HUMAN RESOURCE FACTORS INFLUENCING EMPLOYEE PERFORMANCE IN INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS IN KENYA: A CASE OF MANAGEMENT SCIENCE OF HEALTH, KENYA OFFICE

# BY JOTHAM M. CHACHA

A PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE AWARD OF THE DEGREE OF MASTER OF ARTS IN PROJECT PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI

# **DECLARATION**

This research project is my original work and has not been presented for any award in any other university	
	DATE
JOTHAM M. CHACHA	
L50/64753/2010	
This research project has been submitted for registrat	ion with my approval as the
university supervisor	<b>7</b> 11
Signature	Date
KENNEDY KIBUKHO	

# **DEDICATION**

This study is dedicated to my parents Andrew Chacha and Doris Robi for the discipline they instilled in me in my childhood and their continued moral support in my academic undertakings.

#### **ACKNOWLEDGEMENTS**

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## **ABREVIATIONS AND ACRONYMS**

NGO - Non- governmental Organizations

INGO - International Non-governmental Organization

YWCA - Young Women Christian Association

YMCA - Young Men Christian Association

MSH - Management Sciences of Health

WHO - World Health Organization

ILO - International Labor Organization

HRM - Human Resources Management

UNDP - United Nations Development Program

HR - Human Resources

#### **ABSTRACT**

Employee performance management continues to be one of the key factors that determine the survival of NGO's in developing countries. Performance management has been discussed widely and still continues to draw more attention. The question that is emerging now is whether organizations are prepared to mitigate factors that influence employee performance in organizations. This study focused on factors that influence employee performance in international NGO's a case of Management Sciences of Health Kenya office. The study is cross- sectional and it adopted a mixed research design with both quantitative and qualitative approaches used. The qualitative approach was descriptive while the quantitative approach was used to show the relationship between the independent and the dependent variables. Questionnaires and document review were used in data collection while tables, percentages, cross tabulation and triangulation techniques were used in data analysis. Performance management allows managers and supervisors to use tools and processes to enable staff do their best in their respective job roles and assignments but in an environment where several other elements that influence employee performance are in play. Researchers have investigated factors influencing employee performance management but it is evident that there cannot be a single definition or standard measure of performance since what constitutes performance varies in different sectors. The key objectives of the study were; to establish the influence of type of employee engagement contracts on employee performance, to determine the influence of training and development on employee performance, to establish the influence of leadership style on employee performance, establish the influence of employee motivation on performance and to determine the influence of rewards system on employee performance. Findings from the study confirms that a significant association exist between employee training and development, employee motivation and leadership style and improved employee performance whereas type of employment contracts and an organizations rewards policy have no significant association with improved employee performance. In conclusion therefore of the five independent variables assessed in the study only three have shown a significant level of association with improved employee performance. It is therefore recommended that iNGOs need to develop and implement focused training and development programs while at the same time embrace good leadership styles as well as motivate their employees so as to realize improved organizational performance. Since the NGO sector plays a significant role in developing countries the study provides more knowledge on factors that affect employee performance in the sector.

# CHAPTER ONE INTRODUCTION

### 1.1 Background of the Study

World bank (2005) define non- governmental organizations as not-for profit organizations that are legally constituted, professionalized and have a presence in public life and express the interests and values of their members. They provide services to beneficiaries who are not members of the organization in areas such as economic and social development, human rights, welfare and emergency relief or who advocate on their behalf.

The NGO's Act (1990) defines an NGO as a private voluntary grouping of individuals or associations, not operated for profit or for other commercial purposes but which have organized themselves nationally or internationally for the promotion of social welfare, development, charity or research through mobilization of resources. It further defines International Non- Governmental Organizations as NGO's with the original incorporation in one or more countries other than Kenya but operates in Kenya under a certificate of registration. Within this broad context the NGO landscape is highly heterogeneous and comprises organizations that are differentiated by their mission, funding bases, organizational capacity, geopolitical base, size, program areas, and ideology among others. For the purpose of this study as defined in the NGO Act (1990) international NGO's are those NGO's who have their headquarters outside Kenya in developed countries and who have registered as international with the national council of NGO's in Kenya and characterized by high level of resources.

Sessional Paper No. 1 (2006), points out that at independence Kenya faced serious calamities such as floods and famine. She became an international centre of focus and an entry point for many foreign relief agencies and local voluntary organizations. Many local volunteer and civil society bodies such as the Young Women Christian Association (YWCA), Young Men Christian Association (YMCA), and *Maendeleo ya Wanawake* Organization expanded their activities during and after this period. By the late 1970's Kenya had about 120 NGO's both foreign and national. The last decade has witnessed -

substantial growth in the number of organizations registered under the NGOs Coordination Act of 1990. The sector recorded significant growth between 2001 and 2007.

Since 2001, the sector has been growing at the rate of 400 organizations per year. By
August 2009, there were a total of 6,075 organizations. NGO's are under pressure to
become accountable against corporate performance criteria. Chalhoub (2009) notes that
theoretically such measures should involve the volume of NGO's operations, its capacity
to attract funds the quality of its human resources and its ability to execute projects, its
administrative structure and management models. For more than 20 years MSH has
partnered with the government of Kenya to strengthen health care systems (MSH
management reports 2013). Currently the organization supports the Kenyan government,
civil society organizations and local partners in developing their leadership,
organizational and financial management capacity to provide sustainable response to the
health challenge.

Performance management allows managers and supervisors to use tools and processes to enable staff to do their best in their respective job roles and assignments. This is made possible through clear communication of job roles, acquisition of necessary skills; staff motivation, putting in place commensurate staff compensation and benefits packages and having appropriate supervision and leadership within the organization among others. Performance management tools include; performance appraisal forms, employment contracts, job descriptions, organization policies and guidelines and all these tools are essential in the performance management process.

Researchers have investigated factors affecting employee performance over the years with a number of views and theories being generated. It is evident from various researches that there cannot be uniform definition or standard measure of performance since what constitutes performance varies among different sectors. The impact of employee performance in the overall performance of an organization cannot be ignored in times when INGO's globally are faced with challenges on their survival. This study focuses on the main factors that affect employee performance in INGO's in Kenya. It also aims to look at how the effects of those factors can be mitigated to allow for

improved performance which is critical for the continued existence of INGO's in Kenya.

#### 1.2 Statement of the Problem

In the past two decades the position of Non-governmental organizations in developing countries has shifted from that of minor and little discussed players focusing on the welfare of the poor to major central actors on the world stage of development (Chege 1999). Currently many International NGO's find themselves unable to deliver on their mandates as per the agreed contracts with donors and or funders. With increasingly diminishing funding from donor agencies, MSH continues to grow its business base with increasing number of projects for the last three years. According to MSH management reports (2013) between 2010 and 2012 the organization has been awarded five new projects valued at approximately 95 million us dollars For this huge growth performance management is central to increased donor confidence in the organization. This therefore creates the need to try and understand the human resources management factors that have propelled the organization this far. It is the desire of any international NGO to attract more funding for its survival and by understanding what MSH does differently will help other institutions to learn and improve on weak areas.

#### 1.3 Purpose of the Study

The main purpose of the study is to investigate human resource management factors influencing employee performance in international NGO's in Kenya.

