
</tr>
<tr>
<td>ROI</td>
<td>Return on Investment</td>
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<tr>
<td>ROPI</td>
<td>Return on People Investment</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The issue of employee productivity has long grasped the minds of many researchers. Businesses and organizations are in constant pursuit of sustainability, continuity and growth. To this effect, a good human resource mix, coupled with the right working environment, are good ingredients for positive outputs. There are several researchers who have made varying submissions as regards the same. Clements-Croome (2008) argues for the provision of the right buildings that offer the best atmosphere, in which workers are comfortable. On the other hand, managerial approaches also play a key role in shifting a firm’s performance. For instance, good management, submit Dorgan, Dowdy and Rippin (2006), ensures creativity, smooth decision-making and a committed workforce. The place of intellectual property and the guarding of the same for the survival of an organization cannot be over-emphasized. The view held by Oxenburgh and Marlow (2004) is brief and to the point. They suppose that a satisfied workforce definitely translates to profitability and productivity.

Studies conducted by several opinion leaders in organizational development have brought about interesting conclusions. In previous studies, the work environment has typically meant the “physical” environment. In behavioral literature, there are two basic approaches that describe employees’ reaction to work in open-plan offices: a social relation approach and a socio-technical approach. In the social relation approach, the absence of walls in the open space is seen to facilitate social relationships among employees, decrease interpersonal problems, increase supervision and feedback from colleagues and facilitate more intra- and interdepartmental interaction. Changes in these variables will therefore increase workers motivation and job satisfaction and in the end increase performance (Oldham and Brass 1979).

Greef and Broek (2004) note that by developing new working methods and equipment it was possible to improve working postures and decrease the strain level of physical work. These improvements also allow worker productivity to increase. Such investments therefore directly influence output at work. However, these are not the only ways to
describe the work environment. Proper remuneration in relation to work done creates a very healthy employer-employee relationship. Compensation for work done reduces tensions that would otherwise stifle the relationship between an employee and employer. The same study notes that the quality of cooperation between the management and employees is an important contributing factor in improving productivity. However, it was found that it is difficult to change existing old working methods to which people are accustomed.

Even though pay is a factor that would influence the work environment positively, it has also been known to have negative consequences. Kreitner and Kinicki (2001) discuss that despite huge investments of time and money for organizational reward systems, the desired motivational impact is not achieved. They continue to highlight different forms of reward. These are: Reward equity norm where rewards should be allocated proportionate to contributions (at the workplace) and Reward equality norm where all parties are rewarded equally regardless of their comparative contributions.

The issue of remuneration sets the mood of workers in an organization. Finding what form of reward to use is important in ensuring a good working environment. The other factor that influences work environment is motivation. An employee’s motivation to work often creates a certain mood within the organization. Schermerhorn, Hunt and Osborn (2003) define motivation as the individual forces that account for the direction, level and persistence of a person’s effort expended at work. When looking at performance, persistence is crucial to measuring the level of performance.

Culture is yet another influencing factor in workers’ productivity. An organization’s culture creates an environment that could ignite or put off employee productivity (Schermerhorn, Hunt and Osborn 2003). In an organization, employees often create culture, but the management endorses it. Employees would want to have a more laid-back culture, but the management will want people to be more “serious” in the office and vice versa—-even though the former notion is almost always true. Good cultures within the organization, build a sense of belonging and commitment to a certain cause or goal. A high-handed culture within an organization has also been known to cause a fairly good
level of productivity. Where it’s all about work and no play people actually work and results are achieved.

Organizational culture is the set of shared, taken-for-granted, implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to various environments (Kreitner and Kinicki 2001). The authors further explain four functions of organizational culture: Gives members an organizational identity, Serves as a sense-making device, Facilitates a sense of collective commitment, and Promotes social-system stability.

The organization in study here is the Samaritan’s Purse; a non-profit organization founded in the early 1970’s. Samaritan’s Purse currently operates in over 80 countries worldwide providing relief and development efforts to communities in need. Samaritan’s Purse was registered in Kenya in 1993 and has been actively assisting country health efforts by providing doctors to various mission hospitals. Since 2004, Samaritan’s Purse has also been involved in various nutrition, water, sanitation, and agriculture projects directly and through partners. Samaritan’s Purse mission statement states that it is a non-denominational evangelical Christian organization providing spiritual and physical aid to hurting people around the world. Since 1970, Samaritan’s Purse has helped meet needs of people who are victims of war, poverty, natural disasters, disease, and famine with the purpose of sharing God’s love through His son, Jesus Christ. The organization serves the church worldwide to promote the Gospel of the Lord Jesus Christ (Strategic Plan, Samaritan’s Purse, 2005). Present programming also includes a community development and livelihood program in Kwale/Kinango district, CTC (Community-Based Therapeutic Care) program supported by UNICEF and WFP that begun in Turkana in 2006 and a PEPFAR funded HIV/AIDS program that began in Meru North in 2005 (Samaritan’s Purse Strategic Plan, 2005).

Most of Samaritan’s Purse work is in the field and thus very few staff members are office-based. There has been efficiency in meeting program objectives at the Samaritan’s Purse (Samaritan’s Purse Strategic Plan, 2005). Nonetheless, it is vital to investigate whether overall performance would be different given the most competitive remuneration, motivation and a supportive corporate culture. No studies have been
conducted previously at the Samaritan’s Purse to help establish the resultant effect of work environment, negative or positive, on overall productivity. This research was an effort in establishing the influence of these variables.

1.2 Statement of the Problem

Samaritan’s Purse has grown largely over the past 7 years. This can be attributed to increased employee productivity as well as opportunities arising worldwide. There has been no social research conducted to measure the influence of the work environment in relation to employee productivity—especially in light of motivation, remuneration and organizational culture as highly-impacting elements.

The success of programs in the East African regional office at Nairobi is in need of critical analysis in terms of staff productivity—since such a study has never been conducted before. Could that be the main reason why more programs cannot be included in the current regional office’s portfolio? Is it possible that there could be more efficiency in timely completion of projects, identifying opportunity areas, and a broad expansion of operations in sub-Saharan Africa? At stake is the generous potential the organization may be having in its workforce and that may not have been fully discovered and exploited to ensure added growth.

If comprehensive social research was conducted on the organization to investigate the three variables—remuneration, motivation and organization culture—the findings could help Samaritan’s Purse re-align itself to the recommendations given and consequently increase its productivity. This study therefore sought to understand the work environment (in light of the variables motivation, remuneration and organizational culture) and discover how they affected the productivity of employees of Samaritan’s Purse.

It is envisaged that the findings from this research could radically shift performance, upon tabling, consideration and implementation by the human resources department at Samaritan’s Purse’s headquarters. This will directly impact the active field programs, in delivery, timeliness and further improving the organization’s presence in the regions specific programs are targeted. The Samaritan’s Purse country and regional leadership are
also key stakeholders in this research. It is assumed that if the organization functions like a well-oiled machine through understanding the role of organization culture in overall productivity, then the benefits will often translate to creating vibrant communities.

1.3 Purpose of the Study

The purpose of the study was to establish what influence the work environment has on employee productivity within Samaritan’s Purse, a Non-Governmental Organization based in Nairobi, Kenya.

1.4 Specific Objectives

The study was guided by the following specific objectives;

1.4.1 To determine the effect of remuneration on employee productivity
1.4.2 To explore how employee motivation influences productivity
1.4.3 To establish how organizational culture affects employee productivity (The culture in an organization here refers to the general climate/mood of the organization)

1.5 Importance of the Study

Organizations sustain themselves only when they are productive. Critical in this process is the human resource component - its intellectual property. Employees are core to the issue of productivity. Their input drives the organization higher. It is also worth mentioning that their productivity also helps them feel contented with the work they do. This is something that is inherent in most workers – that is, the desire to find fulfillment in the work they do. One of the challenges has been that employees within Samaritan’s Purse perform but possibly not to their optimum due to certain components of the work environment that are not fulfilled.

1.5.1 Remuneration

The study will be of value to the employers since they will be enlightened on the benefits of proper remuneration in improving the companies productivity by compensating them for their efforts at work and reviewing their pay/benefits based on performance.
1.5.2 Motivation

Employees will benefit from this study as they will be enlightened on the importance of self-motivation in improving productivity. The employer (Samaritan’s Purse), will also benefit, in discovering its role in motivating employees to make them more productive.

1.5.3 Culture

The results of the study will create awareness and understanding of the working environment within Samaritan’s Purse, make employees enjoy the culture in their organization and make it fun and family-like even through professional.

The recommendations arising from the study will be beneficial in assisting Samaritan’s Purse management in reviewing aspects of the work environment with the goal of achieving optimum productivity from employees. Broadly, the study will serve as a model framework that can be used in other organizations that may want to conduct further studies on the research area. The study will also make a significant contribution to practice and theory in this area. The results of the study will be beneficial to an already existing body of knowledge.

1.6 Scope of the Study

The study involved collection of data from staff working in the Samaritan’s Purse Nairobi office in Kenya. All members of staff who work out of the Nairobi office, irrespective of gender, age or race were eligible to be part of the study. The study focused on the areas of remuneration, motivation and organizational culture as key areas that make up the work environment. Due to the broad nature of what would be defined as the work environment, this study focused on specific areas (remuneration, motivation and organizational culture) that hypothetically constitute the work environment within Samaritan’s Purse.
1.7 Definition of Terms

1.7.1 Work Environment

Occupational Health and Statistics Unit (2006), states that the work environment consists of the employer's premises and other locations where employees are engaged in work-related activities or are present as a condition of their employment. The work environment includes not only physical locations, but also the equipment or materials used by the employee during the course of his or her work.

1.7.2 Employee

Hollincheck, Nicholls and Tailby (2003) describe an employee as a person who works under a contract of employment.

1.7.3 Productivity

Koretz (1990) defines productivity in simple terms, as output per hour.

1.8 Chapter Summary

This chapter has considered the input of other theories in the area of work environment and how it is linked to employee productivity. The reader has also gained an inward look to the organization being studied: an overview of its structures, its mission and values. This will help the reader understand the organization especially when looking at organizational culture as a component of the work environment. The problem has also been defined, the purpose of the study, the research objectives, importance of the study, the scope of study and definition of key terms.

The next chapter will be a literature review to evaluate and analyze what other authors have written regarding the key objectives of this study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a literature review on what various authors have written on the issues of remuneration, motivation and organizational culture as features of the work environment and how they affect or influence employee productivity. As a matter of principle, the ideas presented by authors often transcend the type of organization and so the views would cut across sectors and industries.

2.2 Effects of Remuneration on Productivity

2.2.1 Understanding Remuneration

Remuneration is the monetary value of the compensation an employee receives in return for the performance of their contracted duties and responsibilities. Reward covers both remuneration and other tangible and intangible gains of value to the employee (Mackay, 2007). He continues to describe remuneration as comprising compensation (salary, wages, commission, direct benefits) and incentives (bonuses, gainsharing). Rewards include: compensation and incentives plus indirect benefits and incentives such as development opportunities, study time, travel etc. There are two main approaches to remuneration and reward, performance based and skill based systems. Within each of these approaches is a further choice between team or individually based approaches to measuring and distributing remuneration and rewards (Mackay, 2007).

Remuneration is arguably the heart of organizational sustenance. Schermerhorn, Hunt and Osborn (2003) endorse this, articulating that pay is an especially complex extrinsic reward. It can help organizations attract and retain highly capable workers, and it can help satisfy and motivate these workers to work hard and achieve high performance. If there is dissatisfaction with the wages, strikes, grievances, absenteeism, turnover, and sometimes even poor physical and mental health would be the unfortunate norm. With
this is in mind, a link is drawn to connect the concepts of reward and employee productivity. It is inherent in any worker to want to feel rewarded hence the adaptation of the concept of reward management in organizational structures. Rewards are an ever present feature in organizational life (Kreitner and Kinicki, 2001).

Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization (Armstrong and Marlis, 2004). It deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of the organization, team and individual performance. Cotton (2006) points out that, the larger the organization; the more likely it is to have a reward strategy. Due to extensive pay bargaining, public service employers are less likely to have a reward strategy than other organizations.

2.2.2 Remuneration packages

Reward is a natural motivator for performance. Armstrong and Marlis (2004) highlight the aspect of rewarding people fairly, equitably and consistently in accordance with their value to the organization. Reward management involves the analysis and effective control of employee remuneration and covers salary and all other non-monetary benefits (Cotton 2006). It assesses the nature and extent of rewards and the way they are delivered as well as considering their effect on both the organization and staff.

Remuneration packages play an important role in motivating employees. But every employee is different and what motivates one employee may be of little or no interest to another. To tackle this, some companies offer a ‘salad bar’ approach to remuneration that allows staff to pick and choose their benefits package. The most visible or obvious part of any remuneration package is the salary. Salary can be made up of several elements including basic pay, commission, bonuses, profit-related pay and share dividends (Thaxton and Wilson, 2008).

