

# Effect of Motivation on Performance of Employees in Privately Owned Firms: A Case Study of Mt. Longonot Medical Services Ltd, Kenya

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#### **ABSTRACT**

Organizations in the modern world consistently strive to succeed in a highly competitive global market environment. However many organizations have not been able to develop strategies which offer competitive advantage and therefore find it difficult to cope with the emerging competitive threats. Managers should put in place good policies to avert the strong competitive forces. Poor management of human resource facilitated by lack of motivational policies are some of the problems most organizations face. Employers today would like to have their workers motivated and ready to work but do not understand what truly motivates a person. This study explored the effect of motivation on performance of employees in privately owned firms, a case study of Mt. Longonot Medical Services Ltd. The objectives for this study were: to determine the effect of financial motivation on employee's performance, and to evaluate the impact of non-financial motivators (e.g. job security, recognition and appreciation, promotion and growth, communication and decision making involvement, good working conditions, tools and equipment) on employee's performance. This study was looking for answers to such questions as to whether financial motivation has an impact on the employees' performance and whether non-financial motivators affect the employee output. This research was premised on the motivational theories and emphasized on the Maslow's Hierarchy of needs theory. The research design was a survey and the target population constitutes sixty individuals. Questionnaires were used as the data collection method. Stratified sampling procedure was applied as well. Randomly selected samples of sixty respondents participated from an entire population of two hundred employees. The research was validated using triangulation and member checking approaches. Regression was used; SPSS model of data analysis was employed as a statistical techniques. This research highlighted the expected effects of employee motivation and established whether motivation boosts employee performance. The research is important in that it adds knowledge to the area of strategic human resource management which is of great value to managers, organizations and the government. The study is significant because it would help organizations identify and apply motivational policies to ensure high productivity for achievement of the organizational goals. The researcher suggests a more competitive remuneration, job security and promotion, equitable and fair staff development, provision of adequate tools and equipment, decision making involvement, enhancing effective communication and providing good working conditions



# **CHAPTER ONE**

# INTRODUCTION

# 1.1 Background to the Study

The globalized business environment is a turbulent and often a chaotic one; commercial success depends on employees using their full talents. Yet in spite of the myriad of available theories and practices, managers often view motivation as something of a mystery. This is because individuals are motivated by different things and in different ways. Scholars held that there is a strong lobby propounding the view that human resource management is the source of competitive advantage for the business, as opposed to access to capital or use of technology. Attention needs to be paid to the nature of this resource and its management as these impacts on staff behavior and performance and consequently the organization's performance.

Scholars argue that there is no need to prove the relationship between the firm's critical influence on performance and labor management as it is self evident that the quality of human resource management is critical influence on the performance of the firm. The researchers' interest in strategic management and human resource has led him to research motivation and how it can be implemented in the workplace. Workplaces are suffering with employees who are unmotivated and overall work performance is failing. If managers were educated on how to motivate, their employees would be happier and the company as a whole would benefit.

The research was concerned about the poor performance of various organizations and interrogated motivation of employees in the work place. Previous studies indicate that motivation and performance are positively related. By focusing on the financial aspect of motivation, monetary offerings like salaries, fringe benefits, commissions, bonus system, allowances perks etc are emphasized. By paying attention to the financial aspect of motivation, the researcher intends to probe the role finance has on enhancing employee's performance. I believe financial motivation has become the most concern in today's organization, and tying to Maslow's basic needs, non-financial aspect only comes in when financial motivation has failed.

As a research topic for the study, the researcher will employ the financial aspects of motivation used by the agents of organization in enhancing their employee's performance and the extent to which non-financial aspects also turn to enhance employee's performance. There has been a lot of research conducted by social science scholars and managers to demonstrate concern on the infinite dwindling productivity performance in an organization for over a decade yet no steady effort has been made to produce positive result despite many policies and programs which had been implemented in an attempt to arrest the perennial problems that hindered the realization of organization goals and objectives which is the cause of poor performance.

In developing countries like Kenya, the presence of motivation influence performance on the job and this is no disputing fact that business cannot function without human resources since the overall performances of an organization depends on the performance of its individuals and groups. Studies reveal that the heart of motivation is to give people what they really want most from work. The more employers are able to provide what employees want the higher expectations demanded from them in terms of productivity, quality and service.

This study sought to assess the effect of motivation on employees' performance in privately owned firms: a case study of Mt. Longonot Medical Services Limited. MLMS is a private hospital located along Kenyatta Avenue, opposite Milimani primary school. It was incorporated under the company act (Cap. 486) on 24<sup>th</sup> March 2004. Its' vision is to be a modern hospital, maximize the shareholder value by providing quality and affordable medical and healthcare services to meet the needs of the society. MLMS mission is to consistently provide quality medical and healthcare services. MLMS attracted the attention of the researcher because it is perceived by the community as the best privately owned health facility provider in Naivasha.

#### 1.2 Statement of the Problem

Previous surveys conducted Wiley (1997) indicates that most organizations focus much on goal achievement and increased productivity. The investors are more interested in increasing the returns without thinking about the needs of their employees who are their most important asset. When staff motivation is ignored it creates conflict within the organization and high labor turnover, this affect the organization's growth and performance. The research is informed by poor performing organizations that recruit employees who join, work and gains experience, grows and become competent workers. Sooner or later their output deteriorates significantly and in the long run negatively affects the organization's performance.



# 1.3 Research Objectives

The overall objective is to determine the effect of motivation on employees' performance in privately owned firms, a case study of Mt. Longonot Medical Services Ltd.

# 1.3.1 Specific Objectives

- i. To determine the effect of financial motivators on employees' performance.
- ii. To evaluate the impact of non-financial motivators (e.g. job security, recognition, promotion and growth, communication and participation in decision making, working conditions, tools and equipment) on employees' performance.

# 1.4 Research Questions

- i. To what extent do financial motivators affect employees' performance?
- ii. To what extent do non-financial motivators (e.g. job security, recognition and appreciation, promotion and growth, communication and decision making involvement, good working conditions, tools and equipment) affect the employee performance?

# 1.5 Significance of the Study

An effective motivation is important for the achievement of organizational objectives. The study seeks to help in identifying motivational policies that ensure high employee performance which consequently promotes the achievement of the organizational goals. The findings of the study serve as secondary source of information for other researchers in motivational studies and add to the limited knowledge available to managers, organizations and government. This information helps identify the nature and demands of the labor market.