### 1.4 Objectives of the Study

The objectives of the study are;

- 1. To establish the influence of type of employee engagement contracts on employee performance in iNGO's in Kenya
- 2. To determine the influence of training and development on employee performance in iNGO's in Kenya

- 3. Establish the influence of leadership style on employee performance in iNGO's in Kenya
- 4. Establish the influence of motivation on employee performance in iNGO's in Kenya
- 5. To determine the influence of rewards and recognition system on employee performance in iNGO's in Kenya

#### 1.5 Research Questions

- 1. To what extent does type of employee engagement contract influence employee performance in iNGO's in Kenya
- 2. What is the influence of training and development on employee performance in iNGO's in Kenya
- To what extent does leadership style influence employee performance in iNGO's in Kenya
- 4. What is the influence of employee motivation on employee performance in iNGO's in Kenya
- 5. To what extent does the rewards system influence employee performance in iNGO's in Kenya

## 1.6 Significance of the Study

The study was aimed at identifying key human resources management factors that affect employee performance in international NGO's in Kenya .The study provided key information to iNGO's on human resources aspects that affect employee performance in their organizations. Based on this study organizations would be able to position themselves strategically to address this factors hence improving performance which

translates to improved organizational sustainability.

### 1.7 Delimitation of the Study

There are a number of factors that influence employee performance in an organization. These factors include; working environment commonly referred to as ergonomics, the health condition and well being of an employee, available technologies and work equipments, employee skills level among others. However this study focused on five of those factors and tried to establish how they affect employee performance in the NGO sector. The choice of five was aimed at ensuring a detailed analysis is conducted while at the same time creating an opportunity for further research in future. The five factors targeted in this study are; type of employee engagement contracts, employee training and development, leadership styles, rewards system and employee motivation.

The choice of the NGO sector in this study is because the sector continues to play a significant contribution in service delivery in developing countries and more so in Kenya. This therefore creates need to have an in-depth understanding of some of the factors that affect employee performance in the sector. Using a mixed research design with both qualitative and quantitative research methods the study obtained detailed information about situations while showing the relationship between the independent and dependent variables. Management Sciences of Health Kenya office was chosen for the study because it was relatively easy to obtain the necessary approvals from management to conduct the research. The type of data required for the study is difficult to obtain since organizations regard human resources and employee performance information as confidential. This fact makes them reluctant to provide the data. Findings of the study provided more insights in performance management in iNGO's in Kenya.

#### 1.8 Limitations of the Study

Employee performance is a sensitive issue in an organization especially at a time like now when jobs are scarce in the country. It determines the continued employability of an individual and as such employees found it difficult to take part in the study. Employees feared that disclosing their perceptions may compromise their opportunities for career growth within the organization and further the organization felt that findings of this study may weaken its competitive position in the sector. However employees were assured of full anonymity to avoid fear of being victimized while management was assured that the results of the research were purely for academic purpose and the findings will provide an insight to underlying human resources challenges within the organization.

### 1.9 Assumptions of the Study

It was assumed that management will be willing to support the research since employee productivity has always been every organizations area of concern with each trying to figure out how to improve employee productivity and that MSH Kenya will be keen to know key factors that affect employee productivity and how to mitigate them. It was also assumed employees will be willing and candid to provide information based on honest judgment and understanding of their job roles coupled with an enabling environment within the organization for data collection exercise to proceed as planned without causing any interruptions to program activities.

## 1.10 Definition of Significant Terms of the Study

**Employee performance:** Optimal employee productivity as a result of

employee efforts based on measured performance

outcomes.

**Employee productivity:** Volume speed and quality of out-put of an

employee as a ratio of the cost of the employee.

Simply put this is revenue per employee.

**Performance management:** A process that consolidates goal setting,

performance appraisal and development into a

single common system, the aim of which is to

ensure that employee's performance supports

organizations strategic aims.

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**Human resources management:** 

Management of an organizations human capital. It deals with attraction, selection, training, assessment and rewarding of employees.

**Employee engagement contract:** 

Terms defining an employment relationship between an employee and the employer. The contracts are divided into two broad categories namely; permanent and pensionable and contractual which clearly specify the period of engagement of an employee.

International Non-governmental organizations (iNGO): NGO's with the original

incorporation in one or more countries other than Kenya but operates in Kenya under a certificate of registration

Non-governmental organizations (NGOs): Not- for profit organizations legally

constituted, professionalized and has a presence in public life and provides services to beneficiaries who are not members of the organization.

**Factors influencing employee performance:** Theses are systems processes and policies

that are put in place to govern the conduct and management of employees in an organization.

**Training and development:** Organizational activity aimed at improving employee

Skills levels to enhance their efficiency and effectiveness. It is also known as learning and

development

Leadership style;

A supervisor's style of providing direction to the team they supervise, implementing plans and decision making processes in their day to day job roles.

**Employee motivation:** 

A psychological feature that arouses an employee to act towards realization of a certain goal and sustains goal directed behaviors. This is also referred to as employee self drive.

Rewards system;

A reward system is a defined process in organization which spells out an appetitive stimulus to be given to an employee to alter his/her behavior. Rewards typically serve as rein forcers in that when presented after a behavior causes the probability of that behavior's occurrence to increase.

Management Sciences of Health; This is an international Non-governmental

organization registered by the national council of NGO's in Kenya with a home office in the United States of America and a country office in Kenya.

### 1.11 Organization of the study

This study is organized in five chapters. Chapter one contains the introduction of the study with specific focus on the background of the problem, statement of the problem, purpose of the study, and the research questions. The chapter also deals with the significance of the study; limitations, delimitations; basic assumptions of the study and definition of terms used in the study. Chapter two contains review of related literature. The literature is organized in thematic areas related to employee performance management in the NGO sector. The themes include; performance management and its

challenges in organizations; types of employee engagement contracts and their influence in performance; the influence of training and development on employee performance in organizations; leadership styles and their influence on employee performance; employee reward policies in a performance management context and employee motivation and its contribution in performance. Also included in chapter two is the theoretical framework and the conceptual framework of the study.

Chapter three deals with methodology, description of the research design, target population as well as the description of the research instruments that were used for data collection. Validity and reliability of the research instruments and data collection and analysis procedures are covered in this chapter. Chapter four contains presentation and discussion of findings of the study. In this chapter main findings are presented and interpreted in line with the research questions. Chapter five contains summary of findings, conclusions, recommendations and suggestions for further research.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Introduction

This section reviews literature related to previous research on employee performance as well as literature related to the research questions. The review includes directly related studies and studies that provide additional perspectives to the research objectives. In this chapter performance management and its challenges in organizations, types of employee engagement contracts and their influence on performance, the influence of training and development in an organization as well as the influence of rewards systems in employee performance are covered. Also covered in this chapter is the effect of staff motivation on performance and the theoretical foundation and conceptual framework of the study.

#### 2.2 Performance Management and its Challenges in Organizations

World health organization (2006) defines employee performance as a combination of staff being available (retained and present) and staff being competent, productive and responsive. According to the report when staff members are available their performance is determined by productivity, responsiveness and competence. These elements are influenced by absenteeism motivation and job satisfaction. To achieve employee performance would require putting in place strategies to improve productivity, responsiveness and competences at all levels in an organization. Khan (2006) defines employee performance as the degree of accomplishment of the task that makes up an employee's job. According to him job performance is determined by: an employee's capacity, which relates to the extent to which an individual possesses the relevant skills, abilities, knowledge and experience to perform; availability of opportunity to perform; willingness which relates to the degree to which an employee both desires and is willing to exert effort towards attaining some level of motivation to perform. Both WHO and Khan in their definitions agree to the fact that employee performance is determined by several factors. In their definitions they single out employee's capacity, employee's willingness to perform, employee competences which must be spread at all levels of the organization as some of the determinants of employee performance. They both agree that

employee performance is important to an organizations survival.

According to ILO international conference report (2008) agreements on innovative human resources practices as well as implementation of people motivation policies are significant for labor productivity. Integrated investment in workers, technology and research and development and progressive human resources and remuneration policies are key to high performance workplaces. Buford (2006) points out human resources essentials that human service managers should address. Performance management was identified as one. Here disciplining employees and informing employees of performance deficiency or skills gaps should follow a clear process since if the two are not well managed they may lead to litigations which generally has a negative impact on employee performance. She further points out that organizations success is directly linked to the effectiveness and productivity of its employees.