Many employees appreciate company contributions to pension, insurance or healthcare schemes. Company cars remain a popular perk for many employees despite increasing
taxation on cars and fuel. There are other organizations that consider offering staff
discounts on products or services. Still others have subsidized meals and accommodation
can be attractive benefits to many staff (Thaxton and Wilson 2008).

Nonetheless, for many employees, money and benefits are not the main motivator. Doing
something worthwhile or working for a worthwhile cause is all the motivation they need
(Thaxton and Wilson 2008). One possible explanation for the low take-up of reward
strategies is that reward is covered within the overall people management and
development strategy (Cotton 2006). Secondly, the strategy is pursued but not
specifically written down. Further, effectively operating a reward strategy is hard work.
Schuster and Zingheim (1992) insist that pay is above all an employee relations issue and
that how employees view pay is important to the success of the total compensation
strategy. They go on to add that the foundation of justifying a total compensation strategy
is the belief that employees have a need and right to understand what their organization
expects from them in terms of behavior and performance.

Honnet (2006) recommends 4 pattern-plan in ensuring meaningful remuneration that
translates to productivity:

The need to ensure that an organization’s pay plans, policies and practices are (and are
seen by employees to be) relevant and meaningful. This includes keeping them current by
more frequent review in the light of future events of strategic significance.

The need to gain the understanding, support and commitment ("buy in") of our
employees at all levels to our pay plans, policies and practices. This includes proper
explanation during structured induction / orientation immediately after employment;
ongoing discussion to monitor perceptions of effectiveness (and trigger timely
intervention if required); and active participation in the development and design of pay
programmes by employees.

The need to innovate and come up with truly creative and attractive pay and reward
designs, which are also fully aligned with corporate goals and objectives.
The need for organizations to behave as such by focusing, among other things, on the more cost effective and wider use of technology; developing metrics for evaluation of pay design return on investment, ROI; and, most important of all, by accepting full accountability for this portion of the return on "people investment", or ROPI.

2.2.3 Types of Rewards

Since the advent of scientific management (Taylor, 1911), piece-rate payments (or wage incentives) have been commonly used for motivating employees. Such systems (which date back to preindustrial times) tie a person's financial rewards directly to his performance by paying him a set rate for each unit of output which he produces. The motivational assumption underlying piece-rate payments—as well as sales commissions, bonus plans, etc.—is that a person will perform effectively to the extent that his rewards are made contingent upon effective performance (Vroom and Deci, 1970).

For this motivational system to work effectively, it is necessary that there be clear standards for performance which the workers understand. Then, performance has to be monitored, and rewards must be administered consistently. Further, the output must be quantifiable so that performance can be measured, and jobs should be relatively independent so that a worker has control of his own production rate (Vroom and Deci, 1970). This approach to employee motivation utilizes externally mediated rewards, i.e., rewards administered by someone other than the employee himself. In so doing, the authors argue, the management is attempting to control the employee's behavior so he will do what he is told, in the way and in the amount that he is told.

Employees are interested in the value you create for them and how you keep them engaged, challenged, and motivated. Recognition simply means providing appreciation for a job well done. There are multiple ways to provide feedback through rewards and recognition. Employers are on a constant quest for the ideal blend of rewards that will drive employee engagement and high performance in support of organizational objectives (Kochanski, Sorensen and Ellis, 2006).
Financial, material, and social rewards qualify as extrinsic rewards because they come from the environment. Psychic rewards however are intrinsic rewards because they are self granted. These two broad categories then become a reasonable framework for evaluating types of rewards. In addition to the obvious pay and benefits, there are less obvious social and psychic rewards. Social rewards include praise and recognition from others both inside and outside the organization. Psychic rewards come from those personal feelings of self-esteem, self-satisfaction, and accomplishment (Thaxton and Wilson, 2008).

Performance based pay links remuneration to individual achievement (or non achievement) of predetermined outcomes and/or the performance of the company. It takes several forms, including performance based changes to base remuneration and the provision of bonuses and other one-off type rewards. Motivated employees generally produce better quality work and require less supervision and coaching than unmotivated employees. Accordingly, the concept of performance pay focuses on the cost of getting things done through people who are motivated to do well. This is attractive to employers as it reduces input costs relative to the value of the outputs of the organisation and thus enhances profitability. Said simply, people who perform well, cost less than unmotivated staff (Mackay, 2007).

2.2.4 Creative Pay Practices and Performance Pay

Schermerhorn, Hunt and Osbom (2003) point to the use of creative pay practices to supplement merit pay plans. In as much as merit pay plans are an attempt to enhance the positive value of pay as a work reward, they may not fully suffice and they fall short of the consistent demands of modern organizations. Accordingly, creative pay plans are helpful in dealing with pay issues in diverse organizations. New Pay, a term coined by Schuster and Zingheim (1992), treats the employees as important partners in the operation and success of the organization.

Most employees derive an income through the sale of their labor (Brown and Heywood, 2002). This income determines the overall standard of living of the employee. Therefore, pay is central to the employment relationship, making it a powerful tool in the employment relationship - This being particularly so, in the context of organizations
seeking to maximize their efficiency and productivity. In distinguishing performance pay from basic pay, Wright (2004) outlines that a broad distinction can be made between pay linked in some way to performance that is paid as an addition to basic salary or wages and the type of individual performance pay that is consolidated into and becomes part of the basic salary or basic wages.

Performance based pay is centred on rewarding employees for their contributions to the company’s performance and achievements. Skill based pay concentrates more on the capability of employees to perform the work required of them. In practice most companies use a combination of both, though this is not always clear to employees. Effectively, performance based and skill based pay are at opposite ends of the same continuum. The key differences between the two ends of the spectrum lie in what is measured (Mackay, 2007).

Mackay (2007) points that linking pay to performance carries risks. While there are relatively few problems when the employee or team is performing well and the company is financially healthy, there are downsides when performance falls below expectations and/or when times of recession restrict funding for performance pay. Some issues to be aware of include: The kind of motivation provided can have positive or negative effects; e.g. rewarding achievement of stretch targets provides a more positive motivation than does applying penalties for underachieving. Pay spirals can place organizations, particularly those with tight cash flows, at severe risk. Most current performance pay regimes simply increase remuneration as a reward for performance, thus increasing the overhead costs of the organization. This is sustainable as long as the organization is growing its wealth. However, when recession impacts on profitability; most organizations respond by cutting costs. For most organizations the greatest internal costs are employee costs. Thus, without a reward regime which responds to negative as well as positive pressures the usual result is a process of rationalization, restructuring and redundancy, Pay spirals and ratcheting refer to a situation where the rate for the job is driven up by the competition for skills where the labor supply isn’t sufficient to meet demand. Skilled operators hop from job to job within the same market, driving up the rate, The corollary of ratcheting is the ‘honey trap’, i.e. exceptional employees can end up being paid more than they can afford to lose if they shift employment. The consequence
can be highly paid employees becoming demotivated and unproductive. Economic recession restricts rewards even when performance is good. Performance pay loses credibility if good employees perceive poor performers not being sanctioned. Where performance pay is individually based, employees often perceive unhealthy competition between individuals for a share of the reward ‘pie’ at the expense of organizational effectiveness.

All of these risks are manageable through planning and management. A common response to poor management of these issues tends to drive employees towards a collective approach to pay setting, with a desire for ‘across the board’ changes reflecting movements in the cost of living. While planned collective approaches can be effective, an unplanned approach e.g. ratcheting, tends to promote a service (“don’t ask us we only work here”) rather than performance ethic. A major culture change exercise is then necessary before a performance focus can be re-engendered (Mackay, 2007).

Kapitis (2008) submit that performance based rewards succeed only if, The plan is fully funded, in that the amount of money available is provided by an overall performance measure or set of measures which demonstrate that the shareholder is better off before the employees begin to participate; Performance requirements are communicated, measured and rewarded differentially – employees have to know that superior performance will be rewarded and inferior performance will not; The plan operates in unison with tight control over fixed pay – companies need to make a decision to stop responding directly to salary surveys on the basis that the overall incentive spend will increase if the performance targets are met; and The plan needs to progressively shift accountability for remuneration decision making to management and away from either a centralized body (usually HR) or a formula. Managers thereby become responsible for both fixed and variable pay decisions (within a performance driven budget) and have to communicate the reasons for those decisions to recipients.

And that, performance based rewards succeed only when: Individuals can see that their activity is connected, however remotely, to the corporate strategy; Individuals have to understand precisely what they have to do and how it will be assessed. This communication must be received as well as sent and the understanding of it must be
tested in the performance management and/or development sessions between the Manager and the employee; The process put in place to manage pay outcomes is efficient, rigorous and has integrity; and There are robust systems in place to support remuneration decision making (Kapitis, 2008).

These success factors are inter-connected: To successfully communicate a performance objective it must be connected to the strategy, To implement the communicated performance differentiation there must be a process, and; The implementation of an adequate process depends on using robust systems (Kapitis, 2008).

2.2.5 Skill-based pay

Skill-based pay relies on clear definitions of discrete units of work (‘competencies’). Each distinct competency an employee possesses adds to their capacity to perform the range of tasks or duties required of them by their employer or to perform different or more demanding and responsible roles. An employee is remunerated according to one of three main choices available in applying skill-based pay (Mackay, 2007).

Mackay outlines three main approaches to the use of skill-based pay.

Option 1 - Pay for skills acquired

This option is focused on equipping employees for the future, i.e. it is primarily an employee career management tool. As such this option does not of itself guarantee a focus on the current issues facing the company. It can be useful in limited form such as paying an employee a bonus for the completion of a qualification where the qualification or the process of getting it has clear benefits to both employee and company. The main trend today is to separate the issues of pay and employee development/acquisition of skills and knowledge.
Option 2 - Pay for skills used

This is a status quo, least cost, option, focused on paying employees for the skills and knowledge used in getting their assigned work done i.e., their ‘market value’. This is the most common form of skill based pay. It requires the effective use of job evaluation techniques and a sound linkage to current market rates for the skills employed.

Option 3 - Pay for improvements in required skills

This option is a combination of the previous two options, i.e., skills based approach in a performance framework. Under this option, an employee is recognised not only for getting things done but also for the improvements demonstrated in the quality of the skills and knowledge applied to their work.

According to Mackay (2007) to be effective this option requires a framework of clearly identified competencies against which standards for improvement are set and work related outcomes are measured. Career enhancement for the individual comes from a balance of effective succession planning by the organisation and careful selection of the roles an employee undertakes by the individual. Early investment costs are higher for the employer in the short term but the corresponding long term gains are of clear benefit. Performance based pay and skill based pay are measured from different focal points, Performance based pay is aligned to outputs and achievement of predetermined outcomes.

From a performance point of view the key measurement indicators include: Achievement of goals, Financial e.g., savings through efficiency in terms of improved systems and processes; Physical e.g., achievement of work programme objectives, Effectiveness - Doing the right things, Efficiency - Doing things right, Improved productivity - Doing more with less, Innovation - Doing new things (Pg 38).

Skill based pay on the other hand is aligned to the inputs of skill and knowledge required to perform the required roles. From a skill based perspective the main measures are; Definition of tasks to be performed, Definition of skills and knowledge required to perform the tasks.
There is a growing global emphasis on using Economic Value Added (EVA) as a basis for measuring business performance. This measures changes in the value of shareholder funds. The concept encourages sharing the monetary value of such changes (both positive and negative) between the owners and employees of an organisation.

A key issue created by this trend is the need to improve measurement of skills and performance at both the business process and people levels. There is a clear synergy between the EVA trend and the existing requirement for both skill and performance based remuneration system(s) to be supported by clear measures of process and skills.

2.2.6 Gain Sharing

There's a view held by Cahill (2000). To him, Profit sharing involves employees receiving a proportion of their income that is related to profits. If this income is cash, the terminology ‘profit related pay’ is sometimes used. Share-based profit sharing involves allocating shares to employees on the basis of profits. The term profit sharing is generally used for situations in which all or at least a majority of employees are involved in the scheme. An important issue is whether the variable component of earnings represents (on average) additional income or substitutes for basic wages.

The ‘share economy’ theory of profit sharing is built on the idea of the profit component being a substitute for basic wages. However, some writers regard profit sharing as necessarily involving an additional payment if it is to constitute genuine sharing. Analysing the issue deeper, Cahill observes that Employee share ownership refers to arrangements that provide for broadly-based ownership of shares by employees in their own firm. This can take different forms. It may “consist of reserving a proportion of company shares, for all or a group of employees, which are offered at privileged terms and are limited to a worker’s period of employment. Alternatively, employees are offered options to buy their enterprise’s shares after a determined length of time at preferential terms” (Uvalic, 1991: 12).

The USAID Knowledge Services Center (2007) sees Gain Sharing as “a corporate incentive plan designed to involve employees with management to increase productivity
by directly linking compensation to specific productivity increases or cost reductions.” Masternak (2007: 1) posits that “Gain Sharing is a system or approach of managing that promotes higher level of performance through the involvement and participation of employees. As performance improves, employees share in the financial gain. Improved performance yields greater compensation, in turn promoting continuous improvement through a reinforcing cycle.”