#### 1.6 Limitation

The study was limited to existing theories and models, their influence and limitation on performance enhancement. By considering the financial and non-financial aspect of motivation on employees' performance relating to existing theories and models, the researcher marked a demarcation for the study. He considered limitation in line with the objective.

# 1.7 Definition of Terms

**Bonus**: extra amount paid to a staff at intervals during the year as an appreciation of hard work.

**Commission**: certain percentage of money paid to sales staff exceeding a certain level of sales, normally a motivator for the staff to sell more.

**Employee**: person in service of another under a contract of hire, express or implied, oral or written, where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed.

Employee Motivation: an employee's intrinsic enthusiasm about and drive to accomplish activities related to work.

**Employee Performance**: doing something fruitful. An event in which one group (workers) act in a particular way for another group of people (employer).

**Incentive**: an additional remuneration in recognition of achievement or better work.

**Motivation**: something that drives a person towards success and crucial to posses inner motive. Its' a psychological feature that arouses an organization to act towards a desired goal and elicits, controls and sustain goal directed behaviors.

**Remuneration**: total compensation that an employee receives in exchange for the service they perform for their employer e.g. monetary rewards, wage or salary, complementary benefits.



Salaries: fixed amounts per month or year for performing a role; these are common for most managerial positions.

#### **CHAPTER TWO**

# LITERATURE REVIEW

# 2.1 Introduction

This chapter sheds more light into the content if the study topic which in this case is motivation. It highlights the related literature existing upon which the researcher can seek to aid this study. The chapter comprise of the following subheadings; review of empirical studies, review of theoretical studies and the review of conceptual framework.

# 2.2 Review of Empirical Study

All organizations are concerned with what should be done to achieve sustainable high levels of performance through people. This means giving close attention to how individuals can best be motivated in the work they do. One may ask why there is a need for managers to spend time on motivating their employees. Employees make up the organization and if they do not have organizational commitment, then there is no incentive to excel at their jobs.

# 2.2.1 Concept of Motivation

Motivation is a set of processes that arouse, directs and maintain human behavior towards attaining some goals. Motivation is concerned with how behavior gets started, energized, sustained, directed, stopped and what kind of subjective reaction is present in the organization. It is what activates, directs and how the behavior is sustained to achieve goals. The more motivated employee, the more likely they are to have organizational commitment and identify themselves with the organization. (Herberg, Mausner and Snyderman, 1969).

Motivation is a process of getting the needs of the people realized to induce them to work for the accomplishment of organization' objectives. Agness (1999) proposed that motivation aims at influencing good results and arises from inside the individual and cannot be forced upon from outside. The inner feeling balances the perception of an individual and satisfaction of his or her needs that influence the direction, volume, behavior, limitations and efforts of an individual.

Early researchers influenced by Sigmund Freud believed that much of human behavior is based on irrational instinctive urges or unconscious motives. Motivation is a psychological process that gives behavior purpose and direction, a predisposition to behave in a purposive manner to achieve specific unmet and unsatisfied needs, and will to achieve respectively (Linder, 1998). The basic survival of every organization whether its public or private limited before, today and in the foreseeable future lies in how well its workforce is motivated to meet the objectives of the organization. This explains why the human resource department in today's organization has become a focus of its core functions. Researchers found that motivated employees are needed in the business world where the principle-agent conflict is the issue confronting most managers.

Most organizations now consider their human resources as their most valuable assets; in fact employees are a strategic competitive advantage. Therefore in order to efficiently and effectively utilize this strategic asset, it is believed that managers and organization as a whole must be able and willing to understand and hopefully provide the factors that motivate its employees within the context of the roles and duties they perform. This is because highly motivated employees are the cause of high productivity levels and hence higher profits for the organization.

One of the very first surveys to be conducted was on industrial workers by Hershey and Blanchard in 1969. Over the years, similar or different surveys of employees have been carried out. According to a research carried out by Kovach on industrial employees who were asked to rank ten job rewards factors based on personal preferences where the value 1 represent most preferred and 10 being the least preferred. The results were as follows (1) full appreciation of work done, (2) feeling of being, (3) sympathetic help with personal problems, (4) job security, (5) good wages and salaries, (6) interesting work, (7) promotion and growth, (8) employee loyalty, (9) good working conditions and (10) tactful discipline.



During the periods of 1946, 1881 and 1986 when employee surveys were carried out, supervisors were at that time asked to rank job rewards as they thought employees would rank them. The rankings by the supervisors were relatively consistent for each of the years as follows: (1) good wages, (2) job security, (3) promotion and growth, (4) working conditions, (5) interesting work, (6) personal loyalty to employees, (7) tactful discipline, (8) full appreciation, (9) sympathetic help with personal problems, and (10) recognition. The results from the supervisor survey indicated that their ranking had not changed over the study period with regards to their collective perception of factors that motivate employees. This shows that they had a very inaccurate perception of what motivates employees and never realize the importance of the need theory.

In a survey by Wiley (1997) in which appropriately 550 questionnaires were administered to person employed at different industries and divided into 5 categories namely; occupation, gender, income levels, employment status and age. They were asked to rank ten factors according to the level of importance each is in motivating them to perform best with the most important factor ranked first and the least important ranked tenth. The survey concluded with the following collective rank order by respondents: (1) good wages, (2) full appreciation of work done, (3) job security, (4) promotion, (5) interesting work, (6) company loyalty to employees, (7) good working conditions, (8) tactful discipline, (9) recognition and (10) sympathetic help with personal problems.

The result from a representative sample of labor force in seven different countries by Harpaz (1991) showed that the two most dominant work goals were interesting work and good wages; he further concluded that these two factors were consistent across different organizational levels, between genders and age groups.

Harpaz (1991) concluded that when the ratings of twenty three jobs related factors including the need factors were carried out, the conclusion reached was that no single factor was pre-dominantly. He further pointed out that the most aspect of the worker job was that of sufficient resources to perform a task. From the above studies, the rankings by different subgroups have shown semantic differences in the importance placed on different motivational factors. The discrepancies in these research findings support the view that what motivates employees differs and may change for the same employee over time.

