RELATIONSHIP BETWEEN EMPLOYEE PARTICIPATION IN DECISION MAKING AND MOTIVATION: A SURVEY OF COMMERCIAL BANKS IN NAIROBI

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D61/P/7930/00

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A Management Research Project submitted in partial fulfillment of the Requirement for the Masters of Business Administration (MBA) Degree, Faculty of Commerce, University of Nairobi

2006

DECLARATION

This Management Research Project is my original work and has not been submitted for another degree qualification of this or any other University or Institution of learning.

Signed ....Ben........... Date: 4th May 2006

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This Management Research Project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this Research Project to God Almighty for the significant grace, mercy and blessings that have seen me through this program.

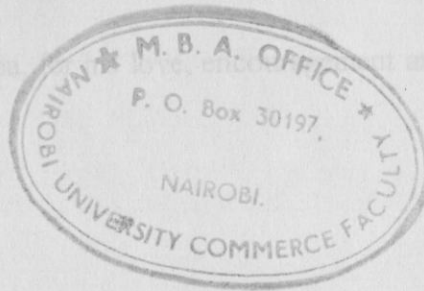To my late parents, Augustine and Clara Boen, for their love, inspiration and encouragement and from whom all began.

To my daughter, Eugenea Chebet, who will continue from where I stop.

And to my husband, Dr. Caleb Achapa, for his love, encouragement and support all the way.

ACKNOWLEDGEMENT

ABSTRACT

The objectives of this study were to establish the extent to which commercial banks in Nairobi practice employee involvement in decision making and the relationship between employee involvement in decision-making and motivation. A sample size of 168 employees was targeted consisting of non-managers and managers. The response rate of 84% was achieved.

The main findings showed that employees' attitudes were fairly favorable towards the idea of workers sharing in the decision making process of the company, the employees cited the job experience, job title and description and company policies as the main factors hindering employees from being involved in decision making. The attitude towards participation was positive despite the limited opportunities to participate.

The employees were fairly motivated, they cited individual recognition for above performance, job security, the quality of the relationships in the informal work group, special wage increases to employees who do their job very well, individual incentive bonuses and better job descriptions as the main factors that motivate employees.

There is a strong positive correlation between employee involvement in decision-making and employee motivation.

The main limitation of the study was that the study was carried out with the help of predetermined questionnaire, hence hindering employees from freely expressing their views, the study involved employees at all levels of management, this might have affected the results because motivation may vary at different levels of management. Further research should be carried out in the whole country at specific levels of management and factors such as work experience and level of education considered.

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CHAPTER ONE
INTRODUCTION
1.1 BACKGROUND
1.1.1 Employee Involvement in Decision -making

Peter B. Grazier (1989) provides a more descriptive definition of employee involvement: it is a way of engaging employees at all levels in the thinking process of an organization. It is the recognition that many decisions made in an organization can be made better by soliciting the input of those who may be affected by the decision. It is an understanding that people at all levels of an organization possess unique talents, skills, and creativity that can be of significant value if allowed to be expressed. According to Altman (1999), Decision-making is the process of choosing from among alternatives.

Employee involvement is concerned with creating an environment in which people have an impact on decisions and actions that affect their jobs. New workplace practices such as employee involvement have become relatively common in organizations today (Osterman 1995), largely because employee involvement can greatly increase productivity and quality of work (Ichniowski, et al., 1996). By "employee involvement" one means workers using abstract reasoning skills as well as performing manual tasks. Activities using these skills include meeting with a group to devise solutions to quality or safety problems, providing suggestions for improvement, and setting up machines to make different parts. These activities can occur in formal institutions (such as a suggestion system or pay-for-knowledge plan), or informally. While there is a growing consensus that employee involvement can improve outcomes for firms, few studies have examined the question of whether new work practices can improve outcomes for employees. Some authors claim employee involvement helps workers by providing them with higher skills, pay and quality of work life (Womack, Jones, and Roos, 1990). However, others fear that employee involvement leads to speed-ups, lower wages, less safety, and more job loss (Drago, 1996; Parker and Slaughter, 1988).

How to involve employees in decision making and continuous improvement activities is the strategic aspect of involvement and can include such methods as suggestion systems, manufacturing cells, work teams, continuous improvement meetings, Kaizen (continuous

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improvement) events, corrective action processes, and periodic discussions with the supervisor. Intrinsic to most employee involvement processes are training in team effectiveness, communication, and problem solving; the development of reward and recognition systems; and frequently, the sharing of gains made through employee involvement efforts. (Womack, Jones, and Roos, 1990)

Employee participation and involvement are used synonymously to cover all forms of individual representative information sharing, consultation and participation. However Marchington et al. (1992) distinguish between the two, they define involvement as those practices, which are initiated by the management and are designed to increase employee information and commitment to the organization. While employee participation plays a greater part in decision making, employee participation is closely related to the concept of co-determination (Dessler 1991) defined co-determination as situation where employees have legal rights to have a voice in setting company policies. Workers are able to elect their representatives to the supervisory board or have a vice president for labour at the top management level. As defined by Marchington and Goodman (1992), employee involvement consists of 'those practices which are initiated principally by management, and are designed to increase employee information about, and commitment to, the organization'. The employer gives employees the opportunity to become involved in their work and their organization 'beyond simple performance of the wage/ work bargain'.

According to Brian Stevens, Director of the involvement and participation Society (1990), 'involvement assumes a recognition that employees have a great untapped potential but that managers retain the right to manage.'
Participation is defined by Guest and Fatchet (1974) as 'any process through which a person or group of persons determines (that is, intentionally affects) what another person or group of persons will do.' Stevens (1990) believes that 'participation is about employees playing a greater part in the decision – making process.' Marchington et al use the term participation to cover 'employee influence which may be exercised through bargaining and negotiation over a wide range of issues associated with the organization and conduct of work and the terms and conditions of employment.'

The International labour organization (ILO) has also been advocating for increase in workers' participation and many countries seem to herald the call and are making participation a central issue in labour management relations. It is in the appreciation of the foregoing that the Kenyan government in its laws provided for the existence of trade unions .The industrial charter defines the relationship between the management and employees and provides for collective bargaining agreement and joint consultation; this is according to the "Kenya industrial relations charter". It is important to note that the Kenyan labour laws are currently under review .The Kenyan organizations including commercial banks' response to the global challenges have instituted forms of employee participation in decision making which are not legislatively mandated but are in practice today, since they have to move with the rest of the world, and adjust to the challenges of the labour market, as they operate in highly competitive global market, hence have to follow the global trends to survive and prosper.

1.1.2 Motivation

According to Armstrong (2001), motivation is concerned with the factors that influence people to behave in certain ways. The three components of motivation as listed by Arnold et al (1991) are:

Direction- what a person is trying to do;

Effort – how hard a person is trying?

Persistence – how long a person keeps trying?

Motivating other people is about getting them to move in the direction you want them to go in order to achieve a result. Motivation can be described as goal –directed behavior. People are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward, one that satisfies their needs, Armstrong (2001).

Sagimo (2002) describes motivation as an aspect of managerial function of directing under execution. It is necessary as a means to induce people to work, as they are able and trained to do, willingly.

Motivation is used in the workforce not just to attract individuals to that organization but to keep them there. One definition of motivation "has to do with a set of independent variables relationship that explains the direction, amplitude, skill, and understanding of the task, and the constraints operating in the environment" (Campell&Pritchard, 1976).

Clearly, a major motivation for working is money for both team and individual, but money in and of itself is not important, it acquires importance as a means of fulfilling needs. One survey asked that if you were to get enough money to live as comfortably as you would like for the rest of your life, then would you continue to work. Over 63% of those who responded to this survey did say that they would continue to work. It appears that money is important if the employee views it as a means to a desired end, but it is definitely not the sole vehicle for satisfying all of the employee's needs (Aldag & Brief, 1997). Another way of enhancing employees' morale is involving them in decision-making, the leader who knows how to tap the creative minds of the team members, increases their morale through every one's involvement (Losoncy, 1995).