Rock and Berger (1992), define gain sharing as a group bonus plan that shares improved performance with most or all employees of a unit. In its broadest form, it is a plan that includes profit sharing, individual and/or small group incentives, management bonus plans, and so forth, all under the banner of gain sharing. In addition, they add that historically, most gain sharing plans were based on some measure of past performance, from periods as short as a few months to as long as several years. They highlight that the goal of gain sharing plans is to improve performance by changing employee behavior.

Gainsharing is a group incentive scheme in which employees receive a bonus related to the performance of the group. This may be based on cost savings or productivity improvements or some other measure. Conceptually, it differs from profit sharing since profits, particularly in the short run, may vary independently of employee performance. For example, a group of employees may achieve cost savings through better working methods, but the company’s profits may simultaneously decline because of adverse currency movements or a recession in the company’s main market. Conversely, of course, company profits may improve substantially for some fortuitous reason other than greater employee commitment (Cahill, 2000).

Sharing almost the same view, Schuster and Zingheim (1996) explain that gain sharing plans share improvements in productivity, cost savings, and quality with employees who are members of a group that is instrumental in accomplishing these elements. This illustrates some form of reward for performance. They note that gain sharing is the same to all employees, in being the same percentage of base pay, the same dollar award, or the same amount per hour worked. This presents a situation of equity between employees.

Although the term Gain Sharing is sometimes used to refer to group incentives generally, the term is also used in a more specific sense in relation to arrangements whereby gains
arising from cost savings or productivity improvements are shared with workers (Cahill, 2000).

US Bureau of National Affairs identifies three major components of any Gain Sharing plan: A management philosophy emphasizing employee participation, potential and ingenuity, A structured involvement system for gathering and implementing employee suggestions towards productivity improvement; and A formula to share the benefits of productivity-generated savings between employees and their employer (European Industrial Relations Review, 1996).

There are three standard gainsharing plans: Scanlon, Rucker and Improshare (Improved Productivity Sharing Plans). The Scanlon plan was the first formal gainsharing plan to be devised. This plan provides bonuses based on the ratio of pay costs to the value of gross output. In the Rucker plan, the focus is on value-added rather than gross output; this provides an incentive for the efficient use of all inputs. The Improshare plan is based on the number of labour hours required to produce a given level of output; a bonus is provided when the number of labour hours required falls below what would be required under “normal conditions” (Strauss, 1990). New plans are typically based on one or more of these standard approaches, adapted to the particular needs of an organization (Cahill, 2000).

Collins notes that not all gainsharing plans are successful. He quotes a gainsharing consultant as follows: Most experts in the field of gainsharing would probably say that the success rate is not over 65 per cent. (This percentage does not include firms with marginal plans, which is a common practice.) No one really knows the failure rate, since most of the plans have been installed by consultants who are frequently unwilling to share their client’s experience with others (Collins, 1998).

Research has examined the circumstances in which gainsharing plans are successful. The studies tend to find greater success associated with high employee involvement in design and operation, shorter payout periods, productivity-based awards, controllable targets, use of outside consultants, favourable employee views and managerial commitment when
the programme was implemented and perceptions of procedural and distributive justice (Kruse and Blasi, 1998).

The significant role of power relationships in gainsharing is emphasised by Collins (1998). A gainsharing plan involves an interest group exchange: management expects to obtain information from workers about the production process and also to improve productivity while workers expect to achieve more involvement in decision making and to receive bonuses. A paper by Arthur and Jelf (1999) found that the introduction of Scanlon-type gainsharing was followed by a substantial reduction in both grievance rates (i.e. formal written complaints made by employees) and absenteeism rates. This is an indication that gainsharing is not only a financial incentive but also has the potential to improve relations between workers and managers.

A limitation of the research on gainsharing is that there has been no analysis using large scale data sets of the performance of companies with gainsharing plans in comparison to similar companies without plans (Kruse and Blasi 1998). Nonetheless, there is considerable case study evidence that gainsharing can contribute to improved performance, particularly when it includes employee involvement.

2.2.7 Indirect Compensation

Employees also receive various forms of indirect compensation from their employer, and understanding what comprises this latter form of compensation is crucial for employers who want to design desirable employment packages. Indirect compensation is designed to improve employees’ quality of life, reward continued employment, promote loyalty and even distribute additional financial rewards. Indirect compensation can be understood as part of the social contract between the employer and employee - to protect the financial, emotional and physical well-being of all workers and their families (Baker, 2001).

Indirect compensation refers to the general category of employee benefit programs (Bemadin, 2003). Supporting this statement, Schuster and Zingheim (1996) add that indirect pay or benefits include retirement and welfare plans, pay for time not worked,
holidays, sick leave, personal absence pay, and rest, break, and lunch periods among others.

Baker (2001: 12) lists some examples of indirect pay components: Educational reimbursement - Covering tuition costs for outside classes or degree programs, or maintaining an ongoing training program internally, provides for professional development that benefits both the employer and employee. Travel and transportation - In many cities, transportation to and from work is not only becoming increasingly difficult, but is also becoming increasingly expensive. Covering the costs of employee van pools, auto mileage, public transportation passes or parking is a benefit employees' value highly. Health and wellness - This category covers everything about an employee's physical well-being, from exercise to sick time to health, disability or life insurance. Recreation - Intramural sports, entertainment events and cultural opportunities are benefits to employees and employers who want the workplace atmosphere to not always revolve around work. Family - The dual-income family has become common enough to make indirect benefits to employees such as child-care, flextime, counseling and elder care highly sought-after. Savings - Savings bonds and deferred compensation plans are a unique form of indirect compensation that can reward long-term employees. Lifestyle - Telecommuting, extra vacation, flexible spending accounts, travel, technology perks (laptop), comfortable office space and financial counseling are examples of creative, lifestyle-related compensation.

Schuster and Zingheim (1996) however, are quick to note that because indirect pay is traditionally driven by tenure and entitlement, it is difficult to implement in contemporary human resource strategy. Consequently, traditional indirect pay strategy involves spending more money on employee benefits to remain competitive without expectation of a measurable return on the investment.
2.3 Effects of Motivation on Productivity

2.3.1 Motivation as essential to performance

The topic of employee motivation plays a central role in the field of management—both practically and theoretically. Managers see motivation as an integral part of the performance equation at all levels, while organizational researchers see it as a fundamental building block in the development of useful theories of effective management practice. Indeed, the topic of motivation permeates many of the subfields that compose the study of management, including leadership, teams, performance management, managerial ethics, decision making, and organizational change. It is not surprising, therefore, that this topic has received so much attention over the past several decades in both research journals and management periodicals (Steers, Mowday, Shapiro, 2004).

The term motivation derives from the Latin word for movement (movere). Building on this concept, Atkinson (1964), defines motivation as “the contemporary (immediate) influence on direction, vigor, and persistence of action” while Vroom defines it as “a process governing choice made by persons among alternative forms of voluntary activity” [Pg 22]. Campbell and Pritchard (1976) suggest that motivation has to do with a set of independent/dependent variable relationships that explain the direction, amplitude, and persistence of an individual’s behavior, holding constant the effects of aptitude, skill, and understanding of the task, and the constraints operating in the environment. These and other definitions have three common denominators. They are all principally concerned with factors or events that energize, channel, and sustain human behavior over time. In various ways, contemporary theories of work motivation derive from efforts to explicate with increasing precision how these three factors interrelate to determine behavior in organizations (Steers, Mowday, Shapiro, 2004).

2.3.2 Productivity

Productivity is fundamentally about how productive people are at work, their skills, motivation and commitment being key (Michie, Oughton and Bennion, 2002).
Satisfaction with pay is less powerful as a predictor of job satisfaction or employee engagement and is less likely to predict whether an employee stays or goes. Employees may join a company because of its generous pay scale or lucrative benefits package, but how long they stay and how productive they are is determined by the relationship with their immediate supervisor much more than by their satisfaction with pay (Kimball and Nink, 2005).

According to Thwala and Monese (2008), motivation is an abstract term. It imparts incentives that require a response on part of someone else to achieve a defined goal. In business, motivation is not synonymous with salaries; money is a means for accommodating the economic needs of workers. Motivation means an inner wholesome desire to exert effort without the external stimulus of money. Motivating is the ability of indoctrinating the personnel with a unity of purpose and maintaining a continuing, harmonious relationship among all people. It is a force which encourages and promotes a willingness of every employee to cooperate with every member of the team. To maintain it is to create and perpetuate the climate which brings harmony and equilibrium into the entire work group for the benefit of all who are involved – the company as a whole (Wilbert Scheer, 1979). Since the effective motivation comes from within, by motivating others, the manager can do more than create proper conditions that cause people to do their work willingness and enthusiasm.

2.3.3 **Motivation**

Motivating is the work managers perform to inspire, encourage and impel people to take action (Louis Allen, 1986). To motivate the employee, the employee must be reached; to reach him there must be a completed understanding of the complexity his make-up (Louis Allen, 1986). Motivation efforts must be directed towards improving company operations. To be effective, however, they must also be designed to show benefits to the employee. In fact, motivation can best be accomplished when workers are able to merge their personal ambitions with those of the company (Thwala and Monese, 2008). The relationship between the employer and employee must be one of understanding in order for the employee to identify himself with his work and with the business he is working for. Lack of motivation in return affects productivity. A number of symptoms may point
to low morale: declining productivity; high employee turnover; increasing number of grievances; higher incidence of absenteeism and tardiness; increasing number of defective products; higher number of accidents or a higher level of waste materials and scrap (William Day, 1978). A motivated employee is a loyal employee and to be loyal implies that the employee supports the actions and objectives of the firm. The appearance of the job as a whole has, in fact a bearing on the willingness and quality of an employee's performance (Martin Bruce, 1962).

One other view holds that Motivation is the willingness to do something and is conditioned by this action’s ability to satisfy some need for the individual (Robbins, 2003). This is a more descriptive rather than substantive definition. A more substantive definition of motivation is given by Schermerhorn, et al (2003). To them, motivation refers to the individual forces that account for the direction, level and persistence of a person’s effort expended at work.

Motivation is often described as being “intrinsic” or “extrinsic” in nature (Sansone and Harackiewicz, 2000). Intrinsic motivation, deriving from within the person or from the activity itself, positively affects behavior, performance, and well being (Ryan and Deci, 2000). Intrinsic motivation refers to the motivational state in which an individual is attracted to their work in and of itself, not due to any external outcomes that might result from task engagement (Dowett, 2007). Thus, motivation deriving from external pressures or constraints is referred to as extrinsic motivation. But externally administered consequences, or extrinsic behavioral contingencies, also are powerful determinants of motivated behavior. Extrinsically motivated behaviors are actions that result in the attainment of externally administered rewards, including pay, material possessions, prestige, and positive evaluations from others (Bateman and Crant, 2001). Exploring these issues some more, extrinsically motivated behaviors are actions that result in the attainment of externally administered rewards, including pay, material possessions, prestige, and positive evaluations from others (Bateman and Crant, 2001).

Greene and Lepper (1974) expressed a definition of intrinsic motivation, herein called the means–ends definition. This definition holds that intrinsic motivation is doing what we want, whereas extrinsic motivation is doing something to get something else. White
(1959) held that competence motivation is the common root of the neo-Freudian ego motives, but he presented no scientific evidence to support this hypothesis. White did not develop a measure of competence motivation, and he made no predictions. He acknowledged that his hypothesis is implausible because ego motives seem so diverse they may have no common property. Curiosity, self-determination, and play, for example, are very different motives that may have little or nothing in common. Deci and Ryan’s (1985) cognitive evaluation theory draws heavily on White’s (1959) construct of competence motivation and, thus, has some of the same limitations. Their theory holds that people engage in intrinsically motivated behavior to feel competent and self-determining (Steven Reiss, 2005). Weiner (1995) in his analysis, saw that people engage in behavior to experience enjoyment. When behavior is “inherently” enjoyable, intrinsic motivation is imputed. When the enjoyment of a behavior requires an incentive or reward, extrinsic motivation is imputed (Steven Reiss, 2005).

Malhotra, Galletta, and Kirsch (2008) offer a two-perspective approach in further understanding motivation. They postulate that exogenous and endogenous motivations reflect two different views — mechanistic and organismic, respectively. Their observation clarifies that mechanistic theories view extrinsically motivated activities as being motivated by rewards, and view intrinsically motivated activities as those for which the reward is in the activity.

It is predictable that benefits spur performance. It is a central tenet in understanding economics arguing that incentives promote effort and performance, and there is a lot of evidence that they often do, continue Malhotra, Galletta, and Kirsch (2008). Caution needs to be observed though, there are certain sectors that have interesting features. Seasonal employment is a good example. In this scenario, workers are highly driven based on reward, but once obtained, productivity rapidly drops. A long-standing paradigm clash has opposed proponents of the economic view to the “dissonance theorists”, who argue that rewards may actually impair performance, making them “negative reinforcers”, especially in the long run, clarify Malhotra, Galletta, and Kirsch (2008).
2.3.4 Extrinsic Motivation

Extrinsic Motivation can be defined as performance of an activity in order to attain some separate outcome (Ryan & Deci, 2000). Therefore, athletes that are extrinsically motivated participate in sport for external causes such as rewards, positive feedback, recognition, etc.; rather than for the inherent satisfaction of performing the activity itself (intrinsic motivation). There are 4 types of extrinsic motivations (Weinberg & Gould, 2003): Integrated regulation, Identified regulation, Introjected regulation, External regulation.