The large number of earlier and recent studies investigating employee motivation using sometimes the original or modified version of Maslow's theory may continue the appreciation of this theory and the issue of employee motivation. Researchers have taken issues such as differences in gender, age, income, culture and countries etc and how these may affect or influence employee work motivation extensively. The commonality between these previous researches is the agreement that certain factors are more important as motivational factors than others and that these factors may change from one employee to another. These previous studies have also been taken using different methods but their outcomes have not differed significantly. The literature used in this thesis covers a wide range of time period, highly relevant and useful for addressing the purpose of this thesis (Ramlall and Sunil, 2004).

# 2.2.2 Financial Motivators

Though there are many reasons why people work for a living, it is undeniable that money or other financial rewards play a key role in motivating people in the workplace. There is a wide variety of ways in which a business can offer money or financial rewards as part of the pay package e.g. salary, fringe benefits, time and piece-rate pay, commission, performance related pay, shares and pensions etc (O' Malley, 2000). Workers in any organization need something to keep them working. Most of the time, the salary of the employee is enough to keep them working for an organization. An employee must be motivated to work and when no motivation is present, that employee's quality of work or all work in general will deteriorate (Robert and Dubin, 1958). People differ on a personality dimension and individual's beliefs about the factors that control their behavior.

It is widely accepted that poor or low pay acts as a de-motivator. Someone who feels undervalued or underpaid may soon leave to find better-paid employment. It is less clear that paying people more results in better motivation. Pay is given in wages and salaries. Other methods of financial motivation includes commission, profit sharing, bonus, performance related pay and share ownership An employer gives financial compensation to its employees as a recruitment tool to attract the most talented employees. A good benefits package makes the company more appealing to candidates in the job market. Grant and Singh (2011) held that another form of financial motivation is organizations offering employees to participate in a profit sharing program where employees get a proportion of the profit on top of their regular salary.

A last example of financial motivation is called piece work, meaning the employee gets paid based on the amount of a product that is produced. The employee is usually paid a minimum base, given extra money based



on how much product is produced. Here the employer has more products made at a quicker rate and the employees are paid more on how much they produce. It needs to be noted that managers must be careful with all types of motivation, but specifically with monitories because employees are dependent of financials for their livelihoods. However in general, money has been recognized as a chief source of motivation. Therefore, money not only satisfies psychological needs but also the security and social needs (Loveman, 1998).

#### 2.2.3 Non-Financial Motivators

Unlike financial motivators, non-financial motivators have longer lasting effects, more plentiful and can bring out the creativity of managers. Here no monetary reward is given to the employee, but instead focuses on the emotional needs of the employee. If a manager wants to truly motivate their employees, they need to think about the individual and decide what non-financial rewards can be given to a specific employee. McKinsey's quarterly survey found that the following non-financial motivators such as praise and recognition from managers, attention from leaders, and security of service, job enrichment, promotions, and communication viewed as more effective than the top rated financial motivators (Dewhurst, Guthridge and Mohr, 2009).

The job characteristics model (JCM) attempts to use job design to improve employee motivation and links the core job dimensions to critical psychological states which results in desired personal and work outcomes. The core dimensions can be combined into a single predictive index called the Motivational Potential Score (MPS). Jobs that are high in motivating potential must be high on the factors that lead to experienced meaningfulness and high on both autonomy and feedback. If a job has a high MPS, its characteristics model predicts that motivation, performance and job satisfaction will be positively affected and the likelihood of such outcomes like absenteeism and turnover will be reduced (Lindner, 1998).

One motivator for employees is a feeling that the job itself is worthwhile. Employees who take personal responsibility for their work and believe that it is making a positive impact will strive hard to perform very well. Every employee within a company is different and therefore is motivated to perform well for different reasons. (Baldoni, 2012). Recognition is an incentive which satisfies the ego needs of employees. The employees will respond more to recognition and praise and try to give the best of their abilities to an organization. The most basic way to conduct recognition is to give a verbal compliment to the employee. This could be an acknowledgement of job well done, a good sale, or a particular action that the employee did that benefitted the organization. It is an immediate way to show gratitude (Doyle, 2004).

Another non-financial motivator is a reward. Rewards must be meaningful and given for an action that the manager wants repeated by other employees. In addition, opportunity for job rotation is another way to offer non-financial motivation. Job rotation allows for the employee to explore other jobs within the organization, get a better understanding of all the jobs that are done in the organization. This prevents the employee from getting bored in their own job and gives them the opportunity to do something different for a while (Ramlall and Sunil, 2004). Job sharing is another way to allow flexibility of work schedule and makes employees be happy in the workplace (Graham and Messner, 1998).

According to Young (2000) a good way to provide motivation as well as a sense of cohesion to a group is to allow the employees to work in teams. This is great for a task that takes different people with different skill sets. It allows employees from a range of departments to work together and become a group with a mission. Being appointed to the group is a form of motivation because it can be a prestigious accomplishment to be part of working group.

Security is another non-financial motivator that can be used in the workplace. Employees want to feel that their job is secure and will be there in years to come. This allows them to freely work and never have to worry about what will happen if they lose their job. It motivates the employees to work their hardest because they are sure their work is benefiting the company. Security in the physical sense means employees feel as though they are out of danger while they are at work.

Job enrichment is another non-monetary incentive in which the job of a worker can be enriched. This is done by increasing responsibilities, giving important designation, increasing the content and nature of work. This way efficient worker can get challenging jobs in which they can prove their worth. This also helps in the greatest motivation of the efficient employees (Wiley, 1997).

Lastly, quality circles are a good way to get employees involved, and for management to hear the concerns of the employees and address them. With the circles employees are able to give their input to management, this makes



them feel as though their opinion is valued and their work is crucial to the organization and even create meaningful relationships in the workplace which is a good motivator. With these meaningful relationships, the employees are able to feel connected to other employees as well as to the organization (Friedlander, 1996).

Other non-financial motivators include free children education, firm products discount, healthcare facilities, company vehicle, free accommodation, clothing and food expense, leave and travel allowance and pension facilities. A combination of financial and non-financial incentives helps in bringing motivation and zeal to work in a firm (Tietjan and Myers, 1998).

# 2.2.4 Employee Performance

Performance is the degree of accomplishment of the task that makes up an employee's job. It reflects how well an employee is fulfilling the requirement of the job. Performance is measured in terms of results, for example, a student may exert a great deal of efforts in preparing for an examination and still make a poor grade. The heart of motivation is to give employees what they really want from their work.

The more employers are able to provide what employees want, the more they should expect what they really want in terms of productivity, quality and service. Showing an appreciation to employees at workplace can be a strong mechanism that enhances productivity. The basic requirements for motivation include accommodation, an equitable payment system, real opportunities for promotion, considerate and participative management.