Employee performance and productivity is of major concern in any economy worldwide. Choudry (2009) in his study *Determinants of Labor Productivity*, notes that Africa and south Asian countries (except India) performance in labor productivity is not very encouraging. Labor productivity level in 2005 in sub- Saharan Africa economies was the lowest among all regions. He further emphasized the need to pay more attention on average education attainment level, producing productive employment to attract foreign direct investments. Human resources management practices have significant impact on organizations productivity. Abdulla (2009) points out that training and development, team work, human resources planning and performance appraisal are correlated with an organizations business performance. Human resources management practices cannot be ignored when focusing on an employee's performance. HRM practices have been noted to significantly affect organizational performance to greater extent. ALDamore (2012) consider HRM practices as a significant predictor of organizational performance.

Bruce (2004) points out that under-management is the underlying issue in most cases of suboptimal work performance at all levels. The undermanaged employee struggles since the supervisor is not sufficiently engaged to provide the direction and support needed.

The supervisor is not informed about his workers needs hence is unable to help with resources and problem-solving. This type of supervisor cannot judge what expectations are reasonable and cannot set goals and deadlines that are ambitious but still meaningful. This type of floored supervision contributes towards poor employee performance. In their study Gupta (2010) notes that cohesion has a significant positive impact on performance. An employee operating in an environment that has good team cohesion is likely to dedicate effort towards realizing the expected performance levels. Performance appraisal plays a significant role in defining an employee's performance. Khan (2006) notes that the whole essence of management activities that exist in an organization culminates in the system of performance appraisal adopted in the said organization. This in turn reflects the extent of the individual employee's contribution and commitment in different hierarchical levels toward the achievement of organizational objectives. Feedback and reward are important links in the job performance cycle and must be taken into consideration. It is therefore worth noting that an effective performance appraisal system can lead an organization to success and growth.

Leadership style also plays an important role in determining performance. Lam (2007) argue that leadership style which focuses on task achievement is linked with better performance and that this relationship is mediated by perceived efficacy among the members of the group. This therefore means the style of leadership influences group performance. It is important to note that measurement of performance plays an important role in performance management. Paauwe (2004) note that performance management goes beyond task performance to incorporate contextual performance hence determining what constitutes good performance continues to be a challenge. The context of performance management continues to change as a result of cultural differences and emergence of new technologies. This therefore makes performance management a fertile field for continued research. This research tries to establish the effect of; type of employee engagement contracts, organizations training and development, leadership styles, rewards system and employee motivation on employee performance.

#### 2.3 Types of Employee Engagement Contracts and their Influence on Performance

In this study focus was on two broad categories of employment contracts namely fixed term contracts and temporary contracts. According to the European foundation for the improvement of living and working conditions report of 2007, fixed term employment contracts are contracts where the end of the employment relationship is determined by objective conditions such as reaching a specific date, completing a specific task or the occurrence of a specific event while permanent contract is also referred to as indefinite contract. It is believed that the type of employment contract affects employees' productivity. Sharkie (2009) notes that with increased market place pressure and the introduction of new management practices such as downsizing, benchmarking and others, has had significant effect on the traditional employment relationship. The relationship has been replaced by new psychological relationship that has fewer implicit guarantees by employers to employee such as security and internal promotion. This has increased the need to understand how employees can be encouraged to engage in discretionary extrarole behavior under the new psychological contract. It is increasingly becoming important to focus on the role of employee trust for organizations to be able to obtain the much needed discretionary efforts of employees. Sharkie further notes that high levels of employee trust are needed to encourage cooperative behavior facilitate the development of communication networks and increase the willingness of employees to share their knowledge with others for the benefit of the organization. Employee reciprocity in the form of commitment to the organization is strongly dependent on employee assessment of the level of support given to them by management. This assessment is based on employee perception of the beliefs, integrity and benevolence of managers and the general trustworthiness of management. Trust here is a significant feature of the employee /employer relationship.

Isaksson (2005) in his study points out that technological changes, structural changes and the organization of work, together have profound implications for the skills required by an organization as well as for the types of attachments or contracts that the organization needs with its employees in order to fulfill its objectives. Development of organizations from simple and trade based to complex organizations over time has had a

significant impact on employee contracting. Isaksson further notes that in the recent past bureaucratic arrangements that build on formal personnel rules that encouraged long-term employment relations have been questioned in a period of increasing uncertainty for companies. Job security, internal labor markets and career ladders earlier seen as necessary tools in securing long-term relations and the loyalty of employees seem to be offered to a declining number of employees.

Guest (2010) noted that employees on temporary contracts have higher satisfaction and well being than permanent employees. Temporary employees are more positive. This challenges the conventional thinking that temporary employment contracts have a negative effect on employee's productivity. Stucchi (2008) notes that temporary workers choose their level of effort in order to maximize expected utility. They provide higher effort when they perceive a sufficiently large probability of getting their fixed term contracts converted to permanent ones. This therefore means firms with higher conversion rates are likely to experience higher employee output and where is evident that there are no chances of conversion then this is likely to affect employee productivity negatively.

Contrary to the implications of the new employment relationship of psychological relationship, D' Art and Turner (2006) notes that there still exists essentially unchanged nature of the employment relationship in a market system which is characterized by conflicting interests and asymmetrical power and under the new employment arrangements the conflictual and cooperative elements characteristic of the employment relationship persists albeit in an attenuated form. This therefore means employment protection or job security remains significant in promoting improved labor management. Job security modifies the commodity status of labor and has been a long time concern of employees and trade unions. In other related studies Hassan (2009) argues that long term employment contracts are likely to turn to a burden during declining economic times. They point out that there is need to carefully balance between long term employee engagements and short-term contracts to ensure an organization comes up with a favorable mix so as to maintain flexibility that can keep a company responsive against

any fluctuations in demand.

# 2.4 The influence of Training and Development on Employee Performance in an organization.

Galindo-Rueda (2005) notes that there is considerable interest amongst organizations as to which type of workplace characteristics are more conducive to higher levels of productivity. Investment in human capital through higher qualifications and training is considered as a key step towards achieving sustained long-term productivity. Despite the fact that these investments provide direct return to employees who benefit from them there is little direct evidence about possible wider returns. Wider returns arise when internally workers seem to gain from skill acquisition but firms also gains to an equal or greater or lesser extent. There has been a good deal of empirical research that examines the connection between productivity and human capital in the form of human skills at the national and local levels but not until recently at the micro level of the organization. In this research focus was on the influence of employee skills levels on employee performance.

Iranzo (2008) in their paper"skills dispersion and firm productivity"pointed out that the right measure of skills has remained quiet controversial. The most common proxies have been the educational attainment and experience, by themselves or as the basis for the construction of more sophisticated measures of human capital. However this are only measures of formal skills that only imperfectly reflect innate differences in ability and informal skills, such as accuracy on the job or communication ability. They further note that the productivity of each worker depends on the skills of other workers in the firm as well. Skilled employees are a strategic input for any organization. The ILO report (2008) points out that training for new skills gives opportunity for better career paths within the organization, higher income and employability. In addition it is recognized that new skills are required for organizations to remain competitive and be able to retain their workers.

Mutsotso (2010) points out that education and training increase employees' job skills, and their perception towards efficiency and effectiveness in carrying their operations. It further causes employees to exhibit higher feelings of satisfaction, motivation and consequently increase in production. This therefore means organizations that have high capacity building are likely to experience increased performance characterized by a motivated workforce. Skills building initiatives are very important to employees. Hameed (2011) note that the skills building activities performed by organizations indicates that the organization cares for its employees. While many organizations invest in their employees, the employees on the other hand derive job satisfaction from their work which in turn leads to increased employee performance. However this development depends on the individual employee's willingness to develop, organizational culture, top management attitude and organizational opportunities for growth.