Integrated regulation occurs when athletes perform activities to benefit different aspects of life, rather than for the pleasure of participating itself. For example, training and dieting hard in order to develop a healthy life style.

Identified regulation occurs when athletes participate in an activity because the activity is considered of high value and important to the participant, even if they do not enjoy the activity itself. The difference between this and integrated regulation, is that this is limited to the particular activity itself, for example, lifting weights to become huge. Or going to school, or doing your homework because it is a great way to learn about things which may be useful to you. One important concept to understand is that these two forms of extrinsic motivation (more so with integrated regulation) and the three forms of intrinsic motivation all involve the athlete participating in sports by their own initiative, because they want to participate for some desired outcome (autonomous). Therefore, these 5 subtopics of motivation have been found to positively influence affective, behavioral, and cognitive functions (Vallerand, 1997; Vallerand and Rousseau, 2001).

Introjected regulation occurs when athletes participate in an activity because of various pressures. For example, lifting heavy, or posing in the weight room, so you can impress people in the gym. Or training so that you can get huge, and gain self recognition and approval from others. Evidence suggests that Introjected regulation increases tension and anxiety (Nikos, 2001). External regulation occurs when athletes participate in an activity only because they feel they have to, or because they may get a reward. For example, playing for the money, or telling someone if you do such and such, I’ll give you such and such. This activity is performed entirely for the reward (Wilson, 2005).
2.3.5 Intrinsic Motivation

The term intrinsic motivation is generally understood in contrast to extrinsic motivation (Banko and Pierce, 2001). Intrinsically motivated behaviors are those in which there is no apparent reward except with the activity itself (Deci, 1975). Extrinsic motivation, on the other hand, is said to occur when an activity is rewarded by incentives not inherent in the task. Although these terms have been criticized and debated (e.g., Bandura, 1986; Dickinson, 1989; Flora, 1990), they are accepted by many researchers. The distinction between intrinsic and extrinsic motivation led psychologists to speculate about the relation between these two sources. One view was that intrinsic and extrinsic motivation combined in an additive fashion to produce overall motivation. For example, in work settings, organizational psychologists argued that optimal performance would occur when jobs were interesting and challenging and employees were externally rewarded (e.g., with money) for their work (Porter and Lawler, 1968; Vroom, 1964). Other theorists challenged the additive assumption, suggesting instead that extrinsic rewards might interfere with intrinsic motivation (DeCharms, 1968).

Intrinsic motivation as earlier explained, is defined as the individual’s desire to perform a task for its own sake (Be’ nabou and Tirole, 2003, Deci, 1975). Originating from a sociological and psychological background, the distinction between intrinsic and extrinsic motivation was introduced into economics through the crowding theory of Frey (Frey, 1997a and Frey, 1997b). This theory focuses on the ‘hidden costs’ of rewards and punishments. Crowding theory describes how an outside interference such as incentive compensation, is expected to ‘crowd out’ or ‘crowd in’ intrinsic motivation.

Be’ nabou and Tirole (2003) have formalized the distinction between intrinsic and extrinsic motivation and indicated the importance of both while identifying the overall effect of external interventions on motivation. Previous studies of the crowding out effect, i.e. the measurement of the effect of an intervention on both intrinsic and extrinsic motivation have mainly been limited to monetary compensation.
However, promotions rather than monetary compensation are expected to also affect intrinsic motivation since they often affect the tasks people are assigned to. Moreover, as Be' nabou and Tirole (2003) note, ‘discretionary’ or ‘ex-post’ rewards, such as promotions, can increase the self-esteem and intrinsic motivation of an individual. A promotion can also be a signal of trust and lead to empowerment, which in turn has a positive association with intrinsic motivation (Deci and Ryan, 1985).

2.3.6 Motivation Theories

Motivation can be defined as the intensity and direction of effort (McCullagh, 2005). Intensity refers to the quantity of effort, while direction refers to what you are drawn too. Evidence suggests that enhanced motivation promotes learning, performance, enjoyment, and persistence in sport, among other benefits (McCullagh, 2005; Wilson, 2005). According to Behling, Schriesheim and Tolliver (1975) theories of motivation may be categorized in many different ways. They can best be classified by ordering them along a continuum based upon the degree to which they submit that cognitive or conscious “thought” processes mediate the relationship between the various stimuli acting on an individual and the behaviors they emit in response to them. They go on to add that at one end of this continuum is “pure” cognitive theories which assume that human behavior, including work effort, results entirely from processes of conscious choice. At the opposite end of the continuum are contrasting theories which either ignore or refuse to consider the nature of internal needs or cognitions.

2.3.7 Maslow’s Hierarchy of Needs

Abraham Maslow (1954) attempted to synthesize a large body of research related to human motivation. Prior to Maslow, researchers generally focused separately on such factors as biology, achievement, or power to explain what energizes, directs, and sustains human behavior.

Maslow’s theory rests on three assumptions: People have a number of needs that require some measure of satisfaction, Only unsatisfied needs motivate behavior, The needs of
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Maslow’s theory rests on three assumptions: People have a number of needs that require some measure of satisfaction, Only unsatisfied needs motivate behavior, The needs of
people are arranged in a hierarchy of prepotency, which means that as each lower-level need is satisfied, the need at the next level demands attention.

According to Abraham Maslow, people tend to satisfy their needs in a particular order. A theory he calls the “hierarchy of needs” (Reece and Brandt, 1999). These human needs are based on two groupings: deficiency needs and growth needs. Within the deficiency needs, each lower need must be met before moving to the next higher level (Huitt, 2004).

Once each of these needs has been satisfied, if at some future time a deficiency is detected, the individual will act to remove the deficiency (Huitt 2004). The first four levels are: Physiological: hunger, thirst, bodily comforts, etc.; Safety/security: out of danger; Belongingness and Love: affiliate with others, be accepted; and Esteem: to achieve, be competent, gain approval and recognition.

According to Maslow, an individual is ready to act upon the growth needs if and only if the deficiency needs are met. Maslow’s initial conceptualization included only one growth need—self-actualization. Self-actualized people are characterized by: 1) being problem-focused; 2) incorporating an ongoing freshness of appreciation of life; 3) a concern about personal growth; and 4) the ability to have peak experiences. Maslow later differentiated the growth need of self-actualization, specifically naming two lower-level growth needs prior to general level of self-actualization (Maslow and Lowery, 1998) and one beyond that level (Maslow, 1971). They are: Cognitive: to know, to understand, and explore; Aesthetic: symmetry, order, and beauty; Self-actualization: to find self-fulfillment and realize one’s potential; and Self-transcendence: to connect to something beyond the ego or to help others find self fulfillment and realize their potential.

Maslow’s basic position is that as one becomes more self-actualized and self-transcendent, one becomes more wise (develops wisdom) and automatically knows what to do in a wide variety of situations (Huitt, 2004). Daniels (2001) suggests that Maslow’s ultimate conclusion that the highest levels of self-actualization are transcendent in their nature may be one of his most important contributions to the study of human behavior and motivation.
Norwood (1999) proposes that Maslow's hierarchy can be used to describe the kinds of information that individual's seek at different levels. For example, individuals at the lowest level seek coping information in order to meet their basic needs. Information that is not directly connected to helping a person meet his or her needs in a very short time span is simply left unattended. Individuals at the safety level need helping information. They seek to be assisted in seeing how they can be safe and secure. Enlightening information is sought by individuals seeking to meet their belongingness needs. Quite often this can be found in books or other materials on relationship development. Empowering information is sought by people at the esteem level. They are looking for information on how their ego can be developed. Finally, people in the growth levels of cognitive, aesthetic, and self-actualization seek edifying information. While Norwood does not specifically address the level of transcendence, I believe it safe to say that individuals at this stage would seek information on how to connect to something beyond themselves or to how others could be edified (Huitt, 2004).

Maslow published his first conceptualization of his theory over five decades ago (Maslow, 1943) and it has since become one of the most popular and often cited theories of human motivation. An interesting phenomenon related to Maslow's work is that in spite of a lack of evidence to support his hierarchy, it enjoys wide acceptance (Wahba and Bridgewell, 1976; Soper, Milford and Rosenthal, 1995).

Maslow recognized that not all personalities followed his proposed hierarchy. While a variety of personality dimensions might be considered as related to motivational needs, one of the most often cited is that of introversion and extroversion. Reorganizing Maslow's hierarchy based on the work of Alderfer and considering the introversion/extroversion dimension of personality results in three levels, each with an introverted and extroverted component. This organization suggests there may be two aspects of each level that differentiate how people relate to each set of needs. Different personalities might relate more to one dimension than the other. For example, an introvert at the level of Other/Relatedness might be more concerned with his or her own perceptions of being included in a group, whereas an extrovert at that same level would pay more attention to how others value that membership (Huitt, 2004).
The few major studies that have been completed on the hierarchy seem to support the proposals of William James (1892/1962) and Mathes (1981) that there are three levels of human needs. James hypothesized the levels of material (physiological, safety), social (belongingness, esteem), and spiritual. Mathes proposed the three levels were physiological, belongingness, and self-actualization; he considered security and self-esteem as unwarranted. Alderfer (1972) – to be discussed in a later chapter - developed a comparable hierarchy with his ERG (existence, relatedness, and growth) theory. His approach modified Maslow's theory based on the work of Gordon Allport (1960, 1961) who incorporated concepts from systems theory into his work on personality.

At this point there is little agreement about the identification of basic human needs and how they are ordered. For example, Ryan and Deci (2000) also suggest three needs, although they are not necessarily arranged hierarchically: the need for autonomy, the need for competence, and the need for relatedness. Thompson, Grace and Cohen (2001) state the most important needs for children are connection, recognition, and power. Nohria, Lawrence, and Wilson (2001) provide evidence from a sociobiology theory of motivation that humans have four basic needs: (1) acquire objects and experiences; (2) bond with others in long-term relationships of mutual care and commitment; (3) learn and make sense of the world and of ourselves; and (4) to defend ourselves, our loved ones, beliefs and resources from harm. The Institute for Management Excellence (2001) suggests there are nine basic human needs: (1) security, (2) adventure, (3) freedom, (4) exchange, (5) power, (6) expansion, (7) acceptance, (8) community, and (9) expression.  

Bonding and relatedness are a component of every theory. However, there do not seem to be any others that are mentioned by all theorists (Huit, 2004). Franken (2001) suggests this lack of accord may be a result of different philosophies of researchers rather than differences among human beings. In addition, he reviews research that shows a person's explanatory or attributional style will modify the list of basic needs. Therefore, it seems appropriate to ask people what they want and how their needs could be met rather than relying on an unsupported theory. For example, Waitley (1996) advises having a person imagine what life would be like if time and money were not an object in a person's life. That is, what would the person do this week, this month, next month, if he or she had all
the money and time needed to engage in the activities and were secure that both would be available again next year. With some follow-up questions to identify what is keeping the person from happening now, this open-ended approach is likely to identify the most important needs of the individual (Huiit, 2004).

To summarize, Maslow’s theory, human beings are motivated to satisfy psychological needs first (food, clothing, shelter); then the need for safety and security; then social needs; then esteem needs; and, finally, self-actualization needs, or the need to realize their potential. However, Reece and Brandt (1999) argue that Maslow’s hierarchy of needs should not be accepted too literally. This is because human beings are motivated at any one time by a complex array of needs and may satisfy several of them through one activity.

2.3.8 Vroom’s Expectancy Theory

Over the past sixty years, numerous researchers have published findings on various applications of expectancy theory of motivation (Atkinson, 1964; Bonner and Sprinkle, 2002; Chen and Lou, 2004; DeSanctis, 1983; Edwards, 1961; Lawler, 1973; Lewin, 1947; Tolman, 1959; Vroom, 1964; Walker and Johnson, 1999), indicating continued interest in the theory and its ability to predict what motivates us to behave in certain ways. Victor Vroom formulated a mathematical model of expectancy theory in his 1964 book Work and Motivation.

As an application of expectancy theory, Victor Vroom’s expectancy model (1964) is one of the most widely accepted and researched models in the field of work motivation (Donovan, 2001). Several research studies indicate that the model is a fairly good predictor of motivation (Arnold, 1981; Chen and Lou, 2004; Donovan, 2001; Parker, 2000; Porter and Lawler, 1968), although it does have its critics (Campbell and Pritchard, 1976; Mitchell, 1974; Pinder, 1987). Much of the criticism is a result of what some have described as an inappropriate application of the model, which is likely to underestimate the predictive validity of the theory (Donovan, 2001). According to some researchers (Campbell and Pritchard, 1976; Mitchell, 1974; Pinder, 1987), the model is intended to be a within subjects design versus an across subjects design; to date many studies have
used an across subjects design (Graen, 1969; Jorgenson, Dunette and Pritchard, 1973). Vroom (1964) himself, identifies a number of approaches to measure the constructs in his model including multiple regression analysis, indicating that more than one type of research design may be appropriate when applying his model.