The degree of motivation obtained by individuals however depends largely upon their own needs and expectations and the environment in which they work. A satisfied worker is not necessarily a higher producer, and a high producer is not necessarily a satisfied worker. It has been observed that people are motivated by things other than money; in particular employees are motivated by responding to their social environment at work, attitudes, such as job satisfaction, minimize tardiness, result improving employees performance.

#### 2.2.5 Effect of Employee Motivation on Performance

A causal relationship exists between motivation and performance, provided the employer uses recognition to motivate employees. Employee motivation enhances employee performance, engagement and productivity; therefore, it takes work and creativity to motivate employees. Motivating employees requires continuous feedback and unbiased evaluations. When employers give constructive feedback on a regular basis, candid performance appraisals and clear expectations for performance, employee motivation levels surge and consequently companies are capable of meeting their organizational goals.

Motivation underlies employee enthusiasm and commitment. Employees who are motivated to perform their job duties usually are conscientious workers whose pride shows in the quantity and quality of their work. Enthusiasm, commitment, pride and productivity are cornerstones of employee engagement.

Frederick Herzberg's theories on employee motivation illustrate the effect that motivation has on recognition, and vice versa. Recognition, according to motivation-hygiene theory, is what employees need from their supervisors. They need to be recognized for demonstrating their capabilities, which in turn, creates better performance. Non-monetary forms of recognition are useful in promoting employees to leadership roles or assigning employees more complex duties are two essential forms of non-monetary recognition.

# 2.3 Review of Theoretical Framework

This research is anchored on the theory of motivation. Scientists have studied the topic of motivation for over a century and made tremendous progress in explaining motivation which is interpreted in the workplace. Much research has been conducted on the field of financial motivation and researchers and writers have proposed theories on this concept and its role in enhancing employees' performance in every organization.

Some of the motivational theories include Alderfer's Existence Related and Growth (ERG) theory, Maslow's Need theory, Vroom's Expectancy theory, Adam's Two Factor theory, McGregor's theory X and Y, Geogopalaus's Path Goal theory and Skinner's Reward theory. To better understand them a summary of the theories is presented and a detailed discussion on Maslow theory on which the researcher will base the study is emphasized.

Alder as opposed to Maslow asserts in his existence relatedness and growth theory commonly known as the ERG theory that there are three basic human needs: Existence, relatedness and growth, which must be met by an



employee to enable him increase performance. Maslow (1943) suggests that human needs can be classified into five categories arranged in the hierarchy of importance. These include physiological, security, belongingness, esteem and self-actualization needs. According to him a person is motivated to satisfy physiological needs.

As long as the employees remain unsatisfied they cease to act as primary motivational factors and the individual moves up the hierarchy and seek to satisfy security needs. This process continues until finally self-actualization needs are satisfied. He holds that the rationale is quite simple because employees who are too hungry or too ill to work will hardly be able to make much a contribution to productivity hence difficulties in meeting organizational goals.

Expectancy theory proposes that people are motivated by how much they want something and how they think they are to get it. Motivation leads to efforts and the efforts combined with employees' ability and environmental factors resulting to performance. This performance leads to various outcomes, each of which has an associated value called Valence.

Adams two factor theories suggest that people are motivated to seek social equality in the rewards they receive for high performance. Contrary to Maslow, he states that the outcome from job includes pay, recognition, promotion, social relationship and intrinsic reward. He suggests that people view outcomes and inputs as a ratio, compare the ratios with others and turn to become motivated if the ratio is high. To get these rewards various inputs needs to be employed.

Fredrick Taylor observed soldering by employees, a situation whereby workers work less than full capacity. He argued that soldering contemporary employees fear that performing high will lead to increasing productivity, which might cause them to loose their jobs. This slow pace of work were promoted by faulty systems, however this situation is not what prevails with contemporary employees who are evaluated by their organizations through their performance.

Herzberg held a different opinion with Maslow; he suggested that there are factors in a job which causes satisfaction. These he called intrinsic factors (motivators) and other factors he refers to as dissatisfies (hygiene factors). According to him if the motivational factors are met, the employee becomes motivated and performs higher. McGregor suggested that there exist two sets of employees (lazy and ambitious employees) with lazy employees representing theory X, hard and ambitious workers representing Y. According to him the lazy employees should be motivated to increase performance in an organization.

# 2.3.1 Hierarchy of Needs Theory

The motivation to work script published by Maslow (1945) probably provided the field of organizational behavior and management with a new way of looking at employee's job altitudes or behaviors in understanding how humans are motivated. According to Maslow, if people grew in an environment in which their needs are not met, they will be unlikely to function as healthy individuals. He said that a person's motivation is arranged in hierarchical manner. People tend to satisfy their needs systematically starting with the basic needs and then move up the hierarchy. Until a particular group of needs is satisfied, a person's behavior will be dominated by them.

Maslow believed that once a given level of need is satisfied, it no longer serves to motivate. These needs are aroused in a specific order from lowest to highest, such that the lowest-order need must be fulfilled before the next order need is triggered and the process continues. Once the needs at the lower level are satisfied, the next higher level emerges and demand satisfaction.

The greatest value of Maslow's need theory lies in the practical implication it has for every management of organizations (Steers, Mowday and Shapiro, 2004). The rationale behind the theory lies on the fact that it's able to suggest to managers how they can make their employees or subordinates become self-actualized. Self-actualized employees are likely to work at their maximum creative potentials. It is important to make employees meet actualization stage.

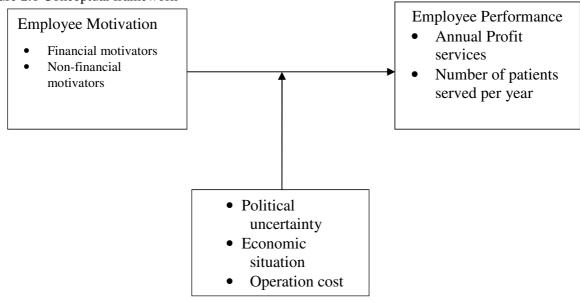
Criticisms of Maslow's Need theory of motivation and the research testing Maslow's theory has supported the distinction between the deficiencies and growth needs but showed that not all people are able to satisfy their higher-order needs and on the job. According to the results of the previous researches, managers from higher echelons of organizations are able to satisfy both their growth and deficiency needs. Lower level managers are able to satisfy only their deficiency needs on the job. To the critics, this model is theorized to be effective in



describing the behavior of individuals who are high in growth need strength because employees who are different to the ideas of increasing their growth will not realize any physiological reaction to their jobs.