1.1.3 The Kenyan Banking Industry

The Kenyan business environment has been undergoing drastic changes since the onset of liberalization in the early 1990s. Some of the changes include the accelerated implementation of economic reforms, the liberalization of the economy, discontinuation of price controls, privatization and commercialization of public sector and increased competition. In this changing environment, organizations have constantly adapted their activities and internal configuration to reflect the new external realities. Failure to do this may put the future success of the organization in jeopardy (Aosa, 1998)

The environment in which Kenyan firms operate therefore became turbulent in the 1990s due to unfamiliar changes in the business environment that exerted heavy pressure on organizations to face competition (Government of Kenya, 1998).

From the above scenario, one can assert that external conditions have drastically changed in Kenya, hence continuously exerting new challenges on the organizations. This in turn creates pressure for organizations to respond to the new environmental reality. Commercial banks in Kenya bearing the full brunt of environmental turbulence need to have strategies in place to

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cope with the changes in the environment. Commercial banking sector in Kenya has been facing problems of competition, technological changes like e-banking, where banks are now using the internet in carrying out banking transactions, customers' awareness of good customer service hence the freedom to choose the kind of bank they would like to save their money in. This has led to the need to involve staff in decision making so that they can be motivated to serve the customers better. Commercial banks can no longer afford to be conservative in the way they carry out their business, and that is why most commercial banks have initiated customer relations departments to handle customer complaints and demands.

Kenya has forty-two commercial banks with a total asset of Kshs.77.6 billion, (Central Bank of Kenya, 2005). Thirty-five of the banks, most of which are small to medium sized, are locally owned. A few large banks dominate the industry most of which are foreign-owned, though some are partially locally owned. Six of the major banks are listed on the Nairobi Stock Exchange. The commercial banks offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking. The Central Bank has on a few occasions put certain commercial banks under statutory management and some have resulted in closure. Some of the smaller banks have started to merge in a bid for survival as they are faced with an increase in commercial banks minimum paid up capital and high operational costs due to cut-throat competition from the bigger players, (Banking survey 2002).

The banking sector is poised for significant product and market development that should result in further consolidation of the banking sector. In the commercial banking industry the practices that have been embraced include Total Quality Management that advocate employee participation and involvement in decision making, teamwork; quality staff committees change management and performance management among others (Market intelligence 2004).

1.2 Statement of the Problem

Grazier (1989) asserts that employee involvement in decision-making points to the fundamental relationship between involvement in decision-making by employees and positive outcomes in the organization in terms of productivity. If employees are involved in decision making in companies, they will feel part and parcel of the organization. They will also be motivated and will increase their efforts to be practical and constructive in their activities.

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Employee involvement involves creating an environment in which people have an impact on decisions and actions that affect their jobs. Employee involvement is not a goal nor is it a tool, as practiced in many organizations (Osterman 1995). Rather, employee involvement is a management and leadership philosophy about how people are most enabled to contribute to continuous improvement and the ongoing success of their work organization (Osterman 1995).

The Kenyan banking environment is one where policies and procedures guide the workers, hence leaving few opportunities for involvement in decision-making. Bureaucracy in commercial banks operations also make it a little difficult for non -management employees to be fully involved in decision making; in addition to this, the risks involved in cash handling leads to certain controls which may limit the extent of involvement in decision-making by non- management employees (market intelligence 2004).

The changing business environment has necessitated a shift in strategy and a change in internal structure, all aimed at encouraging employee participation in decision making. No organization can afford to remain aloof and highly bureaucratic in the face of fundamental restructuring and transformational changes taking place today. What is ultimately called for is the realization of the axiom that neither management nor labour can survive alone, Truss (1999).

Some commercial banks are associated with good profits as seen in the recently declared half year financial results of two leading commercial banks namely Kenya commercial Bank (40% pretax) and Barclays Bank of Kenya (13%after tax) (Daily Nation 6th August 2005). It is not clear what these banks do differently from their less successful counterparts.

Studies have been done on employee participation and a lot of material written about it in other countries. In Kenya, studies that have been done include Katembwe (1976) who looked at problems of worker participation in Car and General. The main findings by Katembwe were: lack of work councils at Car and General, no arrangements for workers' representatives in the union or committees to get some coaching or training to prepare them for participative roles, lack of communication systems like notice boards, bulletins, circulars etc. and existence of a collective bargaining agreement. Katembwe's general conclusions were: management attitudes were fairly favourable towards the idea of workers' sharing in the decision making process of the company, that although workers would appear not to have adequate potential to participate in decision making, their attitudes towards participation were positive despite their

limited opportunities to participate. Chumba (2004) looked at employee participation in management of top ranking private secondary schools in Nairobi. Her findings were: employees in top ranking private schools enjoy a certain level of flexibility and independence in their work, employees are moderately involved in participative management and identify with the school goals and image, the existence of a number of challenges to employee participation in management, which includes delayed decision making, communication gap, school organization culture, as well as lack of necessary skills.

Ukur (2003) studied the relationship between perceived empowerment and job satisfaction of employees in commercial banks in Nairobi. The findings of this study were: that there is a strong correlation between job satisfaction and empowerment, different attributes of empowerment can be used to create job satisfaction in the banking sector. These attributes include job autonomy, helping employees to be proud of their work, and the organization's initiative to empower its employees. She also found out that most employees of commercial banks are satisfied and empowered in their jobs. All of the above studies did not address the issue of employee involvement in decision-making and how this motivates them. This therefore is the gap that this study hopes to bridge. The study aims at answering the following research questions:

1. What is the extent of employee involvement in decision making in commercial Banks in Nairobi?

2. What is the relationship between employee involvements in decision-making and motivation?

1.3 Objectives of the Study

1. To establish the extent to which commercial banks in Nairobi practice employee involvement in decision-making.

2. To determine the relationship between employee involvement in decision- making and motivation.

1.4 Significance of the study

i) **Commercial banks** in Nairobi might use the findings of the research to improve the application of employee involvement in decision-making in their institutions.

ii **Employees** will also benefit from the research of practicing employee involvement in decision making as they will feel part and parcel of the company.

iii Government will also benefit in that it will formulate policies aimed at enhancing practising employee involvement in decision-making in financial institutions in Kenya.

CHAPTER TWO
LITERATURE REVIEW

2.1 The Concept of Employee Involvement

Employee involvement is an old idea constantly being revitalized by organizations and new generations of practitioners throughout the world. For instance, the oldest documented system of formal employee involvement is a document called "employee suggestion system", established by Eastman Kodak in 1898.

However, employee involvement revolutionized when McGregor (1957) and Herzberg (1966) first started writing about the topic in their articles *"The Human Side of Enterprise"* and *"Work and the Nature of Man"*. In addition, Kurt Lewin, the father of social psychology and one of the contributors to the study of organizational behavior- focused on the individual as a member of a group or within a social environment (Lewin, 1948, 1951). Lewin took the individual out of the abstract and placed him or her into the everyday environment of social forces (Cotton, 1993). Lewin, rightly called the father of employee involvement, researched and studied the impact of involvement, but never in a business organization.

Consequently, authors started searching for: 1) how the group can influence the individual (Asch, 1956), 2) how non-physical entities such as norms could affect behavior (Festinger, Schachter, & Back, 1950), and 3) how groups behave (Janis, 1972).

(Eric Trist and Fred Emery, 1960) studied Lewin's ideas and suggested how they could be used to improve organizations. Their major contributions were: first, that the two systems known as social (interaction of people with each other) and technical (tools and techniques employed in the work) must operate synchronously to produce a positive-productive work; and second, the promotion of self-directed work teams, as well as the careful testing of these types of interventions, must be applied.

Over the last 30 years, Edward Lawler (1973) has been one of the most recognized researchers in the effort to explore and integrate employee involvement. He studied not only the effectiveness of involvement, concluding and accepting employee involvement as a philosophical necessity, but also, he concluded that additional changes that can serve and support the involvement process, need to be made to other systems in the organization (Mohrman, Resnick-West & Lawler, 1989).