Expectancy theory purports that we are motivated to behave in a certain way dependent upon the strength of the belief that (1) specific behaviors will result in specific outcomes, (2) our confidence in the belief that we are capable of achieving those outcomes and (3) that those outcomes have varying degrees of attractiveness dependent upon our perception that achieving the outcome will lead to attaining a second level outcome. First level outcomes are behaviors that help to attain the more desirable second level outcomes. As an example, a sales person may strongly believe that if she meets her sales target (specific behavior), she will receive a substantial bonus (first level outcome) resulting in her ability to take a vacation in Hawaii (second level outcome). Because of the attractiveness of the Hawaii vacation (second level outcome) and because she is fairly confident that she can achieve the sales target (first level outcome), she is willing to put forth a substantial amount of force (she is motivated) to achieve the first level outcome, which she believes will enable her to achieve the more desirable second level outcome (Caulfield, 2007).

Vroom’s theory can thus be summarized as the strength of a tendency to act in a certain way depends on the strength of an expectancy that the act will be followed by a given consequence (or outcome) and on the value or attractiveness of that consequence (or outcome) to the actor (Kreitner and Kinicki, 2004). Motivation, according to Vroom, boils down to the decision of how much effort to exert in a specific situation. This choice is based on a two-stage sequence of expectations (effort-performance and performance-outcome). Kreitner and Kinicki, (2004) further define three key concepts in Vroom’s theory – expectancy, instrumentality, and valence. Expectance is the belief that effort leads to a specific level of performance. Instrumentality is a performance-outcome perception. It represents a person’s belief that a particular outcome is contingent on accomplishing a specific level of performance. Valence, as Vroom used the term, refers to the positive or negative value people place on outcomes. For example, most employees
have a positive valence for receiving additional money or recognition (Kreitner and Kinicki, 2004).

2.3.9  Herzberg's two-factor theory

One of the most respected theories for explaining motivation and job satisfaction is Frederick Herzberg's motivation-hygiene theory. Herzberg’s work, although several decades old, can radically shift an organization’s approach to motivation. Herzberg’s model for motivation consists of two independent groups of factors, satisfiers and dissatisfiers, which operate on separate plains. Although Herzberg attempted to generalize his study in order to describe the common industrial worker, several external effects exist that can influence the categorization and rankings of both satisfiers and dissatisfiers for a particular organization. Three of the most influential effects that can impact motivational factors for employees in a specific organization include temporal, spatial, and symbolic effects (Gerstmann, 2001).

Gerstmann (2001) continues, arguing that, although Herzberg’s theory does an adequate job of describing the most important intrinsic and extrinsic values that affect the average employee’s motivation, there are many external effects that should be taken into consideration when attempting to isolate the particular motivators and hygiene factors which affect a specific organization’s workforce.

Mitch McCrimmon (2008) suggests that organizations can find modern relevance in Herzberg’s work. Herzberg was of the view that organizations would ideally reward behaviors they found appealing. Also known as the two-factor theory, Herzberg further reiterated that there were elements that would translate to employee satisfaction and those that would de-motivate. McCrimmon outlines that extrinsic factors, as viewed by Herzberg are the greatest determinants of job satisfaction. He specifically mentions examples including lighting, noise levels, room temperature and safety. To McCrimmon remuneration, purely structured and not based on performance is also listed as a potential de-motivating factor.
2.3.10 Alderfer’s ERG theory

In 1969 the ERG theory appeared in an article titled An Empirical Test of a New Theory of Human Need, in Psychological Review. It was Clayton P. Alderfer’s revision of Abraham Maslow hierarchy of needs because he felt the need to align Maslow’s motivation theory more closely with empirical research. In his original article Alderfer (1969) states that the “ERG theory was developed by the writer because of his impression that a more adequate understanding could be achieved for the kinds of phenomena to which Maslow’s theory was addressed” (Mulder 2007). Arnolds and Boshoff, (2002) described Alderfer’s ERG theory as an attempt to address the shortcomings in Maslow’s theory by aligning the needs hierarchy with empirical research and states that the ERG theory is regarded as a more valid version of the need hierarchy by contemporary researchers.

The ERG theory is very similar to Maslow’s needs hierarchy particularly in the middle levels the categories overlap. Alderfer addressed this issue by reducing the number of levels to three core needs that a human strives to meet and provide basic elements in motivation. He also found that people express their needs in more complex goals that contain a mixture of the basic needs. According to Alderfer (1969) the letters ERG represent three levels of needs.

Existence, “Existence needs include all the various forms of material and physiological desires” (p. 145). Relatedness, “Relatedness needs include all the needs which involve relationships with significant other people” (p.146). Growth, “Growth needs include all the needs which involve a person making creative or productive effects on himself and the environment” (p. 146). In addition, Alderfer argued that individuals could move from one stage to another, freely as either of the needs could be met without a particular order. Unmet higher-level needs, he continues, could be traded in for other much lower needs, already met. An individual would indulge in a task already previously achieved just compensate on an unachieved objective at a higher level (Williams, 2003).

Many consider the ERG theory to be a hierarchical theory just like Maslow’s hierarchy of needs. But the concepts of existence, relatedness, and growth needs are presented as
separate and distinct categories and there is nothing in their definition that implies an ordering in them (Mulder, 2007). ERG is more constructed from concrete to less concrete of categories and ERG is not hierarchical like Maslow’s theory because the obtaining of needs does not mean that the other needs, which are lower in the hierarchy, have to be met (Alderfer, 1969). Alderfer (1969) also states that people can satisfy their needs simultaneously and that people have different needs on different occasions while Maslow believes that it should only be done in the proper order and therefore needs to follow a single similar pattern.

2.3.11 Self-determination theory

Self Determination Theory (SDT) is founded on three assumptions. The first assumption is that human beings have an innate tendency to integrate. Integrating means to forge interconnections among aspects of one’s own psyche as well as with other individuals and groups in one’s social world (Wage, 2007). The second assumption in SDT is that social-contextual factors may facilitate and enable the integration tendency, or they may undermine this fundamental process of the human nature (Wage, 2007). SDT posits that there are clear and specifiable social-contextual factors that support this innate tendency, and that there are other specifiable factors that thwart or hinder this fundamental process of the human nature (Ryan and Deci, 2002, p. 5). According to SDT, there is a dialectic relationship between an active organism and a dynamic environment (social context), such that the environment acts on the individual, and is shaped by the individual. Within SDT this is called an organismic dialectic.

The third assumption is that human beings have three basic psychological needs, the need for competence, autonomy and relatedness. According to SDT, the three basic needs provide the basis to categorizing social-contextual factors as supportive versus antagonistic to the integrative process (Deci and Ryan, 2000; Ryan and Deci, 2000a, 2002).

Within Self Determination Theory, competence autonomy and relatedness are defined in the following way: Competence refers to feeling effective in one’s ongoing interactions with the social environment and experiencing opportunities to exercise and express one’s
capacities (Ryan and Deci, 2002, p. 7). Relatedness refers to feeling connected to others, to caring for and being cared for by others, to having a sense of belongingness both with other individuals and with one’s community. (Ryan and Deci, 2002, p. 7). Autonomy refers to being the perceived origin or source of one’s own behaviour. (Ryan and Deci, 2002, p. 8).

According to this definition, competence is not an attained skill, but it is a felt sense of confidence and effectiveness (effectance) in action. Relatedness reflects the human tendency to connect with and be integral to others. It is a felt sense of being with others in secure communion or unity. When individuals are autonomous they experience themselves as volitional initiators of their own actions (Wage, 2007). Internal and external perceived locus of causality, are two other important concepts within SDT, and they relate to the need for autonomy. If people perceive themselves as the origin of the behaviour, they have an internal perceived locus of causality. If people believe they are engaging in behaviour to achieve rewards, or because of external constraints they have an external perceived locus of causality (Deci, 1975).

Researching on, Gillard (2008) states that self-determination theory is generally defined as a situation ‘when self-determined, people experience a sense of freedom to do what is interesting, personally important, and vitalizing’. There are certain prevailing assumptions in this theory that concern the take that human beings are active, are naturally inclined to growth and development, inherent psychological needs represented by people from all walks of life (Gillard 2008). Deci and Ryan (2000) further explain that the self-determination theory sits on three other variables including autonomy, competency and relatedness. Autonomy is an individual’s independence to make whatever decision or choice. Competence is an individual’s sensed ability to perform a task, and doing so, well. Relatedness is the desire to find connection with other people. These key areas, in perfect harmony, results in motivated performance by employees.

2.4 Motivation, Employee Productivity and Creativity

Perry, Mesch and Paarlberg (2006) arrive at what they considered the main drivers of employee productivity. These: financial incentives, job design, participation, and goal
setting when ingrained in good balance in the organization, are seen to alter performance and output considerably. Financial incentives impact overall productivity ‘moderately’ to ‘significantly’ (Perry, Mesch and Paarlberg, 2006). Monetary rewards, particularly viewed by employers as the most efficient tool in reinforcing behavior, may not work to effectively result in this effect. The efficiency of monetary rewards in altering job performance is dependent on other organizational considerations. Certain sectors have monetary incentives bringing in the best performance. Service organizations seem to have better performance with financial rewards that with non-financial rewards. Manufacturing entities though show a contrasting outcome, with performance looking positive with non-financial rewards than with financial (Perry, Mesch and Paarlberg, 2006).

Job re-design, entailing the re-alignment of tasks for an employee can further stimulate performance. Specifically, post Perry, Mesch and Paarlberg, (2006), job description changes have seen to minimize absenteeism, reduce turnover as well as increase job satisfaction, organizational commitment, productivity and work quality. Moreover job design initiatives help change worker attitudes considerably. The bridge between extrinsic and intrinsic influencers is narrowed. On the other hand efficiency of job redesign is dependent on smooth implementation (Perry, Mesch and Paarlberg, 2006).

Building a sense of ownership and belonging among workers is crucial in igniting performance. Empowerment, involvement, management are key words used to help understand the role of participation in employee productivity (Perry, Mesch and Paarlberg 2006). It may be beneficial at this stage to look at the issue of participation in a little more detail. Employees’ psychological view of the organization improves considerably with involvement in decision making and problem solving. Perry, Mesch and Paarlberg (2006) suggest that participation has a limited impact on employee performance. They spell out that although participation seems to affect employees’ attitudes positively, the link to performance is less clear.

It is inherent in organizations to achieve set objectives, and thus it is all systems go in seeking to achieve this. Research conducted Locke and Latham, (1990) essentially looked at an approach that established the fact that clearly spelt and challenging goals translated to high performance, increasing rewards and a stronger commitment to the organization.
Perry, Mesch and Paarlberg, (2006) place in a disclaimer though, reiterating that specific employee characteristics may alter outcome, this as well as organizational dynamics.

2.5 Effects of Organizational Culture on Productivity

An examination of the literature in the fields of organizational culture and leadership finds that the two areas have been independently linked to organizational performance. For example, researchers have examined the links between leadership styles and performance (Bycio et al., 1995; Howell and Avolio, 1993), and also between organizational culture and performance (Deal and Kennedy, 1982; Denison, 1990; Ouchi, 1981; Pascale and Athos, 1981; Peters and Waterman, 1982; Kotter and Heskett, 1992). Furthermore, numerous aspects of the organizational culture literature allude to the role of leaders in ‘creating’ and ‘maintaining’ particular types of culture (Schein, 1992; Siehl, 1985). Equally, the literature on leadership suggests that the ability to understand and work within a culture is a prerequisite to leadership effectiveness (Hennessey, 1998).

Despite the implicit and explicit linking of leadership and culture in many parts of organization theory, little critical research attention has been devoted to understanding the links between the two concepts and the impact that such an association might have on organizational performance. The absence of critical literature exploring the performance implications of the links between organizational culture and leadership is surprising given the numerous references to the importance of the two concepts in the functioning of organizations (Fiedler, 1996; Schein, 1992).

Wilderom, Van den Berg, Glunk, and Maslowski (2001) define organizational culture as shared perceptions of organizational work practices within organizational units that may differ from other organizations. Organizational culture forms the glue that holds the organization together and stimulates employees to commit to the organization and to perform. They go on to add that literature on how to operationalize this “glue” is fairly rare. Organizational work practices are the central part of this definition.

In this dossier we will define Organizational Culture as a learned body of tradition consisting of the beliefs, norms, values, and premises that are held by the members of an
organization, and provides the basis for behavior that satisfies the standards of group membership (Kuhn and Pearce, 2007). Another insightful viewpoint is given by Khan (2005) who tables that Organizational culture is the set of operating principles that determine how people behave within the context of the company. Underlying the observable behaviors of people are the beliefs, values, and assumptions that dictate their actions (Khan, 2005).