# 2.4 Conceptual Framework

Figure 2.1 Conceptual framework



# **Independent Variable**

# **Intervening variable**

# **Dependent Variable**

The conceptual framework guides the researcher and helps explain to the users of the research report the concepts and the main focus of the study. In this study, the researcher outlines financial and non-financial motivators as the major factors under employee motivation which form the independent variable. Financial motivators are measured by the amount of salary and wages the employee carry home in the pay slips and non-financial motivators are measured by the physical, moral, ethical and interlectual ability of the employee' ability in the work place Annual profit services is measured by observing the organization's books of accounts and the financial records. Number of patients can be measured by the statistics gained from the firm's books of records on the inflow of patients within a given period of time. Intermediate variables that will influence or moderate the outcome include political uncertainty, economic situation and the operation cost. These variables in most cases are uncontrollable and at times universal and measured by global watchdog bodies.

# **CHAPTER THREE**

# RESEARCH METHODOLOGY

# 3.1 Research Design

Research design ensures results are reliable, valid and credible. The researcher adopted the survey research design method. Survey involved using a self-designed questionnaire in collecting data from the respondents. This method was chosen in order to make reference to phenomena as they exist in real life and it is relatively economical in terms of time and resources. Survey facilitates the collection of data on opinions, information on attitudes and reason for behavior (Mugenda and Mugenda, 1999).



# 3.2 Target Population

The entire population included two hundred (200) workers of Mt Longonot Medical Services. The sample size amounts to sixty (60) individuals derived from the population. They included five (5) management officials, thirty (30) full-time staff members and twenty five (25) part-time professional workers in the various departments. The researcher put more emphasizes on the longest serving employees. MLMS was chosen because of its good reputation in Naivasha town.

# 3.3 Sampling Procedures

The study used stratified sampling procedure. The purpose of this study was to exploit the role of motivation in enhancing employees' performance in private organizations. We utilized Maslow's hierarchy of need theory as a foundation in order to achieve this aim. The process which this was obtained was by allowing individuals to rank a given set of adapted motivational factors according to how important each is in motivating them as future employees to perform best at work.

#### 3.4 Data Collection Method

In this study questionnaires were the only source of data collection method used and were administered by the researcher who distributed them to the target sample population. Primary data gathering for a specific purpose as used in this study gave a more accurate, complete and reliable data. In carrying out the research, the researcher assured the respondents of confidentiality of data provided.

# 3.4.1 Questionnaires

Here the researcher developed well structured questions that were presented to the sampled population. The questions were in the form of close-ended and open-ended. The questions formulated by the researcher underwent approval by the supervisors and colleagues. The developments of the questions were based on the content of the research topic, problem statement, purpose and significance of the study. The questionnaires were divided into forms or categories based on the group or department they were directed to.

The researcher hand-delivered the questionnaires to participants. The questionnaires asked staff members from various departments to identify and rank the motivational factors according to how important they are to them as future employees to perform best at work. All questionnaires issued to the sixty respondents were answered and collected by the researcher on time as agreed.

#### 3.5 Data Collection Procedures

The respondents were given the questionnaire in their place of work. Instructions on how to fill the questionnaire were done. Confidential treatment of information was assured. MLMS was used as a venue to carry out the study.

# 3.6 Validity and Reliability of Research Instruments

In this study the researcher used triangulation and member checking approach. The research instrument is accurate and reliable because it yields consistent results overtime and used by most researchers. When using triangulation, information from different sources is put together to shed light on the central theme of the study (Jack and Raturi, 2006).

# 3.7 Data Analysis and Presentation

Data analysis is bringing of order to the information collected (Mugenda and Mugenda, 2003). Regression analysis was used to test the relationship between performance and motivation. The researcher used statistical package for social science (SPSS) as a regression model to analyze the data collected. This model was used to predict the one variable from one or more other variables. The model provides the researcher with a powerful tool, allowing allowing predictions about past, present or future events to be made with information about past or present events. It is used because it is also less expensive in terms of time and or money to collect information to make predictions than to collect information about the event itself, or the event to be predicted will occur in the future time. Descriptive tools such as mean and standard deviation were also used. A statistical technique of simple frequency distribution tables and percentages helped comprehend and analyze the data to differentiate



response rate and information of other variables that the study considered. Quantitative data was analyzed using descriptive and table readings; finally they were interpreted to give them meaning (Sobh and Perry, 2006).

# **CHAPTER FOUR**

# RESULTS AND DISCUSSIONS

#### 4.1 Introduction

This chapter provides the details of the respondents profile, effects of financial and non-financial motivators on employees' performance, and the regression model used in this study. The purpose of this study was to determine the effect of motivation on employees' performance in privately owned firms. Sixty questionnaires were administered to a sample extracted from two hundred employees working in various departments within the organization. The data for the research has been collected using questionnaires and are shown below.

# 4.2 Demographic Profile of Respondents

A demographic profile of our respondents precedes the four sections on the aforementioned criteria. The findings of this study are presented in the following criteria: communication, income, long-term incentives, and non-financial incentives. Collected filled questionnaires were analyzed for presentation of research findings. The findings were as follows:-

Table 4.1 Staff response about their age group in percentage.

Age group	Number of staff	Percentage
18-25	35	58%
26-33	10	17%
34-41	5	8%
42-49	5	8%
50-57	4	7%
58-65	1	2%

The research inquired the ages of respondents and the result shows that majority of the respondents were younger and are between the ages of 18-25 years (58%). The respondents of the questionnaire were 53.33% male and 47.67% female, making it a very balanced study in terms of the respondents' sex. The second largest age demographic was 26 to 33 years at 17%, meaning that 75% of the respondents are 33 years or younger and only one respondent indicated that he was between the ages of 58-65 years (1%).

Table 4.2 Staff response about the working duration and their percentage.

Number of years worked	Number of staff	Percentage
Less than 1 year	7	11.7%
1-5 years	23	38.3%
6-10 years	15	25%
11-15years	13	21.7%
16 years +	2	3.3%

The research was directed to find the duration the employee has been with the organization. Survey results indicated that the highest number of 23 (38.3%) respondents had been working between 1-5 years, followed by 15 (25%) respondents who have worked between periods of 5-10 years. 3.3% of respondents confirmed to have worked with the organization for over 16 years.