Lodahl and Kejner (1965) define job involvement as "the degree to which a person's work performance affects his self-esteem". They also argue, based on their research findings, that employees who are highly involved in their jobs are also highly involved in their organizations. However, Etzioni (1975) proposed three different types of involvement: moral, calculative, and alienative. In his opinion, individuals are morally involved if they accept and identify with organizational goals. Calculatively involved is when the individuals perceive an exchange agreement with the organization, and alienatively involved is when they have negative feelings and attachments to their organizations, but are forced to remain due to lack of alternatives or a behavioral compliance system that forces them to remain. It is important to notice that Etzioni's concept of moral involvement includes identification processes. If individuals are morally involved and identify with organizational goals it will make them more liable to share ideas, values, and norms with other members of the group. Consequently, they would develop a culture.

Employee involvement is a participative process that uses the entire capacity of workers and is designed to encourage employee commitment to organizational success (Lawler & Mohrman, 1989). Moreover, employee involvement is understood as a variety of techniques designed to achieve the objective of giving the employee some combination of information, influence and / or incentives (Cotton, 1993).

Employee involvement practices are defined by Lawler, Mohrman and Ledford, Jr. (1995) in their book "Creating High Performance Organizations." According to the authors, employee involvement can be characterized by the use of the following practices:

Sharing power. It refers to the use of various practices, such as participative decision-making and job enrichment, which give employees a degree of control or say in decisions that affect their work.

Sharing information. It refers to the practice of informing employees about company and work group goals as well as the sharing of performance feedback.

Rewards. It refers to the use of performance-contingent reward systems that link compensation, promotions, and recognition to individual, group, and organizational performance.

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Knowledge. It refers to support for skill development through formal training as well as informal supervisory coaching including employees at all levels of the organizational hierarchy.

2.2 Dimensions or properties of employee involvement

Dachler and Wilpert (1978) outlined the properties of employee involvement concerning five different characteristics (dimensions) that are explained by Cotton (1993) as follows:

Formal - Informal. *Formal* employee involvement refers to a system of rules imposed on or granted to the organization. *Informal* involvement, in contrast, is a consensus that arises in a casual way. For example, a quality circle program or a gain-sharing program will be a formal form of employee involvement. When a supervisor casually allows his or her workers to make decisions about how their work is done would be an example of informal involvement.

Direct - Indirect. *Direct* involvement refers to immediate personal involvement of organizational members. This is typically face-to-face involvement where workers can have an immediate and personal impact. *Indirect* involvement incorporates some type of employee representation in which, rather than the employee interacting, his or her representative is involved. An example of direct involvement is quality circles; indirect employee involvement includes worker councils or an employee at the Board of Directors.

Access to Decision. *Level of Access* refers to the amount of influence that organization members can exert when making a decision. The authors employed a continuum of access: first, no information is given to employees about a decision; second, employees are informed in advance; third, employees can give their opinion about a decision to be made; fourth, employee opinions are taken into account; fifth, employees can negatively or positively veto a decision, and; sixth, the decision is completely in the hands of the employees.

Decision content importance and complexity. Although most programs of employee involvement focus on issues and decisions directly related to the individual's work, this is not always the case. For example, gain-sharing programs can focus on general improvements in productivity.

Social range. The social range dimension refers to who is involved: is everyone Involved, only a certain level of employees, only certain locations or departments, or what? This dimension also can refer to whether the involvement is on an individual level or group

level: do employees participate as part of the group (self-directed work teams) or as individuals (work redesign)? Employee involvement models are numerous. In an effort to explain them the following authors were cited, because they presented "models" that summarize the magnitude of the scope about employee involvement and the different forms involved.

2.2.1 Informal involvement in Decision Making

Another employee involvement approach is defined by Blake and Mouton (1981) in their book "Productivity: The Human Side". The idea for this author is that the more involved employees are in the challenges of production, or services, the more productive they will be. The four approaches of employee involvement that the authors emphasized (also called employee *participation*) are: 1) job redesign, 2) managing by objectives (MBO), 3) quality of work life (QWL), and 4) quality circles (Blake and Mouton, 1981). Employee involvement forms are listed below. The different forms are a compilation of the examples used by Cotton (1993) and Blake & Mouton (1981). Even though each form has too much information to include in its entirety, the intention is to review every form providing no more than a definition of it.

Formal Participative Decision Making: Decision-making is defined as the ability to weigh alternative approaches and make a commitment to, and carry through, a selected option (Thorley, 1992). More specifically, The Leadership Management Development Center, Inc. (1997) described in its Web page "Decision Making Styles" that the decision-making ability is a matter of style. Not the decision itself, but the style. Consequently, there are four types or styles: democratic, autocratic, collective-participative, and consensus. But, if the word participative is included in the definitions; the style known as autocratic and collective-participative cannot be considered. Thus, "democratic decision-making is when the leader gives up ownership and control of a decision and allows the group to vote. Majority vote will decide the action. Consensus decision-making is when the leader gives up total control of the decision. The complete group is totally involved in the decision. The leader is not individually responsible for the outcome. The complete organization or group is now responsible for the outcome". (Leadership Management Development Center, Inc. 1997). Finally, Participative decision-making is when the group as a whole proceeds through the entire decision making process. It is when the group defines the problem and performs all other functions as a group.

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Quality Circles (QC). Recognized as one of the forms of employee involvement, the concept of quality circles (QC) has been discussed in a large number of articles. According to John Cotton (1993) this number can be estimated to be about "500 articles published in the last five years". In whatever manner, the term "quality circles" has changed in how it is defined (Van Fleet & Griffin, 1989), simply, because it means different things to different people. There are definitions of Japanese QC because they developed the term in the early 1960s. By that time, the development of QCs was a strategy of the Japanese government to create a better country reputation within the quality arena (Munchus, 1983). For instance, Crocker, Chiu & Charney (1984) defined QC for the Japanese industry such as "they are problem-solving teams which use simple statistical methods to research and decide on solutions to workshop problems". On the other hand, the definition in America is very similar. The difference is that in America the QC may emphasize a particular function, such as problem solving, team building or quality control (Crocker, Chiu & Charney, 1984). Another definition of QC provided by Donald L. Dewar (1980) says that QC is a way of capturing the creative and innovative power that lies within the force".

Nevertheless, no matter what definition is used, quality circles are a people-building, rather than people-using, approach (Crocker, Chiu & Charney, 1984).

QCs are very similar to self-directed work teams except for the dimension of influence. In other words, making suggestions for someone else to decide, the quality circles are different from self-directed teams. Self directed work teams make decisions and then act on those decisions (Cotton, 1993).

Quality of Work Life (QWL). The term "quality of work life" (QWL) was first introduced in 1972 during an international labor relation's conference (Hian and Einstein, 1990). QWL received more attention after United Auto Workers and General Motors initiated a QWL program for work reforms. Robbins (1989) defined QWL as "a process by which an organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work". QWL has been widely recognized as a multi-dimensional construct and it may not be universal or eternal. The key concepts captured and discussed in the existing literature include job security, better reward systems, higher pay, opportunity for growth, participative groups, and increased

organizational productivity, among others. Moreover, Walton (1973), and Nadler and Lawler (1983) are two examples of many people that agree with the fact that QWL is known as the most difficult employee involvement's form to define. QWL has too many meanings.

Gainsharing. In Bernolak's (2000) words: "Gainsharing refers to a category of incentive systems that involves a group of employees in the productivity improvement efforts and shares the resulting gains with the group based on its overall performance improvement". The author implies that productivity and profitability gains can be created by a better use of inputs such as labor, capital, materials and energy. Thus, gainsharing plans use predetermined formulas to reflect the productivity or profitability improvement over historical levels. Today, gainsharing has become a generic term, casually used to describe any number of incentive, bonus, or award programs, or other variable pay methods. Rather than the serious, formal, well thought out "pay for results" methodologies and culture originally designed and intended by the founding fathers of Gainsharing (Scanlon, Rucker, and Jackson), many years ago. Many actual gainsharing plans have evolved to be hybrids of these authors' work.