The study of culture is a major issue in academic research and education, in organizations and in management practice, and central to this is the simple fact that in one way or another managers are 'managing culture' (Korczynski, 2002). All too often studies of it are superficial and reveal a lack of understanding of how people and organizations function and interact with each other. Many researchers such as Hibbard (1998) and White (1998) have focused on values in defining organizational culture. Whereas values are important elements of organizational culture, research has demonstrated that organizations showed more differences in practices than in values. This supports the view that organizational culture can better be defined by organizational practices. Values are typically not directly visible for employees, but we assume that organizational values are expressed, in part, in organizational practices. Therefore, they can be derived from the existing practices within an organization, department, or work unit.

2.5.1 Environment

The environment in which workers operate from plays a key role in bringing about output. There are views that the correct match of employees and the organizational culture translates to success (Khan, 2005). Flether, (1998) points out that the first function of organizational culture is that it provides perceptions or cognitive interpretations as a guideline for thoughts and actions of organizational members. This is the foundation of approaches and perspectives that will be represented in the organization. It is the way of life of the organization and workers adapt to it and own it depending on how it is received by every individual. It would ordinarily be an organizations hope that its philosophy and perspective be accepted and appreciated by the workers and so improve their productivity.
Culture may have both positive and negative effects in affecting productivity. The fusing together of a fast-rising organization in delivery and profitability is seen to be a process that ought to start right from recruitment (Khan, 2005). This is core identity and modus operandi that distinguishes an organization from another. It is critical to note though, that there should be a matching of the employee desire and objectives with those of the organization. It is essential; submit Kuhn and Pearce (2007), to balance the interests of the organization with those of the employees, laws have been established to curtail the judgment and discretion of employers in their development and protection of an organizational culture. The workers, fulfilled in the tasks they perform, coupled with an enabling environment should translate to positive outcomes.

2.5.2 **Strong and weak cultures**

At this stage, it would be beneficial to consider the flexibility of organizations as they operate in different markets (environments). Socio-economic and political factors directly impact the performance of an organization. Organizations face increasingly dynamic environments characterized by substantial and often unpredictable technological, political, and economic change (Boisnier and Chatman, 2002). Adaptation is therefore key and management would ideally come up with different strategies and approaches that would help an entity maintain stability through the unpredictable seasons of a given business environment.

Strong unitary cultures exert a stabilizing force on organizations by encouraging cohesion, organizational commitment, and desirable work behaviors among members, spell Boisnier and Chatman, (2002). They continue, saying that such stability may also constrain strong culture organizations from initiating or reacting to environmental change, which may result in their downfall. The true test rests in sustainable performance, which strengthens a brand, an entity. Resistance to change, which frustrates growth and leads to a downward spiral in profitability, may be said of strong cultures. Strong cultures can provide organizations with significant advantages, but when the basis for survival rests on an organization’s ability to change and adapt, a strong culture can be a liability (Boisnier and Chatman, 2002).
Strong cultures do not necessarily result in good performance. Some cultures are strong, but not necessarily effective in terms of performance. For example, the goals of the organization might not be appropriate, high motivation could be due to good performance rather than the cause of it and some strong cultures lead an organization into decline, while some weak cultures achieve good performance (Manley, 2000).

2.5.3 Organizational Culture and Performance

Patterson and West, (1999) explain that an employee’s satisfaction with their work and a positive view of the organization, combined with relatively extensive and sophisticated people management practices, are the most important predictors of the future productivity of companies. Moreover, these factors seem much more important in predicting subsequent productivity than competitive strategy, managerial emphasis on quality, technological sophistication, or emphasis on research and development.

The analytical emptiness of ‘culture’ and the way the term can incorporate a range of meanings may help explain its widespread appeal. Certainly in organizational studies, reference to culture has burgeoned over the past three decades. The history of the appropriation of ‘culture’ by management theorists to the 1970s had a functionalist view of culture that linked the ‘happiness’ of the workforce to productivity, innovation, or profitability (Savage, 2000).

Patterson, West, Lawthom and Nickel, (1997) findings of an eight year study to discover what it is that limits or augments a company’s effectiveness found out that how employees described their company was found to be closely related to their job satisfaction. Two domains were particularly important in predicting company performance. Emphasis on human relations and on goal achievement accounted for a very large part of the variation in productivity and profitability. These results confirmed that an emphasis on the welfare and development of employees was an important indicator of performance (productivity), along with sharp focus on goals, objectives and performance. According to Savage (2000), programs for managing culture were introduced as managers learnt that the answer to their concern for corporate control and
competitive advantage lay latent in the very social fabric which they had taken for granted.

By defining organizational culture as shared perceptions of organizational practices, the concept is similar to organizational climate, which has been typically conceived as employees’ perceptions of observable practices and procedures (Denison, 1996). Denison (1996) continues to indicate that both culture and climate studies focus on the internal social psychological environment as a holistic, collectively defined context and that there is a high overlap between the dimensions used. Traditionally, organizational culture studies were qualitative and founded on social constructionism, while organizational climate studies were quantitative and routed in Lewinian field theory (Denison, 1996).

Therefore, we do not stress the distinction between organizational culture and climate. However, an important distinguishing feature is that climate relates to the evaluation of a current state of affairs and culture relates to the registration of actual work behaviors (Denison, 1996).

2.6 Chapter Summary

In this chapter a view of what other authors have written on the aspects of remuneration, motivation and organizational culture has been provided. The literature review has explored areas such as types of reward, and creative pay practices as relates to remuneration. Motivation theories, specifically Abraham Maslow’s hierarchy of needs and Vroom’s expectancy theory among others, have been explored to better enhance the readers understanding on the concept of motivation. The literature review also examines organizational culture and the effect of culture on employee performance as well as a description of the difference between organizational culture and climate. In chapter three the reader will learn more on the methodology to be used to carry out the research.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter elaborated in depth on the methodology used in conducting the research study. The chapter looked at the research design, outline and explain the population and sampling design which included a description of the population, the sampling design and sample size, data collection methods, research procedures and data analysis methods.

3.2 Research Design

The research design was Case Study. The research design entailed data collection from all the employees of Samaritan’s Purse Nairobi office. A detailed questionnaire was used to collect data regarding, the influence of work environment on employees motivation based on motivation, remuneration and organizational culture.

According to Babbie (2005) a cross-sectional study involves observations of a sample, or cross section, of a population or phenomenon that are made at one point in time. She adds that exploratory and descriptive studies are often cross sectional. The research study will seek to explain the influence of work environment on employee productivity. Babbie adds that many explanatory studies are also cross sectional.

Gill and Johnson (2006) reiterate that in undertaking a piece of research, the researcher inevitably must choose between these different approaches in making an area of interest researchable. The nature and content of the “problem,” as well as the extent of the available resources, clearly influence this choice. Due to time and financial constraints, a cross sectional study as opposed to a longitudinal study applied favorably in this research.
3.3 Population

Population according to Babbie (2005) is the theoretically specified aggregation of study elements. The population of interest in this study was all the employees of Samaritan’s Purse Non-Governmental Organization (Nairobi office). The NGO had 30 employees as per the Human Resource register; the population therefore was a representation of staff from the Nairobi office, which is the regional hub. The study was conducted among all cadres of staff from senior level managers to low level staff members. The table below provides a description of the population size.

Table 1: Population Size

<table>
<thead>
<tr>
<th>Level of stuff member</th>
<th>Population size</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior level</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Middle level</td>
<td>19</td>
<td>63%</td>
</tr>
<tr>
<td>Lower level</td>
<td>7</td>
<td>23%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Data (2013)

3.4 Sampling Design

3.4.1 Sampling Frame

According to Babbie, (2005) a sampling frame is the list or quasi list of elements from which a probability sample is selected. Samaritan’s Purse Human Resource keeps a record of all employees. The record entails name of the employee, gender, level of staff member and age. This record consisting of thirty (30) employees from Samaritan’s Purse who are working out of the Nairobi Office comprise the sampling frame in this study.
3.4.2 Sampling Technique

The research was conducted by way of census since the population was thirty (30). According to Denscombe (2003) whatever the theoretical issues, the simple fact is that surveys and sampling are frequently used in small-scale research involving between 30 and 250 cases. However, in identifying things to be stressed in relation to the use of smaller sample sizes Descombe is quick to point out that samples should not involve fewer than 30 people or events. He continues to say that to write that 10 per cent of respondents held a particular opinion when commenting on a survey of 30 people is to attempt to disguise the very low number, three, on which the comment is based. At best this is naïve; at worst it is deceptive. In an attempt to uphold high ethical standards in this research a census was conducted so as to provide reasonable and solid findings from the research.

3.4.3 Sample size

Samaritan’s Purse Nairobi office has thirty employees. Since census has been identified as the most ideal sampling technique, the entire population will consequently constitute the sample size.

3.5 Data Collection Methods

The type of data collected was primary data and the data collection tool used was a questionnaire which was developed, pre tested, reviewed and when ready used to collect the data. According to Denscombe (2003) questionnaires rely on written information supplied directly but people in response to questions asked by the researcher. In this respect, the kind of data is distinct from that which could be obtained from interviews, observation or documents. The questions asked were closed questions for the purposes of facilitating smooth analysis. Denscombe (2003) Closed questions structure the answers by allowing only answers which fit into categories that have been established in advance by the researcher. He adds that an advantage of using closed questions is that the answers provide pre-coded data that can be easily analyzed.
According to Gill and Johnson (2006) the data provided must be elicited in a form that permits subsequent analysis. They also outline a critical element when considering the kind of questions asked by saying that this analysis usually entails computer-aided, statistical manipulation. It is therefore vital that measures of the variables important to the research problem are built into the questionnaire by asking questions in an appropriate way and providing an appropriate pro forma for the questions.

3.6 Research Procedures

A pre-test questionnaire was developed and tested on 3 employees of Samaritan’s Purse for the purposes of reviewing the instrument using feedback from the pre-test. Babbie (2005) defines pretesting as the measurement of a dependent variable among subjects before they are exposed to a stimulus representing an independent variable.

The questionnaires were administered to each of the respondents in the chosen population and collected by the researcher. The questionnaire included a cover letter notifying the respondent of their anonymity and selection basis. The letter also enabled the respondent to have informed consent prior to filling out the questionnaire. The structure of the questionnaire will be as illustrated in Appendix II.

Due to the manageable size of the population the tool was administered to the respondents by the researcher. The respondents were allocated a few minutes to fill the questionnaire where after the researcher personally collected the tool and cross checked it to ensure relevant feedback was gathered. However, few errors were anticipated as the population make up is of educated individuals and the questions were to be closed and precise.

3.7 Data Analysis

The analysis of data was quantitative. Coding was done against the questions measuring every variable. Once data was collected it was entered and cleaned in the computer for analysis with SPSS (Statistical Package for Social Sciences) will be the compute package used to conduct an analysis of the data. According to Babbie (2005) today quantitative
analysis is almost always done by computer programs such as SPSS and Microcase. The statistical method used in the research was descriptive statistics where frequencies of parameters were computed. The results were then presented in tables, bar graphs and majority converted to percentages for easier interpretation. SPSS was used to generate charts to further describe the data. The analysis will help establish the influence of work environment on employee productivity taking into consideration remuneration, motivational and organizational culture.

3.8 Chapter Summary

In this chapter the methodology used to carry out the research is discussed. The chapter describes the sampling method, data collection tools and process as well as how the data was sampled. The next chapter takes the reader into an in depth look at the findings of the study based on the three variables that were measured. These variables are motivation, remuneration and organizational culture.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter details the results and findings from the research study. A total of 30 questionnaires were administered to staff within Samaritans Purse. The questions measured three (3) variables; motivation, remuneration and organizational culture. This chapter presents the findings from the data analyzed.

4.2 General Information

4.2.1 Age

As expressed on Figure 1 below, forty-eight per cent of the respondents of the respondents fell within the 25-29 year age bracket, clearly indicating that the majority of the employees in the organization are young.

![Age Analysis Chart]

Source: Research Data (2013)

Figure 1: Respondents Age Analysis
4.2.2 Gender

As illustrated in Figure 2 below, sixty-four and thirty-five percent of the respondents were male and female respectively.