Table 4.3 Staff response about their working departments in percentage.

Department	Number of Staff	Percentage	
Administration	9	15%	
Finance & Accounting	6	10%	
Clinical	14	23.4%	
Nursing	15	20%	
Pharmacy	3	5%	
Laboratory	3	5%	
Sales and Marketing	2	3.3%	
Procurement	3	5%	
Sanitation and Kitchen	3	5%	
Radiology	2	3.3%	



Regarding the inquiry of the department of the respondents, a highest number of 15 (25%) and 14 (23.4%) respondents were engaged in nursing and clinical departments respectively. Sales and marketing, and radiology departments had the least number of respondents of 2 (3.3%) each.

Table 4.4 Staff response about their job groups.

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Job responsibility	Number of Staff	Percentage		
Subordinate	5	8.3%		
Operative staff	40	66.7%		
Supervisor	10	16.7%		
Manager	3	5%		
Senior manager	2	3.3%		

The research inquiry to find the nature of jobs of respondents, the research showed that highest number 40 (66.7%) were engaged in operative employee related job responsibilities and the least number of 2 (3.3%) respondents were involved in senior management job.

Table 4.5 Staff response about their position and satisfaction level in the organization.

Tuble 11.5 Start response about their position and satisfaction level in the organization.				
Perception of the Staff	Number of staff	Percentage		
Very Satisfied	4	5.7%		
Satisfied	35	58.3%		
Neutral	12	20%		
Dissatisfied	8	13.3%		
Very Dissatisfied	1	1.7%		

The research was directed to find how satisfied the respondents are with their present organization and result indicate that 4 (6.7%) of respondents were very satisfied, 35 (58%) of respondents were satisfied, 12 (20%) of respondents were neutral, 8 (13.3%) of respondents were dissatisfied and 1 (1.7%) of respondents were very dissatisfied.

Table 4.6 Staff response about their academic qualification in percentage.

Academic Qualification	Number of staff	Percentage
Certificate	13	21.7%
Diploma	26	43.3%
Degree	14	23.3%
Master	6	10%
Doctorate	1	1.7%

An inquiry was made to know what kind of academic qualifications the respondents were possessing. Results indicate that only 1 (1.7%) respondents had a doctorate qualification, 6 (10%) respondents had master degrees, 11 (18.3%) respondents had undergraduate degrees, 26 (43.3%) respondents had diploma and 13 (21.7%) respondents were certificate holders.

Table 4.7 Staff response about working hours per week in percentage.

Number of hours worked per week	Number of staff	Percentage
Below 10 hours	2	3.3%
11-20 hours	4	6.7%
21-30 hours	12	20%
31- 40 hours	17	28.4%
41-50 hours	14	23.3%
50 + hours	11	18.3%

Here the researcher made an inquiry into the number of hours the respondent worked in a week. 17 (28.4%) of respondents said they worked averagely between 31-40 hours per week, and the least number 2 (3.3%) of respondents reported to have worked below 10 hour in a week. 18.33% of the respondents work more than 50 hours per week and the other 81.67% work per week.

Table 4.8 Staff response about communication within the organization in percentage.

Staff perception	Number of staff	Percentage		
Highly effective	2	3.3%		
Effective	18	30%		
Not effective and lacking	34	56.7%		
Poor and ineffective	5 8.39	8.3%		
	1	1.7%		



An inquiry was made to know what kind of perceptions the employees have about the effectiveness of communication in their organization. Results indicated that majority of the respondents 34 (56.7%) stated that communication in their company is fairly good and only one respondent held that it was poor and ineffective. Majority agrees that communication is very important in the organization and would be very motivated to work if the organization can have effective communication at work. Good communication in the workplace is therefore a strong motivating factor in many cases. A fairly high correlation was found between good communication in the workplace and high motivation in employees.

# 4.3 Effects of Financial Motivators on Employees' Performance

Table 4.9 Staff response on basic salary per month in percentage.

Monthly basic salary in Kshs.	Number of staff	Percentage
10.000	3	5%
10,000-25,000	29	48.3%
25,000-35,000	5	8.3%
35,000-50,000	7	11.7%
50,000 +	16	26.7%

An inquiry into the remuneration of the respondents revealed that only 3 (5%) staff members are paid a monthly basic salary of below Kshs. 10,000. Majority of the respondents 29 (48.3%) get a basic salary of between Kshs. 10,000-25,000 per month and a considerable number of respondents 16 (26.7%) get over Kshs. 50,000 per month as basic salary. 53.3% of the respondents have a monthly income of less than Kshs. 25000. Therefore, analyzing the data based on lower and higher income demographics (53.3% lower, 38.4% higher) was the most interesting way to conduct the study, because it gave a detailed look at the polarizing views of each segment due to the questions asked and answered, and it depicts the influence pay has with respect to employees' satisfaction at work, including their level of motivation.

In the competitive remuneration category, those with yearly incomes of under Kshs. 25000 ranked management 4.14 out of a possible 6 in regard to how much they feel management cares about them as individuals, as well as how they feel management cares about motivating them to do their best work. The institution itself fared slightly worse with its low-income employees ranking 3.52 out of a possible 6 in regard to its emphasis on creativity and innovation, incentives offered, and the achievability of upward mobility in the company. In contrast, the high-income employees in the sample rated competitive remuneration higher at 4.38 out of 6, and job security higher as well at 4.15 out of 6, showing a bit of a disconnect between the two groups.

The high-income and low-income demographic segments both rated how greatly certain types of incentives motivated them to do their best work. Both the high and low-income segment rated financial incentives as the most motivating factors at work, however the non financial motivators such as job security, recognition, promotion, decision making involvement, good working condition, providing adequate tools and equipment, and effective communication motivate too.

# 4.4 Effects of Non-Financial Motivators on Employees' Performance

An inquiry was made on the kind of perceptions the respondents have about their organization and the result was indicated in appendix 3. These questionnaires focused on the non-financial motivators. While this survey did unsurprisingly confirm the importance of pay to the average employee, it is extremely important and worth noting that several other non-financial incentives hold just as much, if not more significance than pay based on the findings.

The table below displays the respondents' overall rankings of incentives from most motivating (1) to least motivating (9).

Table 4.10 Staff rankings on incentives.