Another example of gainsharing definitions is defined by Bovino Consulting (2001) as "a complete improvement system that merges sound and proven approaches of effective leadership with a variable pay reward system". In general terms, gainsharing is: A method to improve business performance.An overall system to increase organizational effectiveness. It focuses all employees on a few common, critical, performance objectives called Key Performance Indicators (KPIs)

A process that significantly increases employee empowerment (participation and involvement), a method to measure real changes in productivity and quality

A performance based, variable compensation reward system that ties pay to organization performance, rather than individual performance, a commitment to continuous improvement. Ultimately, the "correct" gain sharing plan is the one that labor and management feel is fair, fosters a sense of identity with the organization, and improves the productivity and profitability of the organization (Bernolak, 2000).

Job Redesign. At the beginning of the evolution of job redesign, employee involvement was not the main focus. It rather focused on job design. Nevertheless, it is important to mention that Hezberg's motivation-hygiene theory, also called the two-factor theory, has to be considered as an important base of this topic (Cotton, 1993). Enlargement, job enrichment or job redesign refers to the process of determining what tasks and work processes will comprise

a given job or given group of interrelated jobs. Job enrichment has been defined by Boone (1999) as a "job design change that augments employees' authority in planning their work, deciding how it should be done, and learning new skills that help them grow." The idea is that a person that is involved in rethinking his or her job and what it contains is very likely, particularly with professional help, to want to increase the complexity of his or her job in both directions. "Once complexity is increased, the job requires more thought and involvement, therefore one person is contributing more output under the redesigned job than previously." (Blake and Mouton, 1981).

Self-Directed Work Teams (SDWT). It is "one of the more radical approaches to employee involvement, and one becoming increasingly popular in the last several years, (also called autonomous or semiautonomous work groups)" (Cotton, 1993). It is about reorganizing the employees into teams. Loren Ankarlo (1992) defined SDWT as "a functional group of employees (typically eight to fifteen people) that share responsibility for a particular unit (production or service) in which members are trained in all technical skills necessary to complete the task assigned. They have the authority to plan, implement and control all work process, including scheduling, quality and costs, but those responsibilities have been clearly defined in advance."

The issue about leadership and direction in this kind of Employee Involvement (EI) form is that there is no single supervisor within the team; rather all team members share authority. The team makes decisions, not a single supervisor. However, outside of the team is a leader, who has little interaction with the team. It is the role of the external leader to act as a coach. In some cases, SDWT gives the companies a chance to promote opportunities for the employees to use their ideas, to show their skills and talents, and to create innovations that generate outcomes. In fact, it is estimated that today 90% of all North American organizations have at least some self-directed work teams (Ankarlo, 1992).

Representative Participation (RP). It is one of the four forms of participation (Poutsma, 2000). This form of employee involvement relates to teams that include selected or elective representatives of all grades of staff in the departments, which will be affected by the implementation of a new system, policy, etc. In addition, RP involves worker participation in forums that address strategic issues rather than merely workplace or process issues (Modernizing Public Service Group, 1999). It is known as the most widely legislated form of employee involvement around the world (Cotton, 1993). The different representatives "can come in the form of work council, worker representatives on the board of directors, or some other format." (Cotton, 1993).

Managing by Objectives (MBO). In this approach, the gist is setting objectives in which people become involved in demonstrating an ability to accomplish these objectives. Thus, the result is greater productivity (Blake and Mouton, 1981). Concerns and issues that many people have seen and experienced in management lead MBO definitions. For instance, related with "directing" as an issue, Peter Drucker (1954) says that MBO is "directing each job toward the objectives of the whole business". Related with "performance and development", John W. Humble (1970) defined MBO as "a system that integrates the company's goals of profit and growth with the manager's needs to contribute and develop himself personally". Referring to "productivity" as another concern or issue, Paul Mali (1972) defines MBO as "a six-step interrelated and interdependent process, that identifies potential productivity areas, quantify productivity level desired, specify a measurable productivity objective, develop a plan for attaining objectives, control with time milestones of progress, and evaluate productivity reached". Finally, Charles W. Hughes (1965) defined MBO as it relates to "motivation". In his opinion, "MBO makes company goals known to the employees and provides opportunities for employees to participate meaningfully in meeting these objectives

in a way that gives employees a chance for identifying personal goals, the motivation to work, that results will achieve company goals as well as personal goals".

A major weakness of the MBO process resides in the methodological area. In other words, achieving the basic goal of MBO through the process of pulling all the relevant parts together in a systematic way is not an easy thing to do. Sang M. Lee (1981) said, "it has been more of a philosophy than a system."

To close this sub-title, in which several forms of employee involvement have been mentioned, it is significantly important to highlight that there is too much literature on all the different forms to aggregate. However, no single approach to creating involvement has emerged as the definitive approach (Klein, Major, & Rails, 1998).

Today, employee involvement is part of the culture in many organizations around the world. There is no single direction, but normally it is understood in four specialized branches as Cotton (1993) describes: All of these directions of employee involvement are related but with separate audiences. The commonality that they all share is that they are all applied by getting people involved.

2.2.3 Modes of employee involvement

The future of employee involvement in decision-making seems to be bright, in the opinion of researchers that visualize and believe that it will be more popular at that time. The first reason is because high involvement work processes positively influence organizational effectiveness. It appears that the attributes of employee involvement operate upon effectiveness by both promoting workforce motivation and facilitating the application of employee knowledge, skills, and abilities, directly onto organizational issues (Vanderberg, Richardson & Eastman, 1999). The second reason is that people, especially managers, feel confident about the ability of employee involvement to have an impact because American management has been involving employees more effectively since 1989(Cotton, 1993), and this has helped improve productivity (Spiers, 1992). The third and last reason is that less than 20% of the U.S. workforce is in a true high involvement work environment (Lawler, 1999).

However, it is important to consider that employee involvement is not another managerial tool, but a significant agent of change within the culture of the company. Therefore, it is not an easy and quick change, and should be implemented with great care and attention (Lawler, 1999).

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It is important to mention turnover in organizations as it affects employee involvement in decision-making. Turnover is mainly the result of either a management failure to provide an appropriate working environment, or the wrong person being hired in the first place. To avoid this situation, the company must find the right people and keep them. On the other hand, having some amount of turnover within the organization is normal and is sometimes beneficial for the company. The reason behind the last statement is that new people, prepared in new technologies and bringing new ideas, will help the organization to keep its flow. The goal of a successful retention program is not zero turnover (Marvin, 1994). Excessive turnover, however, creates instability in the workforce, raises personnel costs, and diminishes organizational performance. The definition of turnover. The Newbury House Dictionary of American English (1996) defined turnover as "the rate at which employees leave a job or company".

More explicitly, involuntary turnover is understood as a separation initiated by the organization (such as discharge). And voluntary turnover is often when the firm prefers that the individual remain on the job. Examples include resignation, transfer, and, in some cases, retirement (Hom, P. and Griffeth, R.*1995*).

But the typical industry definition of turnover is the number of people on the payroll over the year divided by the average number of people on the staff (Marvin, 1994). The particular objection concerning this concept is that people have to leave the company someday. Therefore, the following definition will be referred to in an effort to design a statistic that more truly represents the retention climate of the operation. Turnover means losing people you did not want to lose when you did not expect to lose them (Marvin, 1994).

The causes of turnover are numerous. After reviewing the work of three different authors-Peskin (1973), Grotsky (1989), and Marvin (1994) - the researcher found that a complex mix of reasons within and outside the organization can cause turnover. These numerous causes listed above have been appropriately researched and documented, and it is clear that improvements must be made to reduce turnover rate.