Source: Research Data (2013)

Figure 2 Respondents Gender Analysis

4.3 Remuneration and Employee Productivity

Several remuneration factors investigated were analyzed and Table 1 was obtained based on the responses from Samaritan’s Purse employees.
Table 1: Remuneration Factors Affecting Employee Productivity

<table>
<thead>
<tr>
<th>Frequency and Percentage</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand remuneration to mean my salary</td>
<td>17%</td>
<td>57%</td>
<td>10%</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>I am recognized by my employer for my efforts at work</td>
<td>13%</td>
<td>43%</td>
<td>20%</td>
<td>23%</td>
<td>0%</td>
</tr>
<tr>
<td>My salary is not the only form of remuneration that my employer can offer me for my efforts at work</td>
<td>41%</td>
<td>48%</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>I am adequately compensated for my efforts at work</td>
<td>7%</td>
<td>14%</td>
<td>43%</td>
<td>29%</td>
<td>7%</td>
</tr>
<tr>
<td>The benefits offered by my employer, in addition to my salary, can be termed as good</td>
<td>3%</td>
<td>50%</td>
<td>23%</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>My salary is pegged to my skills, work output, and is reviewed often based on my performance</td>
<td>0%</td>
<td>17%</td>
<td>23%</td>
<td>37%</td>
<td>23%</td>
</tr>
<tr>
<td>Terminal review of my performance and consequent remuneration/benefit adjustments would positively influence my work</td>
<td>57%</td>
<td>36%</td>
<td>0%</td>
<td>7%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Research Data (2013)

The variable sought to measure the effect of remuneration on employee productivity. Table 1 shows that seventy three percent of the respondents understood remuneration to mean their salary. Only sixteen percent disagreed with this statement while 10 percent remained neutral suggesting that they had in mind another meaning of remuneration other than salary. Majority of the respondents, 56 percent, agreed that they are recognized by their employer (in any form) for their efforts at work.

Table 1 continues to show twenty three percent agreed that they do not feel recognized for their efforts at work while 90 percent of the respondents agreed that salary is not the only form of remuneration which the employer can offer the employee. However, more respondents disagreed rather than agreed that they are compensated duly for their efforts.
at work. Fifty three percent of the respondents agreed that other benefits offered by their employer, in addition to salary, could be termed as good.

Twenty three percent of the respondents as captured by Table 1 disagreed that the benefits offered by their employer, in addition to salary, could be termed as good. The rest remained neutral. Sixty percent of the respondents disagreed that their salary is pegged on skills, work output and is reviewed often, based on performance. It is interesting to note that 17 percent agreed to this statement; a possible suggestion to inequities in the organization.

In addition, Table 1 clarifies that over 90 percent of the respondents agreed that terminal review of their performance and consequent remuneration benefits adjustments would positively influence their work. Only 7 percent disagreed with this statement.

Source: Research Data (2013)

Figure 3: Performance and Remuneration Review
In determining the effect of age as relates to remuneration and productivity, it seemed that the oldest respondents did not put much value on remuneration as a factor that would affect their productivity. This could suggest self-actualization. The youngest respondents were also spread in the responses as shown by the table below. This spread could suggest that they are still in the process of self-discovery and tie a lot of their self-worth to their remuneration.

**Table 2: Age relationship with Terminal review of Performance**

<table>
<thead>
<tr>
<th>Age</th>
<th>Question</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-29</td>
<td>Terminal review of my performance and consequent remuneration/ benefits adjustments would positively influence my work</td>
<td>41.7%</td>
<td>50.0%</td>
<td>8.3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>30-34</td>
<td>Terminal review of my performance and consequent remuneration/ benefits adjustments would positively influence my work</td>
<td>71.4%</td>
<td>28.6%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>35-39</td>
<td>Terminal review of my performance and consequent remuneration/ benefits adjustments would positively influence my work</td>
<td>71.4%</td>
<td>28.6%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>40-44</td>
<td>Terminal review of my performance and consequent remuneration/ benefits adjustments would positively influence my work</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Source:** Research Data (2013)
As indicated in Table 2 above, respondents in age groups, 25-29, 30-34, and 35-39 all felt that terminal review of performance and consequent adjustment of salary would positively influence productivity. However there is a lower percentage in those who strongly agree to this notion in the age group 25-29. Also notable in the same table, those in the age group 40-44 didn't seem to agree with the terminal review of performance.

4.4 Motivation and Employee Productivity

Various motivational factors were investigated on their contribution to employee productivity and the figure below shows the percentages on how each factor was responded to by the 30 employees of Samaritan’s purse.

**Table 3: Motivational Factors Affecting Employee Productivity**

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
</tr>
<tr>
<td>I am motivated at work daily</td>
<td>7%</td>
<td>40%</td>
<td>23%</td>
<td>30%</td>
</tr>
<tr>
<td>I do not feel motivated at work often</td>
<td>0%</td>
<td>34%</td>
<td>21%</td>
<td>28%</td>
</tr>
<tr>
<td>I am completely de-motivated at work</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>52%</td>
</tr>
<tr>
<td>My motivation to work productively is as a result of self-motivation</td>
<td>40%</td>
<td>47%</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>When I am not motivated I can still be productive</td>
<td>17%</td>
<td>40%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Innovation is a product of my motivation</td>
<td>34%</td>
<td>45%</td>
<td>21%</td>
<td>0%</td>
</tr>
<tr>
<td>When I am motivated I can be very productive</td>
<td>76%</td>
<td>21%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>My employer keeps every effort to keep me motivated</td>
<td>7%</td>
<td>27%</td>
<td>43%</td>
<td>17%</td>
</tr>
<tr>
<td>When am motivated I am creative and productive</td>
<td>57%</td>
<td>40%</td>
<td>0%</td>
<td>7%</td>
</tr>
<tr>
<td>When I am not motivated I work for the sake of coming to work</td>
<td>7%</td>
<td>17%</td>
<td>38%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Research Data (2013)
Out of the total responses to this question as per table 3 above, Forty seven percent agreed that they are motivated at work daily. Most respondents disagreed rather than agreed that they do not feel motivated at work daily. Ninety six percent of the respondents denied that they are completely de-motivated at work. Eighty seven percent of the respondents agreed that their motivation at work was as a result of self-motivation. Fifty six percent of the respondents agreed that they can still be productive when not motivated. Seventy nine percent agreed that innovation is a product of motivation. Only 21 percent remained neutral on the question.

Ninety seven percent of the respondents admitted that when they are motivated they can be very productive. Only 3 percent disagreed with the statement. When asked whether the employer makes every effort to keep the employee motivated, 43 percent of the respondents remained neutral to the answer. However, more people agreed rather than disagreed that the employer makes every effort to keep them motivated. Ninety seven percent of the respondents alluded to motivation spurring creativity and productivity.

Source: Research Data (2013)

Figure 4: Motivation and Productivity
As shown on Table 4, it is interesting to note that as people grew older their motivation to work was purely as a result of self motivation. This is based on the degree of response. A hundred percent in the 40-44 year age group strongly attested to this statement.

Table 4: Age, Motivation and Productivity

<table>
<thead>
<tr>
<th>Age</th>
<th>Question</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
</tr>
<tr>
<td>25-29</td>
<td>My motivation to work productively is as a result of self motivation</td>
<td>28.6%</td>
<td>50%</td>
<td>21.4%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>30-34</td>
<td>My motivation to work productively is as a result of self motivation</td>
<td>28.6%</td>
<td>71.4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>35-39</td>
<td>My motivation to work productively is as a result of self motivation</td>
<td>71.4%</td>
<td>14.3%</td>
<td>14.3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>40-44</td>
<td>My motivation to work productively is as a result of self motivation</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Research Data (2013)

4.5 Organizational Culture and Employee Productivity

In assessing organizational culture, various factors that influence employee productivity were investigated and the table below gives a summary of the responses given
Table 5: Organizational Culture Factors Affecting Employee Productivity

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand the meaning of organizational culture</td>
<td>37%</td>
<td>57%</td>
<td>3%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>I enjoy the culture in my organization</td>
<td>20%</td>
<td>63%</td>
<td>13%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>The culture in my organization is fun and family like even though professional</td>
<td>27%</td>
<td>63%</td>
<td>7%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>The culture in my organization is tense and work specific</td>
<td>0%</td>
<td>3%</td>
<td>10%</td>
<td>53%</td>
<td>33%</td>
</tr>
<tr>
<td>The culture in my organization helps me be more productive</td>
<td>20%</td>
<td>70%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>I believe that the culture in any organization influences work output either positively or negatively</td>
<td>59%</td>
<td>41%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>The culture in my organization has no positive effect on my work output</td>
<td>0%</td>
<td>3%</td>
<td>7%</td>
<td>57%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Research Data (2013)

When asked whether they understand the meaning of organizational culture 93 percent of the respondents said they understand what organizational culture is. Eighty three percent enjoyed the culture in the organization and only 3 percent did not enjoy the culture in the organization. The rest remained neutral. Ninety percent of the respondents alluded to the culture in the organization being family and fun-like. A meager 3 percent thought otherwise. Eighty six percent of the respondents disagreed with the culture in the organization being tense and work specific while 90 percent of the respondents agreed that the culture in their organization helped them be more productive.

The bar chart below shows the views of the respondents when asked whether the culture in their organization helps them be more productive.
The culture in my organization helps me be more productive

Source: Research Data (2013)

Figure 5: Culture and Productivity

As shown by the bar chart below, all the respondents agreed that the culture in the organization they work has an influence on the work output, either positively or negatively. There was no disagreement to this statement.
Source: Research Data (2013)

Figure 6: Culture and the positive or negative influence on work output

However, in terms of age, as shown by the table below, only the oldest respondents agreed to the statement that the culture in their organization has no positive effect on their work output. Respondents that fell in the 30-34 and 35-39 age brackets disagreed with this statement. Even the younger generation disagreed with the statement and only a few remained neutral.
Table 6: Age and Organizational Culture

<table>
<thead>
<tr>
<th>Age</th>
<th>Question</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-29</td>
<td>The culture in my organization has no positive effect on my work output</td>
<td>0%</td>
<td>0%</td>
<td>14.3%</td>
<td>50.0%</td>
<td>35.7%</td>
</tr>
<tr>
<td>30-34</td>
<td>The culture in my organization has no positive effect on my work output</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>85.7%</td>
<td>14.3%</td>
</tr>
<tr>
<td>35-39</td>
<td>The culture in my organization has no positive effect on my work output</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>42.9%</td>
<td>57.1%</td>
</tr>
<tr>
<td>40-44</td>
<td>The culture in my organization has no positive effect on my work output</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Research Data (2013)

4.6 Chapter Summary

This chapter has presented a summary of the major findings from the study. The study was aimed at determining the influence of the work environment on employee productivity. Motivation, Remuneration and Organization Culture were elements used in this study to define the work environment. From the findings, it was discovered that motivation, remuneration and organization culture do have an effect on the productivity of employees. Well-motivated and remunerated employees were likely to be more productive than those less remunerated. The culture within the organization, Samaritan’s Purse, had a positive effect on the productivity of its employees.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter will begin by highlighting the purpose as to why the research was conducted. It will also present a summary on the Research Methodology and major findings. Also in this chapter will be a discussion comparing the findings of the research and what other authors have written on the topic. Thereafter will be the conclusion and recommendation.

5.2 Summary

The primary objective of this study was to determine the influence of work environment on employee productivity.

The research was carried out to fulfill three specific objectives. These were: To determine the effect of remuneration on employee productivity, To explore how employee motivation influences productivity, To investigate how organizational culture affects employee productivity (The culture here refers to the general climate/mood of the organization).

Research design entailed data collection from all the employees of Samaritan’s Purse Non-Governmental Organization- Nairobi office. The NGO has 30 employees as per the Human Resource register thus census was identified as the most ideal sampling technique, and the entire population constituted the sample size. A pre-test questionnaire was developed and tested on 3 employees of Samaritan’s Purse for the purposes of reviewing the instrument using feedback from the pre-test questionnaires were developed and administered face to face by the researcher among all cadres of staff from senior level managers to low level staff members. This was done to obtain information regarding, the influence of work environment on employees productivity based on motivation, remuneration and organizational culture. The analysis method used in the research was descriptive statistics where frequencies of parameters were computed. The
results were then presented in tables, bar graphs and majority converted to percentages for easier interpretation.

In exploring how motivation influences employee productivity, research study found that most respondents were not completely de-motivated at their place of work. More importantly, they said that when they are motivated they can be productive. In addition, the respondents alluded that motivation at work could spur productivity and creativity. From the research findings, employees generally seemed motivated.

In determining the effect of remuneration on employee productivity, of the respondents said that they not recognized by their employer for the efforts at work. However, over fifty percent of the respondents said that the benefits offered by the employer are good. They also said that there was little review of their performance and consequently remuneration for output. The research study found out that if there was terminal review of performance or work output and subsequent remuneration/benefits, this would spur productivity.

In determining the influence of organizational culture on employee productivity, a major finding was that there was an understanding of the culture in the organization. The organization had a more family and fun like culture as opposed to a tense and work specific kind of culture. Almost all the respondents said that the culture in the organization helps them be more productive.

5.3 Discussion

5.3.1 Remuneration and Employee Productivity

The study showed that employees’ view of their remuneration, whether monetary or otherwise, does affect their output since 74% of the respondents agreed to the fact that they understand remuneration to mean their salary whereas 10% were neutral and 16% disagreed with this factor. Schermerhorn, Hunt and Osborn (2003) support this by saying that pay is an extrinsic reward that can aid organizations to attract, retain high caliber staff and to motivate them to give their best performances.
The research found that most respondents did not feel their pay was commensurate with their efforts at work since 43% were not sure if this was so and 36% disagreed to the fact that they were adequately compensated for their efforts at work. According to Armstrong and Marlis (2004) fair and equitable reward is a natural motivator for performance. However, most respondents agreed that their external reward did not get in the way of their productivity. Sixty percent of the respondents disagreed that their salary is pegged on skills, work output and is reviewed often, based on performance. Twenty three felt they did not feel recognized for their work.