1	Competitive remuneration (salary, wages and other benefits)
2	Job security
3	Staff recognition and opportunity for promotion
4	Fair and equitable staff growth and development
5	Provision of adequate tools and equipment
6	Decision making involvement
7	Good working condition
8	Effective communication
9	Sympathetic with staff personal problems



The respondents answered a ranking question of the questionnaire that asked them what incentives they found to be most motivating from 1<sup>st</sup> to 9<sup>th</sup> place. The respondents indicated that job security was the second most important motivating factor after salary and wage. Moreover, there was a moderate correlation between the perception of the existence of achievable non-financial incentives and how currently motivated the respondents were.

When the respondents were asked to rank the importance of various incentives, it indeed confirmed remuneration (salary and wages) and other financial incentives to be of overall importance. Close behind pay was job security, staff recognition and opportunity for promotion, fair and equitable staff growth and development, provision of adequate tools and equipments to do the work, decision making involvement, good working conditions (employee benefits and job flexibility), effective communication, and sympathy for staff personal problems follow systematically in the order of most important to least important. This data was analyzed on a general level of importance does not seem to change with age.

Part of the survey where respondents rated several statements regarding their place of work revealed other important information regarding incentives. In this case, based on an overall rating, purely financial incentives were rated as third most motivating. Gaining proficiency at their job and mastering their position was also of significance.

The survey showed that respondents were essentially split on their feelings of work contribution. Approximately half feel their work is valuable to the company, while the other half feel their work is simply necessary but sometimes unrecognized. Research reveals that approximately half of respondents are praised and personally recognized for a job well done. The other half, in this case was split but mostly noted that they were neither recognized nor financially rewarded for great work. Incredibly few respondents were solely given financial rewards. These responses when compared to the results of the survey seem to convey that recognition as an essential factor regarding motivation as financial incentives.

Respondents were also asked about how much they felt managers cared about them personally, and how much effort they felt managers were making to instill a solid level of motivation in their departments. Overall, respondents feel neutrally-to-positively about the management styles they are exposed to at work, and they feel that managers do a descent job of caring about employees and attempting to motivate them. Nearly half of the respondents feel that it is most helpful and least obtrusive when their boss or manager gives them job feedback or talks to them about their work more frequently. So if that is not happening, as is indicated by those who feel their bosses isn't communicating with them enough, it can affect their overall motivation levels.

Financial incentives stood out to be the highly ranked incentive by the respondent with nearly 100% of them saying they are first and foremost highly motivated by pay inform of salary, wage, locum and overtime pay, performance bonus and any form of benefit and allowance given in financial or monetary terms. However non-financial motivators almost had an equal impact on employees' performance and are therefore essential motivators as well.

#### 4.5 Regression Model

Regression models are powerful tools for predicting a score based on some other score. They involve a linear transformation of the predictor variable into the predicted variable. The parameters of the linear transformation are selected such that the least squares criterion is met, resulting in an optimal model. The model can then be used in the future to predict either exact scores, called point estimates, or intervals of scores, called interval estimates.

The regression analysis using statistical packages for social scientist (SPSS) as a model was used in this study. Selecting the following options will command the program to do a simple linear regression and create two new variables in the data editor: one with the predicted values of Y and the other with the residuals. The output from the preceding includes the correlation coefficient and standard error of estimate.



Table 4.11 Regression Model summary

Model	R	R Square	Adjusted R square	Std error of estimate
1	0.6252	0.3908	0.1331	1.1479

Dependent variables: quality service, individual staff output, profitability and development.

Independent variables: (constant) financial and non-financial motivators.

Method: enter All requested variables entered

The R which translates to 0.6252 indicated that change would occur in dependent variable as a result of change in independent variable. For every unit change in independent variable, there is a correspondent change in dependent variable of 62.52%. This indicated that there is correlation between performance and motivation. The R square of 0.3908 indicated that the variables (motivations) only explained 39% of the areas that affects the performance of staff in the hospital. Other possible areas that were not covered by the research that would affect performance are over staffing in a department, poor working relationship of staff with immediate bosses and workmates, strict introduction and implementation of policies that does not allow employees to learn and contribute their feelings and perceptions, and not focusing on employees background.

Table 4.16 Regression Analysis on Performance and Motivation

	Variables	Standard	Standard	t	Significant
		error	coefficient		
1	Salary and allowance earned	0.161	0.196	1.446	0.154
2	Professional growth development	0.190	-1.658	-1.658	0.239
3	Job promotion and career advancement	0.144	-0.068	-0.448	0.656
4	Feedback used to make progress	0.174	-0.126	-0.669	0.507
5	Involving staff in decision making	0.157	-0.370	-2.118	0.039
6	Recognition of the staff output	0.163	0.011	0.055	0.956
7	Feeling of personal accomplishment	0.150	0.060	0.430	0.667
8	Tools and resources to do my work	0.155	-0.006	-0.044	0.965
9	Staff informed on matters affecting them	0.205	-0.142	-0.767	0.447
10	Development of talent and skills	0.171	0.295	2.061	0.044
11	Managers committed to quality	0.217	0.041	0.222	0.825
12	My work as a source of satisfaction	0.189	0.048	0.291	0.772
13	Lost interest in going to work	0.133	0.146	1.063	0.825
14	Job security	0.181	-0.439	-2.647	0.011
15	Fell unable to cope at work	0.189	0.007	0.047	0.963
16	Suffering from too much work	0.152	0.080	0.535	0.595
17	Satisfied with communication in the firm	0.176	-0.098	-0.615	0.541
18	Promotion opportunities available	0.162	0.37	0.246	0.807

Taking into account that the projected significant level was 0.05 and the level of confidence was 95%, three motivators; decision making involvement, making use of skills and ability and job security have the level of significance.

The other motivator had some relationship with performance but the level of significance was below the projected level. It was therefore concluded that the null hypothesis was rejected. This means that there was relationship between them.



# **4.3.6** Testing Hypothesis

Table 4.14 Hypothesis testing.