Cost of turnover is hard to measure; however, using the direct and indirect components is a way to compute the amount of money that the turnover of an employee represents. As

William Marvin (1994) explains in his book *"From Turnover to Teamwork."* the following two definitions set the cost of turnover into perspective:

"The direct costs are those expenses that arise solely because a worker quits or is terminated. They can be calculated on a per-person basis". Examples of direct cost are recruiting costs (newspapers, ads, and materials), Staff times for the present Staff, and Payroll expense/ employee benefits (Interviewing, orientation, training, counseling, etc). This also includes, employee benefits (increase in premiums, administration fees for benefits sign-up), and Overtime (allowance of additional hours while the position is vacant).

"Indirect costs arise as a result of the impact that the staff change has on the ongoing operation. They are harder to quantify because they show up as increased costs for the entire operation." For instance, sales are lower, operating expenses are higher, and labor costs are higher.

Joan Brannick, President of Human Resource Connections, concludes in her article "Decreasing the Staggering Costs of Turnover in Your Organization" that employee turnover is very costly to an organization and, ultimately, takes its toll on organizational performance, productivity, and profit (1999).

Employee Involvement Model

For people and organizations who desire a model to apply, the best that was ever discovered was developed from work by Tannenbaum and Schmidt (1958) and Sadler (1970).

They provide a continuum for leadership and involvement that includes an increasing role for employees and a decreasing role for supervisors in the decision process. The continuum includes this progression.

Tell: the supervisor makes the decision and announces it to staff. The supervisor provides complete direction.

Sell: the supervisor makes the decision and then attempts to gain commitment from staff by "selling" the positive aspects of the decision.

Consult: the supervisor invites input into a decision while retaining authority to make the final decision herself.

Join: the supervisor invites employees to make the decision with the supervisor. The supervisor considers her voice equal in the decision process.

This model is important to employee involvement in the commercial banking industry

2.3 Management led involvement

Enhancing productivity through human resource management is the objective of management led involvement techniques. According to Ichinowski et al (1996) focus can either be on effort and motivation of workers and work groups (how to work harder) or on improved efficiency through changes in the structure of the organization (how to work smarter). Involvement schemes will induce employees to higher efforts because work is experienced as less tiring, more interesting and due to higher degree of feedbacks and rewards. Furthermore, employees generally have more complete knowledge and information about their work tasks and processes than do managers and are in a better position than managers to plan and schedule work, Weizman and Kruse (1990) show that if employees expect to be members of the same firm for an indefinitely long time, then the free rider effects could be minimal. The problem may also be overcome or reduced through emphasis on corporate culture and/ or because employees reprimand 'lazy' co- workers.

Occasionally, employees can provide technical information to management that would otherwise be costly or time-consuming to obtain. Through the communication between management and employees new ideas may take form. In other words, communication generates creativity (Freeman and Lazear 1995).

An environment that encourages employee identification with the firm and co-workers may enhance corporate performance (Blasi et al 1996). Furthermore,

Participation may raise productivity if workers are better equipped to motivate and

monitor each other than management is able to (Brown et al 1999). The potential

Performance gains due to employee involvement, however, are offset, at least in part, by costs associated. In addition to being time consuming, participation may cause delays in decision-making (Freeman and Lazear 1995) and therefore represent a comparative disadvantage for the firm.

2.4 Motivation at the work place

A lot has changed within the job environment over the past years. Society is changing drastically and the way in which jobs are done is changing and so are motivation techniques. Previously, people were motivated by material gains; while they still are today, people are increasingly focusing on meaning and purpose in their lives so the motivating or team leader should give the team a positive purpose (Losoncy, 1995). A team leader or manager should

encourage them verbally by letting them know that what they do is important and is contributing to others within the company.

There may be people within the work place that are apathetic, uninvolved, rebellious, or closed-minded. Show the apathetic person that he /she has something to contribute. Encourage them to share their input. Turn closed-mindedness into openness by building pride in the person's growth. Theoretically, every person has ideas for how to improve his/her effectiveness, so spending a few minutes with each person and creating a safe atmosphere will help the person to think improvement (Losoncy, 1995).

2.5 Employee Involvement and Motivation

Employee involvement is subject to a great deal of verbal tribute; there is hardly a manager at work today who will not praise the value of employee input. However, many employee involvement efforts leave employees feeling more manipulated than motivated. This occurs because supervisors and managers, while expecting employees to change the way they work, are themselves either unwilling to change or remain unconscious of the need to change. The result is that, although employee input is regularly solicited in a number of forms, it is often discounted, ignored or altered to fit the manager's preconceptions. Often the employee is left feeling manipulated. Since the opportunity for involvement can be a strong motivator, it becomes the manager's task to learn how to provide involvement opportunity in non-manipulative fashion. This can be accomplished by providing involvement opportunity accompanied by clear outcome expectations and allowing employees the freedom to pursue those outcomes in their own way (McConnell, 1980). The basic requirement for motivation may include comparatively higher pay, an equitable payment system, and opportunities for promotion, considerate and participative management, a reasonable degree of social interaction at work, interesting and varied tasks and a high degree of autonomy: control over work pace and work methods. The degree of motivation obtained by individuals, however, depends largely upon their own needs and expectations, and the working environment.

But research has not established any strongly positive connection between employee involvement in decision –making and motivation. Armstrong (2001).

2.6 Employee motivation in the workplace

The job of a manager in the workplace is to get things done through employees. To do this the manager should be able to motivate employees. But that is easier said than done! Motivation practice and theory are difficult subjects, touching on several disciplines. Inspite of enormous research, basic as well as applied , the subject of motivation is not clearly understood. To understand motivation one must understand human nature itself. Robertson et al (1992)

Human nature can be very simple, yet very complex too. An understanding and appreciation of this is a prerequisite to effective employee motivation in the workplace and therefore effective management and leadership. Robertson et al (1992).

Articles on motivation theory and practice concentrate on various theories regarding human nature in general and motivation in particular. Included are articles on the practical aspects of motivation in the workplace and the research that has been undertaken in this field, notably by Douglas McGregor(1960), Frederick Herzberg(1957) (two factor motivation hygiene theory,) Abraham Maslow (1954) (hierarchy of needs), Elton Mayo (1933) (Hawthorne Experiments).

2.7 Motivation is the key to performance improvement

There is an old saying you can take a horse to the water but you cannot force it to drink; it will drink only if it is thirsty - so with people. They will do what they want to do or otherwise motivated to do. Whether it is to excel on the workshop floor or in the 'ivory tower' they must be motivated or driven to it, either by themselves or through external stimulus. Are they born with the self-motivation or drive? Yes and no. If no, they can be motivated, for motivation is a skill, which can and must be learnt. This is essential for any business to survive or to succeed Robertson et al (1985).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the overall methodology that will be used to carry out the study. This includes the research design, population and sample size, data collection methods, research procedures, data analysis and presentation.

3.2   Research Design and population

The methodology that will be used in this study is the survey and the target population is 42 commercial banks in Nairobi.

3.3 Sampling Frame

Cooper & Schindler (2000) define a sampling frame as a list of elements from which the sample is actually drawn and is closely related to the population. The sample frame will consist of all managers and employees of the banks within Nairobi.

3.4 Sample Size and selection

The sample size will be 168 employees constituted as follows: three non-managers from each of the forty-two commercial banks and one manager from Human resource department from each bank.   A sample of 168 units is well above 30% that is generally recommended for studies of this kind. A random sampling method will be used to select the sample. The banks will be stratified according to size, ownership and age.

3.5   Data Collection Methods

Primary data will be used and will be collected using a questionnaire (appendix 2). The questionnaire will contain a mix of questions, open-ended and closed- ended. It will be divided intro three parts A, B and C. Part A will focus on organizational and respondent characteristics while part B and C will address the objectives 1 and 2 respectively. Follow-up

will be done through a research assistant who will also assist in administering the questionnaires.

3.6 Data Analysis

The relationship between employee involvement in decision-making and motivation will be tested for significance using Pearson's product moment correlation. Qualitative data will be content analyzed and used to interpret findings from the quantitative data. Descriptive statistics such as frequencies, means, and percentages will be used to summarize distribution of response data on the basis of age of the bank in Kenya, organizational size, among others.