Interestingly, 90 percent said pay was just one of the types of remuneration they would like to enjoy and 53 percent of the respondents agreed that other benefits offered by their employer, in addition to salary, could be termed as good. Although Schuster and Zingheim (1996) says that employers invest in indirect compensation, such as retirement and welfare plans, holidays and so on, they did it to stay competitive but with no expectations of a measurable return on their outlay. However, the study shows that these indirect benefits do actually boost efficiency and could help in retaining good human resources.

On the issue of salary being pegged to skills, work output and being reviewed often based on performance there was a high disagreement level with 60% and 23% were not sure if this is so only 17% agreed with this factor this shows that in Samaritan’s purse your skills or work output may not necessarily determine your salary. This is beefed up by the fact that most employees are not adequately compensated for their efforts at work since most disagreed with this factor comprising 36% of the employees with 43% not having any idea only 21% agreed with this factor.

A majority of those surveyed, over 90 percent, wanted periodic appraisals of their work and reviews of their compensation parallel to their performance in that Terminal review of their performance and consequent remuneration/benefit adjustments would positively influence their work and this would eventually boost productivity. The findings corroborate what Wright (2004) says, that differentiating performance pay from basic pay can be a motivator to heighten efficiency and productivity. According to Rock and Berger (1992) gain sharing plans are traditionally based on past performance. They could be
used to raise equity, productivity, quality, savings and improve employee behavior in organizations, according to Schuster and Zingheim (1996).

5.3.2 Motivation and Employee Productivity

From the research study, it was found that there was no direct relationship between motivation and productivity. Most employees were self motivated. Self-motivation can also be referred to as intrinsic motivation which according to (Be’ nabou and Tirole 2003, Deci, 1975) can be defined as the individuals desire to perform a task for his/her owns sake. In contrast, (Frey, 1997a) defines extrinsic motivation is a type of behavior induced by external interventions, such as monetary rewards, praise by your boss, or status.

According to the research findings, most respondents agreed rather than disagreed that the employer makes every effort to keep them motivated at work. 43 percent remained neutral on this matter. This could suggest that they were not sure the employer is doing enough to keep them motivated. That clarity would make a difference in the employees work approach. If we look at a promotion as a form of motivation, then according to (Deci and Ryan, 1985) motivation can also be a signal of trust and lead to empowerment, which in turn has a positive association with intrinsic motivation. Trust and empowerment offer an element of stability and this could most likely lead to productivity.

In analyzing the effect of motivation of creativity and innovation, 90 percent of the respondents believed that they can be more innovative and productive when motivated by the employer. This goes to show the extent to which extrinsic motivation plays in influencing employee innovation and productivity. According to the research findings, age had an interesting role in showing whether employees were intrinsically or extrinsically motivated. When asked whether their motivation was as a result of self motivation, 100% of the respondents strongly agreed to the statement. With age variance there was more spread in the response between those who strongly agreed, agreed and those who were neutral. The age groups were 25-29, 30-34, 35-39 and 40-44 years. It is safe to assume that the older age groups are people who have families, are feeling satisfied and have an obligation to provide for them. Their approach to matters like motivation may be intrinsically inclined as opposed to extrinsically.
From the literature reviewed by Reece and Brandt, (1999) based on Abraham Maslow’s work, people tend to satisfy their needs in a particular order—a theory he calls the “hierarchy of needs.” Maslow’s theory rests on three assumptions: People have a number of needs that require some measure of satisfaction, Only unsatisfied needs motivate behavior. The needs of people are arranged in a hierarchy of prepotency, which means that as each lower-level need is satisfied, the need at the next level demands attention.

The fact that Motivation increases productivity was backed up by Samaritan’s Purse employees with 97% of the respondents agreeing with this factor and since most of them are motivated at work daily as a result of self motivation they can be very innovative and improve the productivity of the organization.

5.3.3 Organizational Culture and Employee Productivity

The research study sought to inquire if the term “Organizational Culture” was understood by the respondents. The research found that there was a clear understanding by the respondents of the culture in their organization. Ninety percent of the respondents alluded to the culture in the organization being family and fun-like.

Wilderom, Berg, Glunk, and Maslowski, (2001) define organizational culture as shared perceptions of organizational work practices within organizational units that may differ from one organization to another. Organizational culture forms the ‘glue’ that holds the organization together and stimulates employees to commit to the organization, and to perform. The family, fun-like culture in the organization seems to be the glue that holds everything together. Evidently so, the work environment involves more than just work. There needs to be an element of caring and sharing. It is not a common thing to have such a culture engraved in an organization’s ethos.

All the respondents agreed that the culture in the organization would influence their productivity either positively or negatively. The research found that the family and fun like culture in the organization had an important role to play in influencing the productivity of employees. Korczynski, (2002) affirms that the study of culture is a major issue in academic research and education, in organizations and in management practice.
Central to this is the simple fact that in one way or another, managers are 'managing culture'. All too often studies of it are superficial and reveal a lack of understanding of how people and organizations function and interact with each other. From this statement, culture seems to play a critical role in an organization and it is also worthwhile noting the role of management in endorsing the culture in an organization as well as managing it. This is emphasized by the fact that, as per the findings of the research, organization culture does have a role to play in employee productivity.

5.4 Conclusion

5.4.1 The effect of Remuneration on Employee Productivity

The study sought to find out the effect of remuneration on employee productivity. The study found out that remuneration did play a role in influencing the productivity of an employee. Most respondents typically understood remuneration to mean their salary. However the study also found out that other benefits in addition to pay fell into the category of remuneration. A good number of the employees were happy with the benefits offered by their employer but they did not feel very well compensated for their efforts at work. It was also clear from the study that the end of the month salary was not the only form of remuneration that could be offered by an employer. To measure productivity and pay, the study found out that majority of the employees would like their performance reviewed and commensurate adjustments made to their pay. According to the study, this would positively affect their productivity.

5.4.2 Exploring how Motivation influences Employee

5.4.2.1 Productivity

From the research findings, employees generally seemed motivated. This motivation was mainly as a result of self-motivation (intrinsic) as opposed to extrinsic. The culture in the organization as being family and fun like could most likely have a positive effect. This is because it is more accommodating and not necessarily work focused. Such a culture seems to draw attention to the good that is happening rather than the bad. The study
showed that the level of motivation does actually affect productivity and in addition would spur creativity. It was also important to note that not many of the employees were sure about their employers’ role in motivating them to be productive. The level of neutrality in response when asked whether their employer makes every effort to keep them motivated confirms this. Overall, the study concludes that motivation is a key factor in influencing employee productivity.

5.4.3 Investigating how Organization Culture Affects Employee Productivity

The study sought to draw a distinction between two types of cultures that are likely to exist in an organization; a culture that is rigid and work specific and the other being more family and fun like. The study found out that the culture within Samaritan’s Purse was more fun and family like and this influenced positively the productivity among employees. The employees loved the culture in their organization. It was also discovered that the culture in any organization would influence employees productivity either positively or negatively. Thus, culture, as a component of the work environment, has a significant influence on employee productivity.

5.5 Recommendations for improvement

5.5.1 Employee Motivation within Samaritan’s Purse

From the findings of the study, a good number of the respondents showed that they did not understand the role the employer makes to keep them motivated. This presents an opportunity on the part of the employer to find out ways of keeping their employees motivated. Flexible working hours, gain sharing, and even pay as relates to performance, are some of the methods the employer can use to ensure their employees are motivated. This is critical because the study has found out that an employee’s motivation does actually have an effect on productivity.
5.5.2 Employee Remuneration within Samaritan’s Purse

The study found out that remuneration is an important factor in influencing employee productivity. Feeling rewarded helped employees be more productive. From the research conducted, it was discovered that pay at the end of the month is not the only form of remuneration that an employer could offer an employee. Other forms of compensation would play a critical role in ensuring the productivity of the employee. Most importantly, Samaritan’s Purse needs to review its performance appraisal mechanism. Majority of the respondents felt that terminal review of their pay/benefits as per their performance would greatly influence their productivity. By investigating options on how performance appraisals can be conducted, employees will know they are recognized and rewarded appropriately for their efforts at work.

5.5.3 Promoting Organization Culture within Samaritan’s Purse

Samaritan’s Purse was found to have a family and fun like culture. Almost all the employees in the organization enjoyed the culture and said that it had a positive effect on their productivity. Maintenance of this culture is commendable on the part of the management of Samaritan’s Purse. The management within Samaritan’s Purse needs to continue maintaining and nurturing the culture in the organizational culture because it has a positive effect on the productivity of the employees.

5.5.4 Recommendation for further studies

The aim of this study was to investigate the influence of work environment on employee productivity. According to this study, the elements of motivation, remuneration and organizational culture were elements used to define the work environment. It is evident that several other elements make up the work environment. Another study can be conducted to discover the influence of the physical work environment on employee productivity. Further studies could also be done to measure the effect of implementing the recommendations above. In these studies, there needs to be a way to measure productivity so as to identify the change in productivity after implementation of the recommendations. In addition, studies can be conducted to investigate the influence on
organizational structures on employee and overall organization effectiveness. Additionally, studies can be done to determine how employment procedures affect the productivity of organizations.
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Greetings!

My name is Mwaura J Alexander. I am conducting a research to investigate the influence of the work environment on employee productivity. You being an employee, I believe you will find this questionnaire interesting, as it may bring out certain things that may arouse your thoughts on the area of research. Kindly help me fulfill my course objectives by answering the questions.

The findings of this research will be published and made available in the USIU library for reference, both for academic purposes and also for Samaritan’s Purse to learn from the findings and improve their services. Its findings are purely for academic purposes and that the information you provide will be kept confidential and will not be availed to any unauthorized persons.

The questionnaire is brief and should only take you a few minutes to complete. The information you provide is anonymous and I will be more than happy to share with you the findings of my research upon request.

Thank you so much for taking time to fill this questionnaire.

Yours faithfully,

Mwaura J Alexander
APPENDIX B: QUESTIONNAIRE

Introduction

Thank you for taking the time to fill out this questionnaire. The purpose of this study is to find out the influence of work environment on employee productivity. I have three (3) objectives that form the basis of this research which I have used to define what constitutes the work environment: Motivation, Remuneration, and Organization Culture. The questions below are an attempt to measure those three objectives and facilitate the research process. Kindly proceed to the next steps and follow the instructions below.

Instructions: Please tick against (✓) or circle (©) the number of choice inside the box below

PART A: GENERAL INFORMATION

Age: 25-29 □ 35-39 □ 30-34 □ 40-44 □

Gender: Male □ Female □
## PART B: MOTIVATION

Instructions: Please circle on the appropriate answer

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am motivated at work daily</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I do not feel motivated at work often</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>I am completely de-motivated at work</td>
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<td>2</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>My motivation to work productively is as a result of self-motivation</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>When I am not motivated I can still be productive</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Innovation is a product of my motivation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>When I am motivated I can be very productive</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>My employer keeps every effort to keep me motivated</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>When am motivated I am creative and productive</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>When I am not motivated I work for the sake of coming to work</td>
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<td>2</td>
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### PART C: REMUNERATION

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<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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<tr>
<td>I understand remuneration to mean my salary</td>
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<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>I am recognized by my employer for my efforts at work</td>
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<td>4</td>
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<tr>
<td>My salary is not the only form of remuneration that my employer can offer me for my efforts at work</td>
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<td>2</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>I am adequately compensated for my efforts at work</td>
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<td>3</td>
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<tr>
<td>The benefits offered by my employer, in addition to my salary, can be termed as good</td>
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<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>My salary is pegged to my skills, work output, and is reviewed often based on my performance</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<td>Terminal review of my performance and consequent remuneration/benefit adjustments would positively influence my work</td>
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## PART D: ORGANIZATIONAL CULTURE

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<th>Statement</th>
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<th>Disagree</th>
<th>Strongly Disagree</th>
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<td>I understand the meaning of organizational culture</td>
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<tr>
<td>I enjoy the culture in my organization</td>
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<td>The culture in my organization is fun and family like even though professional</td>
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<td>The culture in my organization is tense and work specific</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>The culture in my organization helps me be more productive</td>
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<td>4</td>
<td>5</td>
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<td>I believe that the culture in any organization influences work output either positively or negatively</td>
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<td>5</td>
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<tr>
<td>The culture in my organization has no positive effect on my work output</td>
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### APPENDIX C: BUDGET

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<td>Questionnaire Design</td>
<td>3,500.00</td>
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<td>Data Collection</td>
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<td>Data Analysis</td>
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<td>Report Writing</td>
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<td>Miscellaneous</td>
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### APPENDIX D: TIMELINE

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<td>Identification of topic</td>
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<td>Chapter two due</td>
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<td>Research proposal due (chapter 1, 2 and 3)</td>
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<td>Administer pre test questionnaire</td>
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<td>Submit Research Project</td>
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