Empirical evidence suggests that acquisition of knowledge and skills enhances creativity. Research further shows that individuals with a learning orientation seek challenges that provide them with learning opportunities. Gong (2009) in their study note that managers play a great role in building employees creativity. They need to create conditions for the learning orientation to take hold and bring forth creativity. They are instrumental in providing an environment that stimulates and nourishes creative self-efficacy. They need to serve as creative models; they can instruct their employees on creativity-relevant skills and provide hands-on opportunity to apply these skills. Creativity is significant since it provides opportunity to learn new skills and hence improve on employee productivity.

## 2.5 Leadership styles and their influence on employee performance.

Buford (2006) identified poor management as a major reason for low morale and unsatisfactory employee performance, yet organizations are usually tempted to promoting employees' to management and leadership roles without assessing their readiness to the roles and neglecting provision of sufficient orientation and training. When making decisions to choose managers it is worth noting that although one might be a stellar performer in his or her area of expertise they rarely automatically posses the skills knowledge, and abilities to perform at the same level as managers and leaders. This

means for organizations to succeed in selecting the right managers they have to take time to use evaluation tools such as behavioral interviews or psychological assessments to identify the right managers.

Guest (2010) in their study note that relations between managers and employees have a significant effect on productivity. Bad relations often lead to violations of psychological contract, low levels of fulfillment of perceived promises and commitments made by the organization. Quality supervision requires one to have good leadership qualities. Bosses are expected to be in tune to their people. Sutton (2010) notes that bosses are expected to take charge effectively of the team they lead. It is also important for them to boost performance by watching their peoples back: making it safe for them to learn, act and take intelligent risks; shielding them from unnecessary distractions and external idiocy and doing hundreds of little things that help them achieve one small win after the other and feel pride and dignity along the way. According to Sutton expressing confidence, being decisive, getting and giving credit, taking responsibility and providing psychological safety are some of the responsibilities a good supervisor should take up.

Hands-on transactional management provides an opportunity for supervisors to produce results from their teams. It is believed that a good supervisor will most likely translate to improved employee performance. Bruce (2004) in the article "the under-management epidemic" notes that in an effort to be hands off and not become "micromanagers" supervisors have gone to the opposite extreme and completely abdicated their primary role as managers. Successful managers among other things should provide their direct reports with: performance requirements and standard operating procedures related to tasks and responsibilities. They also are required to define parameters, measurable goals and concrete deadlines for all work assignments for which the direct reports will be held accountable. A prerequisite to corporate success it is the way its leaders apply management techniques. Chalhoub (2009) notes that the techniques must start from within the organization and they should include mechanisms to ensure commitment, communication, quality management, benchmarking, process improvement and measurement. It is worth noting that NGO's have come a long way in establishing

management techniques and rolling them out across their employees.

Accurate monitoring, evaluation and documentation of work performance are important. Bruce (2004) further notes that specific feedback on work performance with guidance for improvement and fairly distributed rewards and detriments helps managers provide their direct reports with the most basic elements of supervision. Paauwe (2004) argue that mangers put performance management into practice and by doing so affect employees' perception as well as their commitment, motivation and trust. Perceived organizational and supervisory support affects an employee's performance and as such the quality of supervision cannot be ignored when discussing employee performance. Wage increase for employees is often based on some kind of performance appraisal. Grud (2008) notes that many firms express dissatisfaction with their performance appraisal schemes. If an appraisal scheme is not transparent or is too complicated it seems likely that employees will not react to monetary incentives by exerting increased effort. This therefore means firms will need to ensure that their appraisal schemes are transparent and the rating errors associated with them are minimized.

Abusive supervision is characterized by declining employee performance. Tepper (2011) defines abusive supervision to include undermining, public denigration and explosive outbursts. Sustained exposure to abusive supervision is associated with serious negative outcomes for both victims and organizations. These losses translate into employee withdrawal and loss of productivity. This among other reasons gives impetus to establish how leadership styles exhibited by managers in an organization affect employee performance in an NGO setting. It is worth noting that a study conducted in Kenya on the internal democratization of international NGO's revealed that a good number of them are authoritarian along some dimensions of authority. In this study Liston (2006) further notes that this variation in internal democracy among international NGO's raises concerns on their accountability. Employee participation in decision making is also doubtful in these organizations. More often than not decreased employee participation in decision making leads to decrease in employee motivation and performance. There appears to be congruence between the authority structures of international NGO's in

Kenya and those of socio-political context in which they are embedded and MSH Kenya is not an exception.

# 2.6 Employee Reward Policies in a Performance Management context in organizations

Dessler (2008) defines employee compensation to include all forms of pays given to the employees arising from their employment. Rewards management policy is one of the elements organizations use to attract and retain its most valuable and worthy assets. Literature has identified various human resources management practices which are considered to be the best practices for retaining and motivating human capital in an organization. A good rewards management practice is one of such practices. Khan (2011) further notes that Human Resources are the key drivers of the prosperity and success of any organization and unless the organization does offer salary, rewards and due benefits according to its employees needs and wants it will not be able to conquer the highest level of efficiency and competency of its employees.

Khan et al continues to point out that rewards management is a complex process which requires accuracy and precision and if not carried out properly may lead to organizational concerns. An ideal reward policy encourages employees to work harder and with more determination. It also helps the organization to set standards that are job related, realistic and measurable. Such policies should have sound integration with other HRM practices. The basic wage or pay is the main component of compensation, fringe benefits and cash and non- cash benefits complete the compensation and benefits elements. Pay determination is intended to meet objectives such as equity, efficiency, macro- economic stability and efficient allocation of labor. Grud (2008) notes that extraordinarily high wage increases are not in general associated with further increases in individual productivity. On the contrary these high wage increases may lead to an inefficient employee.

Nawab (2011) in their study revealed that compensation management can affect job satisfaction and employees organizational commitment. Organizations can use employee compensation as a method for enhancing employee's job satisfaction and their commitment with the organization. Both financial and non-financial compensation are significant in fostering overall organizational commitment which when realized helps maximize employee contribution. International Labor Organization (ILO) publications such as "an introduction to performance and skill- based pay systems" (1998) has pointed out pay as an important and contentious element in an employment relationship with the employer, employee and the government having equal interests. For the employer it forms part of a greater part of his costs and it also affects his ability to recruit and retain quality labor force. To the employee it is fundamental to his standard of living and is a measure of the value and his services. The government is interested since salaries affect aspects of macro-economic stability such as employment, inflation, purchasing power and socio-economic development in general.

Silva (1998) recognizes that compensation and benefits are determined through government regulation, minimum wage determination, trade union negotiations which culminate to collective bargaining agreements, decisions of arbitrations or court determinations and individual employee contract of employment. There are factors that have influenced pay and pay increases which are profit, job evaluation, seniority, cost of living, workforce shortage or surplus, negotiating strengths of parties and skills. Though skills have been reflected in pay differentials, pay systems have been seldom geared to the encouragement of skills acquisition and application. Organizations can use employee benefits to increase employee productivity. Tsai K et al (2005) in their study demonstrated that employee benefits offer advantage in organization productivity through improvement of labor efficiency. Benefits also help increase employee satisfaction which is a sign of good management and happy environment in any organization. Ismail et al., (2010) note that performance based pay acts as a precursor to job satisfaction. When employees perceive that they receive adequate pay from their employer and that they are actively involved in the pay systems this leads to greater job satisfaction.