Operationalization of Involvement in Decision-Making and Motivation

1) Employee Involvement in Decision – Making

Broad Dimension	Relevant issues	Relevant questions
Planning Process	Level of employee involvement in the planning process for example when setting individual and departmental targets and during preparation of the corporate development plans.	Q4e and b
Controlling Process	Whether employees contribute suggestions towards establishment of standards, for instance customer service standards.	4f and g
	Are employees given the opportunity to correct deviations from what was initially set to be achieved?	4f and i
Organizing Process	Whether employees are involved in identifying and defining work that is to be	4a and f

Motivation		
Job Enrichment	Whether employees are assigned challenging jobs and meaningful work.	8g and I
	Employees' ability to utilize skills and knowledge fully.	8g and j
	Employees want to assume more authority and responsibility for planning, directing and controlling work.	8j and q
Monetary Incentives	Money is an incentive or goal that is highly valued by most employees.	8a

performed.

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CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 Introduction

This section presents the analysis and findings from the primary data that was gathered from the respondents. All completed questionnaires were edited for completeness and consistency. The response rate of 84 % (143) was achieved from the total target of 168 questionnaires. However 3 questionnaires were considered unusable due to being incomplete at the editing stage.

4.2 Demographic Profiles of the Respondents

The demographic profiles of the respondents i.e. age, gender, marital status, ownership structure, duration of operation in Kenya, staff size were analyzed to determine the general classification of the respondents. The results of the analysis are found on table 1. The detailed explanation is given below.

4.2.1 Ownership Structure of the organizations

The research finding shows that 32% of the organizations was purely locally owned, 25% was purely foreign, while 43% was owned by both local and foreign investors. This indicates that most of the banks were jointly owned by local and foreign investors.

4.2.2 Duration of Operation in Kenya

The findings indicate that 6% of the firms studied had operated in Kenya between 1 -3 years, 16% between 4 – 6 years, 26% between 7 – 10 years while 62% of the firms had operated for more than ten years. This shows that majority of the firms had operated in Kenya for more than 10 years.

Table 1: Demographic Profile of the Respondents and their Organizations

Ownership Structure		
	Frequency	Percent
Purely locally owned	46	32
Purely foreign owned	36	25
Both local and foreign owned	61	43
Total	143	100
Duration of Operation in Kenya		
	Frequency	Percent
1 - 3 Years	10	6
4 - 6 Years	27	16
7 - 10 Years	44	26
Over 10 Years	62	62
Total	143	100
Size of Staff		
	Frequency	Percent
Less than 20	9	6
20 - 199	44	31
200 - 499	67	47
500 and Above	23	16
Total	143	100
Age of the Respondent		
	Frequency	Percent
20 - 30 years	19	13
31 - 40 years	97	68
41 - 50 years	16	11
Above 50 years	11	8
Total	143	100
Gender of the Respondent		
	Frequency	Percent
Male	89	62
Female	54	38
Total	143	100
Marital Status		
	Frequency	Percent
Single	51	36
Married	82	57
Widowed	9	6
Divorced	1	1
Total	143	100

4.2.3 Size of the Staff

The respondents were to indicate the number of staff in their organizations. The results show that 6% of the organizations had less than 20 staff, 31% had between 20 – 199 staff, 47% had staff of between 200 – 499 while 16% had over 500 staff. This show that most of the firms studied had staff between 200 – 499, thus were big organizations.

4.2.4 Age of the respondents

The respondents were asked to indicate the category of their ages. From the findings, 13% of the respondents were aged from 20 – 30 years, 68% were aged from 31 – 40 years, and 11% were aged from 41 – 50 years, while 8% were over 50 years old. This indicates that majority of the respondents were aged from 30 – 40 years.

4.2.5 Gender of the respondents

This item was intended to capture the number of male and female interviewed. The results show that 62% of the respondents were male and 38% were female. Thus the majority of the respondents were male.

4.2.5 Marital Status of the respondents

Respondents were asked to indicate their marital status. From the results, 57% of the respondents were married, 36% were single, 6% were widowed while the remaining 1% were divorced. This shows that most of the respondents were married.

4.3.1 The Extent Employee Involvement in Decision- Making

Respondents were asked to indicate the extent to which they were involved in decision making in their organizations. They were presented with a five point Likert scale to rate the factors. Where 5 = very large extent 4= large extent 3 = moderate extent 2 = less extent and 1 = no extent. Data were analyzed using mean scores and standard deviations. A mean score greater than 4 (M>4) is considered to imply a very large extent, a mean score >3.5 but <4 is considered to imply a large extent while mean scores > 3 but < 3.5 imply to a moderate extent while a mean score < 3 implies to a little extent. A standard deviation >1.5 implies a significant variance in the responses.

The findings are summarized in Table 2.

Table 2: Extent of employee involvement in decision making in the organization.

FACTOR	Mean Score	Standard Deviation
Employee involvement in decision-making makes me to like my job and company	4.22	0.61
I know what my job responsibilities are	4.83	0.51
I am given enough authority to make decisions	3.21	0.56
I am able to act independently of my supervisor in performing my job function	3.64	0.61
I help in making decisions which affect my work	3.42	0.67
My bank gives me freedom to decide on how to do my work	3.02	0.92
Opinion counts in this organization	3.83	0.93
Managers in this bank do all they can to make sure we know what is happening	3.62	1.52
Where I work, I feel I can freely express my views	3.73	0.96
I am rewarded fairly for the work that I do	4.11	0.46
I am recognized when I contribute to the decision making in the bank	3.23	0.56
The quality of the relationships in the informal workgroup is quite important	4.37	0.61

From the findings the respondents felt that to a very large extent employee involvement in decision-making makes them to like their job and company, they knew their job responsibilities, are rewarded fairly for the work that they do, and the quality of the relationships in the informal workgroup is quite important. To a large extent the respondents felt that they are able to act independently of their supervisors in performing job functions, that managers in their banks do all they can to make sure they know what is happening, that opinion counts in their organization and they feel free to express their views. On the other hand, most of the respondents to a moderate extent felt that they are given enough authority to make decisions, in that the bank gives them freedom to decide on how to do their work, and that they are recognized when they contribute to the decision making in the bank. The standard deviations for all the factors were relatively low indicating that most of the respondents did not have significant variance on the answers they gave.

4.3.2 Factors hindering employee involvement in decision making

The respondents were asked to indicate the factors that made it impossible for them to be involved in decision-making. The results are presented in Table 3 below.

Table3: Factors hindering employee involvement in decision-making

Factor	Frequency	Percent
Job description	96	67
Job experience	113	79
Academic and professional qualification	32	22
Company policies	54	37

79% of the respondents felt that their job experience was hindering them from being involved in decision making. 67% of the respondents felt that job description was hindering them from being involved in decision making, 37% of the respondents felt that company policies did not allow them to be involved in decision making, while 22% of the respondents felt that their academic and professional qualification was hindering them from being involved in decision making.

4.4.1 Extent of Staff Motivation

The respondents were asked, on a five point Likert scale, to rate the factors that were associated with their motivation. The scale points were 5 = very large extent 4= large extent 3 = moderate extent 2 = less extent and 1 = no extent. Data was analyzed using mean scores and standard deviations. A mean score greater than 4 (M>4) is considered to imply a very large extent, a mean score >3.5 but <4 is considered to imply a large extent while those with mean scores > 3 but < 3.5 imply to a moderate extent while a mean score < 3 imply to a little extent. A standard deviation >1.5 implies a significant variance in the responses.

The findings are summarized in table 4.