	Variation on motivation	N	Min	Max	Mean	SD
1	Mentoring from seniors	60	1.0	5.0	3.4	1.2
2	Professional growth opportunities	60	1.0	5.0	3.3	1.2
3	Career advancement and promotion	60	1.0	5.0	3.1	1.3
5	Managers ability to identify staff strengths	60	1.0	5.0	3.0	1.2
6	Management to make decisions	60	1.0	5.0	3.3	1.4
7	Feedback used to make progress	60	1.0	5.0	3.4	1.3
8	Decision making involvement	60	1.0	5.0	3.5	1.4
9	Recognition on the output	60	1.0	5.0	3.0	1.5
10	Feeling of personal accomplishment	60	1.0	5.0	3.9	1.1
11	Tools and resources to do my work	60	1.0	5.0	3.5	1.2
12	Staff informed on matters affecting them	60	1.0	5.0	3.6	1.1
13	Making use of staff skills and abilities	60	1.0	5.0	4.0	1.0
14	Management commitment to quality	60	1.0	5.0	3.8	1.0
15	My work as source of satisfaction	60	1.0	5.0	3.8	1.1
16	Lost interest in work	60	1.0	5.0	4.0	1.3
17	Look forward to going to my work	60	1.0	5.0	2.4	1.1
18	Fell unable to cope at work	60	1.0	5.0	3.7	1.0
19	Suffering from too much work	60	1.0	5.0	3.3	1.2
20	Satisfied with communication on job	60	1.0	5.0	3.6	1.1
21	Promotion opportunities available	60	1.0	5.0	1.9	1.1
22	Salary and allowances earned	60	1.0	5.0	1.7	1.0
	Average on motivation		1.0	5.0	3.3	1.2

Key: N-total no. of sample population.

The average response on motivation by staffs was 3.3 tending towards neutral (neither agree nor disagree), therefore the null hypothesis above was confirmed on whether there was chances for them to advance to the position of supervision and promotion, the response tend towards neutral (disagree and neither agrees nor disagrees).

On whether their skills and abilities were being utilized, they agreed on the other hand, they agreed they had lost interest in their work. On whether there were promotion opportunities available, they disagreed. Through their responses, they expressed their dissatisfaction with the salary and allowances that they earned. Therefore, based on this study, it was deduced that the staff morale was hampered by their perceptions of issues raised. There is no significant staff motivation improvement since the establishment of MLMS.

#### **CHAPTER FIVE**

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

# 5.1 Introduction

This chapter outlines the summary of the findings, conclusion, recommendations and suggestions for further research. The findings indicates that competitive remunaration, job security, recognition and appreciation, promotion and growth, communication and decision making involvement, good working conditions, and having proper and enough tools and equipment boosts the workers morale hence higher performance.

# 5.2 Summary of the findings

From the findings the study shows that competitive remuneration, job security, staff recognition and opportunity for promotion, fair and equitable growth and development, decision making involvement, good working conditionms, effective communication and being sympathetic to the staff employee's personal problems are the major motivators for an employee. It is also important to note that the employees that they motivate in the order they have been listed from most motivating to least motivating respectively.



Competitive remuneration is indeed a major factor that drives workers to give their best at work. By receiving a higher wage, these employees overall performance and motivation levels would increase because they would no longer be lacking that important motivational factor and having to compensate. Long-term incentives such as opportunity for promotion, along with others like are beneficial in influencing more overall productivity. Also, short term financial incentives could give motivation to only do what has been successful in the past and not to be creative.

The research discovered that job security and promotion, equitable and fair staff development, provision of adequate tools and equipment, decision making involvement, enhancing effective communication and provision of good working conditions all affect the employees' performance and indeed emerged as equally strong motivating factors.

#### 5.3 Conclusion

In conclusion the study shows that employee motivation has direct impact on productivity and growth. A highly motivated employee invests his or her best hard work in carrying out each and every aspect of his or her duties and responsibilities. Improved job performances of the employee will add value to the organization itself and to all the employees' productivity.

Experimental results of this study show that the motivation of the employee has reward to the employee and the organization will keep the faithfulness of the employee at the high climax. The employee will trust his or her organization, supervisor and top managers.

While employees find their pay to be an undeniable vital aspect of their jobs, it cannot stand on its own as the sole incentive provided by the company. Though important, financial incentives were actually found to be less motivating than the employee simply gaining proficiency at their job, or the employee's work having a noticeable effect on the organization. Where financial rewards might be excessive, inappropriate, or unaffordable, the above mentioned factors together with being praised or personally thanked can facilitate the employee's desire to have a greater, more meaningful effect on the company.

Communication was found to be a contributing factor in motivating employees. A company with effective communication will help make employees feel more involved, valued and appreciated. If employees have a greater respect for their organization and are satisfied with the way information is relayed to them, they will be more motivated in the workplace and their work will improve as a result. The amount of communication between managers and employees is very critical, and overall employee motivation can depend on how much they feel the manager cares about them as individual and values their work as well.

The respondents in the category of low income earners were less motivated and were slightly critical of the quality of communication in the company, management styles, and company's effort to offer achievable and worthwhile incentives. They felt more strongly than the higher income demographic about the ability of financial incentives, achieving recognition and credit, and gaining proficiency at their job to motivate them to do their best at work. This is primarily because they earn a lower wage and feel the need to compensate for their lack of pay by feeling more strongly about and putting more emphasis on the ideas of incentives and other motivational factors in the workplace, whether they are actually receiving them or not. From these observations, it is very clear that business firms can live and grow by taking care of their employees. In the free market economy under today's globalization only organizations which follow high-performance paying attention to their employees can live and grow quickly and securely.

# **5.4 Recommendations**

The following recommendations are made to the organization based on the findings and conclusion of the study on the effect of motivation on performance of employees for the purpose of enhancing the overall level of employee motivation and increase in the work efficiency.

- 1. Provide more competitive wages to the low-income employees in the organization.
- 2. Increase employee job security and promotion by promoting from within.
- 3. Encourage frequent and effective communication within the organization and involve workers in decision making.



4. Ensure employees are properly accredited and receive well deserved recognition for the good work done in their respective positions and departments.

# 5.3 Suggestions for Further Research

Human resource is a very vital resource in any organization since it thinks, pro acts and reacts. It's motivational level is crucial since it can hinder or spur performance. In the knowledge industry, this resource is of greater importance. Based on the above, it is worthwhile for more studies to be undertaken in this field, it would therefore be of interest to study:

- 1. The importance of staff background and the organization's reward policies.
- 2. The effect of employee training and development on performance and the training philosophy of the organization.
- 3. The study dwelt on the motivational factors based on the Maslow's hierarchy of needs theory. A detailed analysis of the factors identified in the research is recommended e.g. an investigation on the effect of salary increment to employees.

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