Larkin (2011) points out that compensation is inherently strategic. Organizations use different compensation strategies and have discriminatory powers in choosing their reward and pay policies. These policies affect employee performance and are highly complementary with other activities in an organization. Compensation is not isolated in an organization it is inextricably linked to the technology, marketing, operations and financial decisions of an organization. Given the important effects of compensation for both organization performance and employee behavior it is important to understand what factors managers should consider when designing their organizations compensation systems and what elements should be in place for compensation systems to produce desirable worker behavior. This brings to the fore the need to design strategic compensation packages to enhance employee performance. The packages should have an integrated framework of strategic compensation.

#### 2.7 Employee Motivation and its influence in Performance

An employee's motivation usually has a significant effect on performance. Lack of employee motivation leads to an employee's tendency to give less than 100 percent. This is referred to as employee shirking. UNDP (2006) defines motivation as the initiation, direction, intensity and persistence of behavior. Motivation is divided into three levels namely; individual, organizational and societal. Individuals are driven by their own desires and moral believes and their motivations may be internal also referred to as intrinsic motivation or they may be external referred to as extrinsic motivation. Organizational motivation has a significant effect on an employee's self-drive.

Supervision is a formalized HRM instrument to correct shortcomings and enhance good practice. Mathauer (2006) note that it is on the basis of supervision on which recommendations are provided to help improve individual and organizational performance. It contributes considerably to employees' self-efficacy and relates therefore to the "can-do" component of Kanfer's model of motivation. To the extent that supervision used to communicate an organizations goal and takes into account employees personal goals and needs, it also strengthens goal coherence and affects the "will-do" component of motivation. The way employees behave may depend upon how they

interpret features of the work environment. Chuang (2010) note that an organizational climate has been suggested to be critical link between HR systems and employee performance.

It is likely that HR practices shape employee shared perceptions which in turn influence employee collective behaviors which have a significant influence on an employee's self drive. The link between HR practices and organizational effectiveness has continued to receive much attention with assertions that internally coherent HR practices aligned with an organization strategy may be key towards improvement of employee motivation which in turn leads to enhanced organizational performance. Chuang further notes that an employees' behavior at work can be regarded as a reaction to their interpretations and appraisal of work performance. A positive concern for customers' makes employees perceive that superior service is expected desired and rewarded hence providing strong motivational force for employees to provide high quality service.

Rothbard (2011) point out that performance has multiple dimensions and minimizing negative mood is important to increasing operational capacity by increasing employees' availability to customers while at the same time increasing positive mood is important as it encourages higher quality of service. Depending on what performance goal is more important a manager may choose either approach but being mindful of effects of initial and on-going interactions with their employees. Wright (2007) notes that HRM practices enhance employee performance by providing greater intrinsic motivation and opportunity to perform through higher levels of perceived job influence and discretion. Redman (2010) further notes that a positive relationship between supportive human resources practices and organizational commitment, job satisfaction and employee turnover is mediated by perceived organizational support and that high performance work system is associated with trust in management and safety climate.

Human resource management policies in general may be seen to have an input into the social exchange process as the evidence of positive effects of bundles of high performance or high commitment work practices on employee attitudes and behavior.

HRM practices are significant for their role in enhancing employee's sense of job influence which provides intrinsic motivation and a sense of self confidence. High commitment HR practices according to Mcclean and Collins (2011) are related to firm performance. This is consistent with the social exchange theory. When organizations invest in their employees through high commitment HR practices employees reciprocate by exerting more effort with increased motivation. High commitment HR practices include: providing employees with above market compensation and benefit packages, hiring skilled employees who can contribute significantly from the start and fit with the organization and providing career opportunities and development opportunities within the organization.

Kluvers and Tippet (2009) found in their study that intrinsic rewards given to employees including opportunity for growth, opportunity for achievement, advancements and challenging tasks and duties in any organization help to increase the motivation level of employees and motivated employees are a sign of prosperity for any organization. Biron and Bamberger (2011) note that employee empowerment also enhances individual employee task performance. Empowered employees are able to choose which tasks to handle. This environment provides functional change in the work process and yields better performance outcomes. It also tends to increase an employee's self drive.

Psychological contract has implications in today's organizations. Patrick (2008) argues that it is the reason behind the current shift by organizations on how they relate with their employees. An organizations ability to get the best from their employee in terms of their energies, knowledge and creativity and harnessing them for competitive advantage is anchored in the strength of the psychological contracts. Understanding and strengthening psychological contracts is of importance to any organization since it has a direct relationship with an employee's self drive and motivation. Employees' contribution can no longer be extracted by coercion and in the current highly competitive environment organizations have to build processes and practices that focus on commitment rather than compliance.

#### 2.8 Theoretical framework of the study

This study is grounded on the expectancy theory by Victor Vroom (1964) and the goal setting theory by Edwin Locke (1968). The two theories are classified as motivation theories and they underline the concept of performance management. Goal-setting theory proposed by Edwin Locke in 1968 suggests that the individual goals established by an employee play an important role in motivating the employee for superior performance. This is because employees keep following their goals and if these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. So, in any case the performance is improved and this is what the performance management system aims at Salaman et al, (2005).

Expectancy theory was proposed by Victor Vroom in 1964. This theory is based on the hypothesis that individuals adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behavior in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events Salaman et al, (2005).

Mitchell et al, (2000) suggest that assuming goal acceptance, increasing the challenge or difficulty of goals leads to increased motivation and increases in performance. Expectancy theory hypothesizes that individuals change their behavior according to their anticipated satisfaction in achieving certain goals Vroom (1964). The two theories have implications for the design of performance management processes and employee performance and the general organizations performance. Both goal setting and expectancy theory are founded on the premise that human beings think in a rational, calculative and individualistic way Clark (1998). Clark further notes that performance management and indeed performance is based on an extremely rationalistic, directive view of the organization which assumes not only that strategy can be clearly articulated but also that the outcomes of HR processes can be framed in a way that make clear their links to the organizations strategic objectives. He further argues that the approach

assumes casual links between different parts of the process that can be readily identified and enable underperformance in one or more aspects of the process to be managed to ensure optimum functioning of the performance management system. He further notes that the social processes and power systems within which organizations operate together with the broader organizational and country-cultural context are important mediating factors in the operation and success of any system and in fact any organization.

#### 2.9 Conceptual Framework

A conceptual framework is a graphical or diagrammatic representation of the relationship between variables in a study Mugenda and Mugenda (1999). He further notes that it is a hypothesized model identifying concepts under study and their relationships. Figure 2.1 shows the conceptualization of the dependent and independent variables of the study depicting how they are related. The independent variables in the study points out factors that affect employee performance in the NGO sector in Kenya which includes; type of employment contracts, employee training and development, leadership styles of managers, rewards system and employee motivation. The dependent variable in the study is; improved employee performance. There are also intervening variables which include; government policies in the form of the prevailing legal framework and the moderating variables which include; project life cycle and organizational structure.