Table 4: Factors that are associated with Staff Motivation

Factor	Mean Score	Std. Deviation
Individual recognition for above standard performance means a lot to employees	4.98	1.10
Job security is important to employees	4.96	0.83
The quality of the relationships in the informal work group is quite important	4.85	0.91
The company incentive schemes are important factors in keeping employees on their jobs	4.73	1.22
Special wage increases should be given to employees who do their jobs very well	4.71	1.14
Individual incentive bonuses would improve the performance of employees	4.65	0.45
Better job descriptions would be helpful so that employees will know exactly what is expected of them	4.64	1.20
Almost every job can be made more stimulating and challenging	4.63	1.24
Visibility with upper management is important to employees	4.63	0.96
Having good equipment to work with is important to employees	4.62	0.73
Supervisors ought to work hard to develop a friendly working atmosphere among their people	4.44	0.93
Supervisors should give a good deal of attention to the physical working conditions of their employees	4.29	1.15
Indifferent supervision can often bruise feelings.	4.26	1.16
Employees generally like to schedule their own work and to make job-related decisions with a minimum of supervision	4.23	1.11
Many employees want to give their best in everything they do	4.13	1.45
Employees want to be able to think of themselves as "the best" at their own jobs	3.97	1.23
Pride in one's work is actually an important reward	3.96	1.36
Employees want to feel that their real skills and capacities are put to use on their jobs	3.91	1.15
Management could show more interest in the employees by sponsoring social events after hours.	3.85	1.35
Employees need to be reminded that their jobs are dependent on the company's ability to compete effectively	3.74	1.21

To a very large extent the respondents agreed that Individual recognition for above standard performance means a lot to employees, job security is important to employees, the quality of the relationships in the informal work group is quite important, the company incentive schemes are important factors in keeping employees on their jobs, special wage increases should be given to employees who do their jobs very well, individual incentive bonuses would improve the performance of employees, better job descriptions would be helpful so

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that employees will know exactly what is expected of them, almost every job can be made more stimulating and challenging, constant touch with upper management is important to employees , having good equipment to work with is important to employees, supervisors ought to work hard to develop a friendly working atmosphere among their people, indifferent supervision can often bruise feelings, employees generally like to schedule their own work and to make job-related decisions with minimum supervision and many employees want to give their best in everything they do.

On the other hand the respondents to a large extent agreed that employees want to be able to think of themselves as "the best" at their own jobs, pride in one's work is actually an important reward, employees want to feel that their real skills and capacities are put to use on their jobs, management could show more interest in the employees by sponsoring social events after hours and employees need to be reminded that their jobs are dependent on the company's ability to compete effectively.

4.4.2 Areas that management needs to improve on in order to motivate employees

The respondents were asked to indicate the areas that their banks needed to improve on in order to motivate them. The findings are presented in Table 5 below.

Table 5: Areas that management needs to improve on in order to motivate employees

	Frequency	Percent
Proper job description	114	80
Improve on remuneration	96	67
Provide adequate & efficient working tools	83	58
Allow employees to schedule the duties	132	92
Involve at all levels in decision making	112	78
provide individual incentive bonuses	123	86

Most employees felt that there should be proper job description (80%), improvement on remuneration (67%), provision of adequate and efficient working tools (58%), employees should be allowed to schedule their duties (92%), employees at all levels should be involved in decision making (78%) and provision of individual incentive bonuses (86%).

4.4.2 Relationship between employee involvement in decision making and employee motivation

Data was analyzed to establish the relationship between employee involvement in decision-making and motivation. In order to test for the significance of the relationship between employee involvement in decision-making and motivation, Pearson's product moment correlation was employed (r). The results are presented in Table 6.

Table 6: Pearson's product moment correlation for the relationship between involvement in decision-making and motivation.

r	r Square	Adjusted R Square	Std. Error of the Estimate	p-value
0.78	0.6084	0.59	0.0021	0.01

Source: Research data

The research findings indicate the there is a strong positive linear correlation between decision-making and motivation (78%). This correlation is significant at $P < 0.01$. This shows that that as employees get more involved in the decision making the motivation level is also improved while when the employees are less involved in decision-making they are less motivated. Adjusted r^2 indicates that employee involvement in decision – making explains only about 60% of the variance in motivation, it would appear that there is something else that counts for the remaining 40%, which this study is not able to explain.

CHAPTER FIVE
DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the findings as well as the conclusions gathered from analysis of data. Findings have been summarized alongside the objectives of the study, conclusions have been drawn from the study and the recommendations for actions are also given.

5.2 Discussions

The aim of this study was to establish the extent to which commercial banks in Nairobi practice employee involvement in decision-making and to determine the relationship between employee involvement in decision- making and motivation. From the data analysis it was established that majority of the firms were owned by both local investors and foreign investors, had operated in the country for more than 10 years and had staff of between 200 – 499.

Employee involvement is an old idea constantly being revitalized by organizations and new generations of practitioners throughout the world. For instance, the oldest documented system of formal employee involvement is a document called "employee suggestion system", established by Eastman Kodak in 1898. From the findings, the respondents felt that to a very large extent employee involvement in decision-making makes them to like their job and company, they know their job responsibilities, are rewarded fairly for the work that they do, and the quality of the relationships in the informal workgroup is quite important. To a large extent the respondents felt that they are able to act independently of their supervisors in performing job functions, that Managers in their banks do all they can to make sure they know what is happening, that opinion counts in their organization and they feel free to express their views. On the other hand most of the respondents to a moderate extent felt that they are given enough authority to make decisions, in that the bank gives them freedom to decide on how to do their work, that they are recognized when they contribute to the decision making in the bank. The standard deviations for all the factors were relatively low indicating that most of the respondents did not have significant variance on the answers they gave. Employee involvement is a participative process that uses the entire capacity of workers and is designed

to encourage employee commitment to organizational success (Lawler & Mohrman, 1989). Moreover, employee involvement is understood as a variety of techniques designed to achieve the objective of giving the employee some combination of information, influence and / or incentives (Cotton, 1993).

The respondents felt that the factors that were hindering them from being involved in decision making were their job experience, job description, company policies and their academic and professional qualifications.

According to Robertson et al (1992) the job of a manager in the workplace is to get things done through employees. To do this the manager should be able to motivate employees. But that is easier said than done. Motivation practice and theory are difficult subjects, touching on several disciplines. Inspite of enormous research, basic as well as applied, the subject of motivation is not clearly understood. To understand motivation one must understand human nature itself. The respondents felt to a large extent that individual recognition for above standard performance means a lot to employees, job security is important to employees, the quality of the relationships in the informal work group is quite important, the company incentive schemes are important factors in keeping employees on their jobs, special wage increases should be given to employees who do their jobs very well, individual incentive bonuses would improve the performance of employees, better job descriptions would be helpful so that employees will know exactly what is expected of them, almost every job can be made more stimulating and challenging, constant touch with upper management is important to employees , having good equipment to work with is important to employees, supervisors ought to work hard to develop a friendly working atmosphere among their people, indifferent supervision can often bruise feelings, employees generally like to schedule their own work and to make job-related decisions with minimum of supervision and many employees want to give their best in everything they do. Employee involvement is subject to a great deal of verbal tribute; there is hardly a manager at work today who will not praise the value of employee input. However, many employee involvement efforts leave employees feeling more manipulated than motivated. This occurs because supervisors and managers, while expecting employees to change the way they work, are themselves either unwilling to change or remain unconscious of the need to change. The result is that, although

employee input is regularly solicited in a number of forms, it is often discounted, ignored or altered to fit the manager's preconceptions. Often the employee is left feeling manipulated. Since the opportunity for involvement can be a strong motivator, it becomes the manager's task to learn how to provide involvement opportunity in non-manipulative fashion. This can be accomplished by providing involvement opportunity accompanied by clear outcome expectations and allowing employees the freedom to pursue those outcomes in their own way (McConnell, 1980).

On the other hand the respondents to a large extent agreed that employees want to be able to think of themselves as "the best" at their own jobs, pride in one's work is actually an important reward, employees want to feel that their real skills and capacities are put to use on their jobs, management could show more interest in the employees by sponsoring social events after hours and employees need to be reminded that their jobs are dependent on the company's ability to compete effectively.

Most employees felt that there should be proper job description, improvement on remuneration, provision of adequate and efficient working tools, employees should be allowed to schedule their duties, employees at all levels should be involved in decision making and provision of individual incentive bonuses.