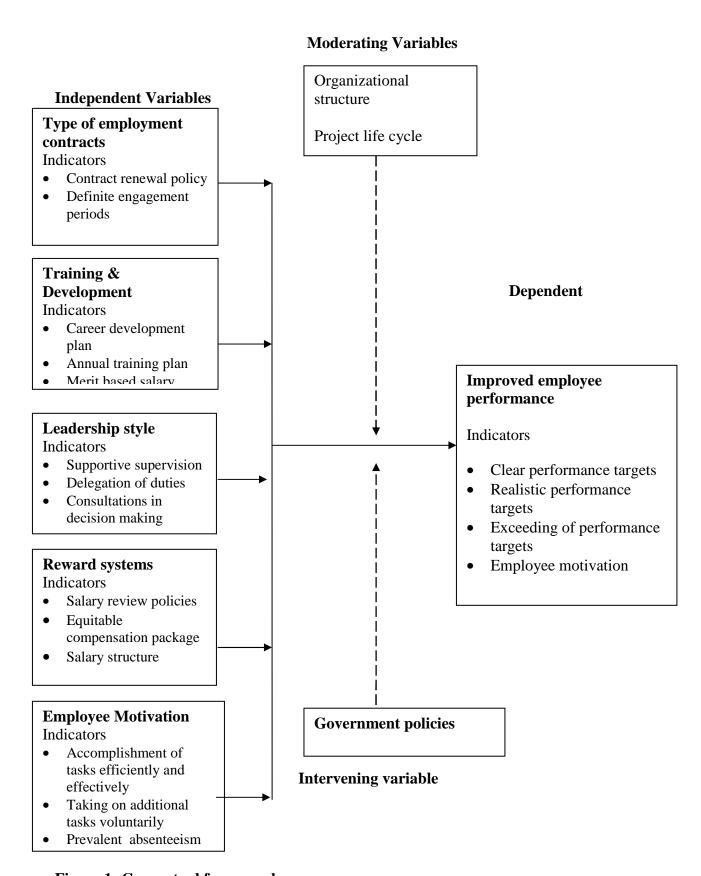


Figure 1: Conceptual framework

#### 2.10 Summary of literature review

In the past two decades the position of Non-governmental organizations in developing countries has shifted from that of minor and little discussed players focusing on the welfare of the poor to major central actors on the world stage of development (Chege 1999). Many international NGO's currently are unable to deliver on their mandates as per the agreed contracts with donors and or funders. In response to the prevailing organizational performance gaps performance management allows managers and supervisors to use tools and processes to enable staff to do their best in their respective job roles and assignments. Researchers have investigated factors affecting employee performance over the years with a number of views and theories being generated. It is evident from various researches that there cannot be uniform definition or standard measure of performance since what constitutes performance varies among different sectors. Researchers in their definitions agree to the fact that employee performance is determined by several factors and they assert that integrated investment in workers, technology, research and development and progressive human resources and remuneration policies are key to high performance.

From the literature it is evident that employee performance is important to an organizations survival yet it is in Africa and south Asian countries (except India) where employee performance and labor productivity is not very encouraging. Similarly the impact of employee performance in the overall performance of an organization cannot be ignored. With increasingly diminishing funding from donor agencies, performance management is central to any international NGO survival. This therefore makes it critical to focus attention into what factors affect employee performance in these organizations and establish mitigating steps to ensure international NGO's meet their obligations. This study therefore becomes important as it focuses on the human resources management factors that affect employee performance in INGO's in Kenya and this is critical for their continued existence.

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter describes the research procedures in terms of the research design, target population, sampling procedure, sample size, data collection instruments, validity and reliability of the instruments, data collection procedures, data analysis techniques, ethical considerations and operational definition of variables.

#### 3.2 Research Design

Mixed research design was used for the study. The study adopted a mixed research design with both qualitative and quantitative research methods. The qualitative research design was descriptive in nature while the quantitative research design was used to show the relationship between the independent and dependent variables. In these study data was collected on factors influencing employee performance in the NGO sector and more specifically the international NGO's. Data was collected among MSH Kenya employees which is an international NGO. Data was based on employee performance as a dependent variable and how it is influenced by the independent variables which are; type of employee engagement contracts, employee training and development, employee motivation, leadership styles of managers, and the organizations rewards system.

#### **3.3 Target Population**

MSH Kenya is one of the largest international NGO's in Kenya which has existed in the country for a long period. The MSH staff list (2012) indicates that the organization has a total of 80 employees spread between three broad categories namely; top management with 10 employees, middle level management which is comprised 50 employees and lower level management/ support which have 20 employees. The target population in this study who are MSH Kenya staff was viewed to be sufficient to allow for generalizations on factors that affect employee performance in MSH Kenya and the wider NGO sector in Kenya.

# 3.4 Sampling Procedure and Sample Size

The study utilized simple random sampling in the selection of the sample. Employees in MSH Kenya were clustered into three strata. The strata were based on three broad employee categories in the organization; top management, middle management and support staff/lower management. Simple random sampling was applied to select individuals in the respective strata. In determining the sample size in each strata Taro Yamane formula was used. Yamane (1973) depicts the formula as;

Where:

n- Sample size in the strata

N- Population

e- Level of precision (.05)<sup>2</sup>

Using the above formula helped in ensuring a representative sample was selected for the study since the population is heterogeneous. Using the formula helped obtain a sample that is over and above the suggested minimum sample thresholds. Mugenda and Mugenda (2003) recommend that a sample size of a given population should represent 10% of the population while Best and Khan (1998) recommend 30% of randomly selected cases within a population. By using Taro Yamane formula in the respective strata there was a fairly good representation in the sample.

**Table 3.1 Sampling matrix** 

Category	Title	Population size	Sample size
<b>Top Management</b>	Chief and deputy	10	10
	Chief of parties ,		
	Assistant project		
	directors		
Middle	Project Managers	50	49
Management			
Support	Program Assistants,	20	20
staff/junior	Administrative		
management	assistants, drivers		
	Total	80	79

#### 3.5 Research Instruments

Data was collected targeting 79 employees which is 99% of the entire population of MSH Kenya office employees. The main tool of data collection was the questionnaire and review of relevant documents. Survey method was used in data collection. The study utilized stratified random sampling and simple random sampling in the selection of the sample. Employees were clustered into three strata. The strata were based on three broad employee categories in the organization; top management, middle management and support staff/lower management.

#### 3.5.1 Questionnaires

Questionnaires were distributed to staff in their respective offices and by electronic mail for those who were not in office. This method according to Mugenda and Mugenda (2003) is relatively cheaper; respondents are not influenced by the interviewer. Questionnaires also provided access to some of the project staff based outside the Nairobi main office. It also provided an opportunity for respondents to think through their answers and consult where necessary. Since the questionnaires were self-administered they were pre-tested to ensure elimination of vague questions for ease of understanding.

Mugenda and Mugenda (2003) notes that using questionnaires that are well structured guide respondents to provide relevant and precise information needed for the research. They also make tabulation of information much easier among other benefits of using the tool.

#### 3.5.2 Document Analysis

Document review was conducted to provide institutional knowledge and documented facts on employee performance in the recent past. This included records of previous performance, employee turn-over and skills inventory.

### 3.6 Reliability of the Research Instruments

Reliability of the instruments refers to how consistent the results from a test are. Mbwesa (2006) defines reliability as the degree to which a measure supplied consistent results. According to Mugenda and Mugenda (2003) pre-testing an instrument is meant to ensure that items in the instrument are stated clearly and have the same meaning to all respondents. The questionnaire was pretested at Intrahealth International Kenya office using the test-retest method. Using the Peason Product-Moment Correlation Coefficient formula the correlation coefficient obtained was 0.85. This means the items in the questionnaire were deemed sufficient. Pre-testing the tools at Intrahealth Kenya office was because it is also an international non- governmental organization and the results from the pre-test were used in revising the tools to ensure they are reliable.

### 3.6.1 Validity of the Instruments

A research instrument is valid depending on how the data collected is related in terms of how effective the items have sampled significant aspects of the purpose of the study. Mugenda and Mugenda (2003) define validity of an instrument as a measure of the degree to which the results obtained using the instrument represented the actual phenomenon under study. This therefore translates into the accuracy and meaningfulness of inferences which are based on the research results. A pilot study was conducted to help establish content validity of the instrument. The questionnaire questions were constructed using valid wordings with logical sequencing of questions to ensure logical

flow of information and thought process of respondents. The research instrument was also reviewed and amended by experts in the area of study.

#### 3.7 Data Collection Procedure

A letter was obtained by the researcher from the University of Nairobi requesting the organization to allow for the study to be conducted. With a copy of the letter obtained from the graduate school the researcher wrote a formal request to the organization to allow him conduct the study. Approval was obtained from the human resources department in the form of a letter. The letter was circulated to all staff by electronic mail. After circulation of the letter of approval the researcher engaged individual employees by booking appointments and distributing questionnaires. Drop off points for completed questionnaires were agreed upon within the organization to create convenience for staff with regular field travels and busy work schedules. Each department appointed a point person for the facilitation of the exercise. This approach helped in ensuring that the research was carried out within the required timeframe.

# 3.8 Data Analysis Techniques

In the study both qualitative and quantitative data were collected. Data was classified according to the properties that characterize each of them. Respondents' total scores and percentages were used to analyze data. Respondents' scores were presented in descriptive statistics using tables and percentages. Cross tabulation and triangulation was done to ensure bias and misrepresentation of facts was put in check.

#### 3.9 Ethical Considerations

The subjects in this study were not required to use their names or provide any form of identification. Full consent of all respondents was sought before the questionnaires were administered. All subjects were assured of total confidentiality and the data obtained was used for research purpose only. The study did not create any form of risk to participants or cause any form of anxiety. There were no direct benefits to the subjects but the results are expected to be of value to the entire organization.

# **3.10 Operational Definitions of Variables**

 Table 3.2 Operational definition of variables

Variable	<b>Operational Definition</b>	Indicator or Measure	Scale
Improved employee performance	Optimal employee productivity as a result of efforts based on measured performance outcomes	<ul> <li>Meeting performance targets</li> <li>Going beyond the set performance targets</li> <li>Improved motivation</li> <li>Employee training and development</li> </ul>	Ordinal scale
Employee engagement contracts	Terms defining an employment relationship between an employee and an employer with clear engagement guidelines and defined contractual period	<ul> <li>Definite employment contract end dates</li> <li>Renewal of employment contracts</li> <li>Availability of contract renewal policy</li> </ul>	Ordinal scale
Training and development	Processes of enabling employees acquire skills (soft and technical) to improve on their performance and mastery of their areas of specialization. The skills are acquired through training and job experience.	<ul> <li>Availability of training policy</li> <li>Frequency of trainings during the employment period</li> <li>Access to training and career development programs</li> <li>Availability of skills development programs</li> </ul>	Ordinal scale
Employee motivation	This is an individual desire and self drive directed towards accomplishment of assigned roles and responsibilities. This type of drive is intrinsic in nature.	<ul> <li>Availability of motivational programs within the organization</li> <li>Employee absenteeism and reporting to work late</li> <li>Completion of assignments and taking on extra</li> </ul>	Ordinal scale

		<ul><li>responsibilities</li><li>Employees extension of a helping hand to colleagues</li></ul>	
Rewards system	This includes compensation and benefits structures and policies adopted by an organization. The compensation package includes salary and other types of work related benefits that an employee is entitled to by virtue of being in employment.	<ul> <li>Frequency of salary reviews</li> <li>Employee satisfaction with an organizations benefits package</li> <li>Equitability of the administered benefits package</li> </ul>	Ordinal scale
<b>Leadership</b> style	This is the type of the formal relationship that exists between the supervisor and the supervisee in a work environment. An enabling relationship that allows creativity and autonomy geared towards improved out- put is perceived as a good leadership style.	<ul> <li>Regular consultations with supervisors</li> <li>Guidance and leadership from the supervisors</li> <li>Provision of advice to supervisor by the supervisee</li> <li>Availability of coaching and mentorship opportunities</li> <li>Frequent use of delegation to achieve results</li> </ul>	Ordinal scale

#### **CHAPTER FOUR**

#### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter looks at the questionnaire response rate, results of demographic characteristics of respondents, the effect of; type of employment contracts, employee skills levels, quality of supervision, employee self-drive and compensation and benefits on an employee's performance in an international non-governmental organization taking a case of management sciences of health in Kenya.

### 4.2 Questionnaire response rate

The study targeted 78 respondents and 60 questionnaires were returned for analysis giving a response rate of 75%. The response rate was achieved since the study was conducted in an organization where the researcher works, as well as good coordination of the data collection exercise which was supported by the organizations human resources management team. Similarly there was a detailed explanation to my colleagues on the importance of the study. The questionnaires that were not received are because the nature of work involves a lot of travel both locally and internationally which made it difficult to get some of the respondents bring back their questionnaires.

# 4.3 Demographic characteristics of the respondents

The study was carried out in Management of Science Organization (MSH) and a total of 60 employees were interviewed in various cadres, majority from middle management (45%), lower management (31.7%) and senior management were (23.3%). In regard to gender 51.7% were female while 48.3% were male. The respondents' age is represented in table 4.1.

**Table 4.1: Respondents age distribution.** 

Age	Frequency	Percentage (%)	
20- 25 Years	15	25	
<b>31-35 Years</b>	16	26.6	
<b>36-40 Years</b>	18	30.0	
>40 Years	11	18.3	
Total	60	100.0	

From Table 4.1 most of the respondents were between 36-40 years (30%) while the least were above 40 years (18.3%). The organization seems to be having a relatively young workforce which places it at a competitive advantage in the near future. From the 60 respondents 29 were male consisting of 48% while 31 were female consisting 52% of the total respondents. This therefore indicates that the ratio of male to female employees within the organization is fairly balanced making which confirms that the organization lives by its spirit of being an equal opportunity employer.

### 4.3.1 Cross tabulations between length of services and other variables

In this tabulation a deliberate attempt has been made to try and establish if there exist any significant relationship between length of service of an employee in the organization and an employee's placement in the organization and employee's age. Also assessed is the relationship between gender and employees length of service in the organization. The tabulations are depicted in Table 4.2.

Table 4.2: Cross tabulations between length of services and other variables.

Length Of Service in								
the organization								
1-11Months 1-12 Years Total P Valu								
Gender								
Male	16	13	29	P = 0.802				
Female	16	15	31					
Age								
20-25 Years	7	8	15					
31-35 Years	11	5	16	P = 0.542				
36-40 Years	9	9	18					
>40 Years	5	6	11					
Cadre								
Senior Management	12	2	14					
Middle	12	15	27	P = 0.021				
Management								
Lower Management	8	11	19					

Table 4.2 indicates a significant association for one of the variables tested. When examining a correlation between cadre (senior, mid and lower management) and length of stay, a p value of 0.021 was established. However, no significant association was found for the other variables and length of stay (gender and age). This therefore means that employees in the middle management cadre seem to be more settled in the organization as 15 of the 27 interviewed have been in the organization for 1-12 years. Also a similar trend is evident with the lower management cadre. Senior management respondents appear to be having relatively new employees with 12 of the 14 respondents indicating they have served the organization for less than one year. This scenario is a true reflection of the pure project staffing structure which the organization adopted over the years making it difficult to retain staff beyond the project life.

# 4.4 The influence of type of employment contract on performance

Table 4.3 shows the perception of the respondents with regard to the type of employment contract issued by the organization and their satisfaction levels with the contractual periods offered by the organization. This is designed to bring a comparison between long term (permanent and pensionable contracts) and the short term contracts which have definite end dates.

Table 4.3: Satisfaction with employee's current employment contract period

Satisfaction	Frequency	Percent (%)	
<b>Strongly Agree</b>	31	51.7	
Agree	14	23.3	
Somewhat Agree	13	21.7	
Disagree	2	3.3	
Total	60	100.0	

As indicated in Table 4.3, 31 (51.7%) respondents strongly agree they are satisfied with their contract period ,14 (23.3%) agreed to be satisfied with the contracts, 13 (21.7%) somewhat agreed while only 2 (3.3%) were not satisfied with their current employment contracts. 42 (70.7%) respondents were in agreement that there were clear policies that govern renewal of employment contracts while 18(29.3%) respondents were opposed to the opinion and stated that the policies were not clear in regard to renewal of contracts. In addition 33 (54.8%) reported the policy to be suitable and sensitive to their needs while 27 (45.2%) said the policy did not suit their needs. Among the respondents who reported that the contract renewal policy was not suitable, they gave the following reasons; 23.7% cited that the policy was not clear on renewal of contracts, 13.6% were of the view that the contracts should be in line with project funding and more fundraising to be done,

3.3% were of the opinion that employees should be involved in discussions that lead to the renewal of their contracts, 3.3% said there should be no temporary staff employment for a period exceeding one year while 3.3% suggested that regular employment contract reviews should be done to motivate staff.