5.3 Conclusions

From this research, it is evident that most employees felt that their involvement in decision making made them like their job, knew their job responsibilities, are rewarded fairly for the work that they do, and the quality of the relationships in the informal workgroup is quite important. Most of the respondents were not able to act independently of their supervisors in performing their job functions, to some extent the managers in their banks do all they can to make sure they know what is happening, that opinion counts in their organization and they feel free to express their views. On the other hand most of the respondents to a moderate extent felt that they are given enough authority to make decisions, in that the bank gives them freedom to decide on how to do their work, that they are recognized when they contribute to the decision making in the bank.

The respondents felt that the factors that were hindering them from being involved in decision making were their job experience, job description, company policies and their academic and professional qualifications.

The respondents felt that individual recognition for above standard performance means a lot to employees, job security is important to employees, the quality of the relationships in the informal work group is quite important, the company incentive schemes are important factors in keeping employees on their jobs, special wage increases should be given to employees who do their jobs very well, individual incentive bonuses would improve the performance of employees, better job descriptions would be helpful so that employees will know exactly what is expected of them, almost every job can be made more stimulating and challenging, constant touch with upper management is important to employees , having good equipment to work with is important to employees, supervisors ought to work hard to develop a friendly working atmosphere among their people, indifferent supervision can often bruise feelings, employees generally like to schedule their own work and to make job-related decisions with minimum supervision and many employees want to give their best in everything they do.

5.4 Recommendations

The banks' management should involve employees at all levels in the decision making process especially on matters directly related to their duties in the organization regard less of their job descriptions, work experience and academic and professional qualifications. The banks should also give employees proper job descriptions, improve on their remuneration, provide adequate and efficient working tools, provide individual incentive bonuses and the employees should be allowed to schedule their duties.

Limitations of the study

The study was carried out with the help of predetermined questions, this would have limited the respondents from freely expressing their views. The study involved employees at all levels of management, the employees would have been grouped into various management levels, and the effect of this is that there would be a difference in the results since the level of motivation may vary at different management levels. The study did not consider

demographic factors such as work experience, and education, which may also have an effect on the results. The study was only conducted among employees with banks within Nairobi, thus the result does not fairly present the views of the employees in the country.

Suggestions for further Research

Further research should be carried out in the whole country at specific levels of management and factors such as work experience and level of education considered as this would give more précised views of the employees.

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APPENDICES

APPENDIX: 1

Introduction Letter

<div style="text-align: right">

Boen .C. Francesca

Department of Business
Administration

University of Nairobi

P.O Box 30197

Nairobi

August 2005

</div>

Dear Sir/Madam,

RE: Collection of Survey Data

I am a postgraduate student at the University of Nairobi, at the faculty of Commerce. As part of my course work assessment, am required to submit a management research project. In this regard, relationship between employee participation in decision making and motivation: a survey of commercial banks in Nairobi.

This is to kindly request you to assist me collect the data by filling out the accompanying questionnaire .The information you provide will be used exclusively for academic purposes.

My supervisor and I assure you that the information you give will be treated with strict confidence and at no time will your name appear in my report. A copy of the final paper will be availed to you upon request.

Your co-operation will be highly appreciated.

Thank you in advance.

Yours faithfully,

FRANCESCA C. BOEN   PROFESSOR P.O. K'OBONYO

                                                     Supervisor & Lecturer

MBA Student

APPENDIX 2

Questionnaire

GENERAL INFORMATION

1. Name of Bank ....

2. Please Indicate your Position in the Bank ....

SECTION A

General information (Please tick as appropriate)

1. Is your bank

Purely locally owned ( )

Purely foreign owned ( )

Both local and foreign owned ( )

2. How long has your bank been operating in Kenya

1-3 years ( )

4-6 years ( )

7-10 years ( )

Over 10 years ( )

3. (a)What is the size of staff in your bank?

Less than 20 ( )

20-199 ( )

200-499 ( )

500 and above ( )

(b) In what bracket does your age fall?

20 –30 years ( )

31-40 years ( )

41-50 years ( )

Above 50 years ( )

(c) What is your gender?

Male ( )

Female ( )

(d) What is your marital status?

Single	( )	Divorced	( )
Married	( )	Widowed	( )

Any other, please specify _____

SECTION B EMPLOYEE INVOLVEMENT IN DECISION-MAKING

4. Below are statements concerning the extent to which you are involved in decision making in your organization Please indicate the extent to which you agree or disagree with them.

FACTOR	Strongly Disagree	Disagree	Moderately Disagree	Agree	Strongly Agre
Employee involvement in decision-maki akes me to like my job and company.					
know what my job responsibilities are.					
am given enough authority to make cisions					
am able to act independently of my upervisor in performing my job function.					
help in making decisions which affect y work.					
My bank gives me freedom to decide how to do my work					
pinion counts in this organization.					
Managers in this bank do all they can to nsure we know what is happening.					
here I work, I feel I can freely express my inion and views.					
am rewarded fairly for the work that I do					
am recognized when I contribute to the ecision making in the bank					
he quality of the relationships in the formal workgroup is quite important					

5. What are the factors that make you not get involved in decision-making in your bank?

_____

_____

_____

_____

6. Suggest ways that could make you to be more involved in decision-making?

_____

_____

_____

_____

7. If you were the CEO of your bank for the day, what change would you introduce to the bank to make employees to get involved in decision making.

_____

_____

_____

_____

PART C: STAFF MOTIVATION (PLEASE TICK AS APPROPRIATE)

8. Below are statements concerning staff motivation in your bank. Please indicate the extent to which you agree or disagree with them.

	Strongly Agree	Agree	Moderately Agree	Disagree	Strongly Disagree
a) Special wage increases should be given to employees who do their jobs very well					
b) Better job descriptions would be helpful so that employees will know exactly what is expected of them					
c) Employees need to be reminded that their jobs are dependent on the company's ability to compete effectively					
d) Supervisors should give a good deal of attention to the physical working conditions of their employees					
e) Supervisors ought to work hard to develop a friendly working atmosphere among their people					
f) Individual recognition for above standard performance means a lot to employees					
g) Indifferent supervision can often bruise feelings.					
h) Employees want to feel that their real skills and capacities are put to use on their jobs					
i) The company incentive schemes are important factors in keeping employees on their jobs					
j) Almost every job can be made more stimulating and challenging					
k) Many employees want to give their best in everything they do					
l) Management could show more interest in the employees by sponsoring social events after hours.					

m) Pride in one's work is actually an important reward					
n) Employees want to be able to think of themselves as "the best" at their own jobs.					
o) Individual incentive bonuses would improve the performance of employees					
p) Visibility with upper management is important to employees					
q) Employees generally like to schedule their own work and to make job-related decisions with minimum of supervision					
r) Job security is important to employees.					
s) Having good equipment to work with is important to employees					

there any hindrances to motivation in your bank?

_____

_____

ease list the areas that the banks need to improve in order to motivate you?

_____

_____

APPENDIX 3 –OPERATIONALIZATION OF INVOLVEMENT IN DECISION MAKING AND MOTIVATION

1 Employee Involvement in Decision-Making

Broad Dimension	Relevant issues	Relevant questions
Planning process	Level of employee involvement in the planning process for example when setting individual and departmental targets, and during preparation of the corporate development plans.	Q4 e and b
Controlling process	Whether employees contribute suggestions towards establishing of standards for instance, Customer service standards. Are employees given the opportunity to correct deviations from what was initially set to be achieved?	4f and g 4f and i
Organizing process	Whether employees are involved in identifying and defining work that is to be performed	4 a and f
Motivation		
Job Enrichment	Whether employees are assigned challenging jobs and meaningful work . Employees' ability to utilize skills and knowledge more fully. Employees want to assume more authority and responsibility for planning, directing and controlling work.	8g, I, 8gand j. 8jandq.
Monetary incentives	Money is an incentive or goal that is highly valued by most employees.	8a