Table 4.4: Cross tabulations between improved employee performance and type of employment contract

Improved employee performance targets					
	Strongly	Agree	Somewhat	Total	P-
Value					
	Agree		Agree		
Satisfied with contra	ct period				
Strongly Agree	17	9	2	28	
Agree	6	8	-	14	P=
0.286					
Somewhat Agree	6	5	2	13	

In Table 4.4 A cross tabulation between improved employee performance and type of employment contract obtained a p value of 0.286 indicating that there is no significant relationship between the two variables. This therefore means that the length of employment contract has no significant affect an employee's work performance. Despite the fact that the all the respondents were on short term employment contracts which are pegged to project life, respondents seem comfortable working with this contractual terms. This in effect demonstrates that the employment period of an employee that is pre negotiated does not hamper performance levels.

**Table 4.5: Frequency of renewal of employment contracts.** 

<b>Times Renewed</b>	Frequency	Percentage (%)	
Once	16	26.7	
Twice	2	3.3	
Thrice	1	1.7	
Four times	5	8.3	
Five Times	6	10.0	
Contracts not renewe	e <b>d</b> 30	50.0	
Total	60	100.0	

Table 4.5 indicates that 30 (50%) respondents contracts had not been renewed since they have worked for the organization for just a year, while 16 (26.7%) had their contracts renewed at least once while only 1 (1.75%) has renewed contracts thrice. This is typical for any organization that is project focused such as MSH. With focus on projects the organization has adopted a pure project structure attaching staff to specific projects in this case once a project is concluded the organisation has to exit an employee since employment contracts are pegged on the project life.

### 4.5 The influence of training and development on performance

In order to determine the influence of employee training and development in the organization, respondents were asked to state their perception of career growth in the organization. The results were tabulated in table 4.5 and 4.6.

Table 4.6: Employee career development in the organization

	Strongly	Agree	Somewhat	Disagree
	Agree	Percent (%)	Agree	Percent (%)
	Percent (%)		Percent (%)	
<b>Existence of</b>	30	26.7	31.7	1.7
clear career				
path				
Availability of	28.3	30	30	11.7
employee				
development				
programs				

In Table 4.6, 19 (31.7%) of the respondents somewhat agreed that the organization had clear career path, while 18 (30%) of the respondents strongly agreed, 16 (26.7%) agreed and 6 (10%) were of a different opinion and reported to disagree that there was no clear career growth path in the organization while only 1 (1.7%) disagreed on the same. Out of the employees who agreed that there was clear path for growth, most reported that the organization offered online courses, study leave and a conducive environment that was in line with their career growth while those who were not in agreement reported that the career path for growth was not clear in the organization. It is evident from the responses that the organization places a lot of importance on employee training and development initiatives. Looking at the percentage totals 11% of the respondents were in disagreement and seemed to provide insights into how well training and development should be improved in the organization.

Similarly 18 (30%) of the respondents agreed and 18 (30%) somewhat agreed that employee career development programs are offered in the organization, 17 (28.3%) strongly agreed on the same while only 7 (11.7%) disagreed that employee training and development was not offered in the organization. Out of those who agreed 31.7% said that there were training and development opportunities in the organization with short

courses offered in the organization while 28.2% reported that there was no clear training plan in the organization and that growth opportunities were limited for employees and any growth was more organization focused than employee focused. Here it is evident that career growth is linked to training and development and they both draw a lot of attention from the organization and respondents.

Table 4.7: Employee training and development and promotion

	Strongly	Agree	Somewhat	Disagree
	Agree	Percent (%)	Agree	Percent (%)
	Percent (%)		Percent (%)	
Promotion	33.3	41.7	13.3	11.7
dependent on				
skill level				
Continued	40	46.7	11.7	1.7
skills building				
since				
employment				

In Table 4.7, 25 (41.7%) respondents agree that chances for promotion were dependent on level of skills and experience acquired, 20 (33.3%) strongly agreed, 8 (13.3%) somewhat agreed while 7 (11.7%) disagreed that chances for promotion was based on skills and experience acquired. In addition 28 (46.7%) said that since they joined the organization they have continued to gain skills, 24 (40%) strongly agreed on the same, and 7 (11.7%) somewhat agreed while 1(1.7%) disagreed that they have not acquired any new skills since joining the organization. It is evident here that the organization has continued to build skills and competencies of its employees over time and pegs employee promotion on skills levels.

## 4.5.1 Employee training and development planning in the organization.

Following the value attached to training and development by the respondents the study sort to establish if there existed an operational training and development plan in the organization that was well understood by employees and implemented by the organization. The responses are tabulated in table 4.7.

Table 4.8: The existence of organizations annual employee training plan

	Frequency	Percent (%)
Yes	4	6.7
No	44	73.3
Non Response	12	20.0
Total	60	100.0

As indicated in the Table 4.8, 44 (73.3%) of the respondents reported that the organization did not have an annual employee training plan, 12(20%) didn't indicate whether or not the organization had a plan while only 4 (6.7%) of the respondents said that the organization had a training plan. Similarly 4 (6.7%) of the respondents reported the plan to have been implemented while only 1 (1.7%) reported that the plan was not implemented as planned. The employees who said the training plan was not implemented cited the following suggestions; 25% said that the organization should focus more on employee training, 8.3% suggested that the training plan should be re-designed, while the rest were of the opinion that it should be included in the organizations human resources management policy. There were suggestions that the training plan should be shared with employees while others suggested that the plan should be included in the organization's annual work plan.

Table 4.9: Cross tabulation between improved employee performance and training and development

	Improved empl	oyee periori	mance targets	
	Strongly	Agree	Somewhat	Total P-
Value				
	Agree		Agree	
Training and develop	pment			
Strongly Agree	13	6	-	19
Agree	5	14	4	23 P= <b>0.001</b>
Somewhat Agree	6	2	-	8
Disagree	5	-	-	5

In Table 4.9 there is a significant association (p value=0.001) between improved employee performance and training and development. This therefore means there exists a significant relationship between improved employee performance and training and development. Through training and development employees acquire new skills which make it possible for them to be promoted within the organization while at the same time the new skills help employees improve on their performance. Promotion within MSH is also based on an individual skills and competencies making training and development central in improved employee performance.

### 4.6 The influence of employee motivation on performance

In order to determine the influence of employee motivation on performance, respondents were asked to state whether they; enjoyed their work, are motivated to work and whether they accomplish their task efficiently and effectively among other related questions. The results were tabulated in table 4.10.

**Table 4.10: The influence of employee motivation on performance** 

	Strongly	Agree	Somewhat	Disagree
	agree		Agree	
Enjoy my work	43.3%	51.7%	1.7%	3.3%
Am motivated to work	25.9%	50%	18.5%	5.6%
I do minimum work	6.9%	10.3%	29.3%	53.4%
Work is interesting and challenging	50%	38.3%	11.7%	-
Have work control and limit creativity	11.7%	28.3%	43.3%	16.7%
Disturbed when absent at work	14%	31.6%	35.1%	1.8%
Accomplish tasks efficiently and	56.7%	33.3%	10.0%	-
effectively				
Takes additional tasks on own initiative	58.3%	38.3%	3.3%	-
Extend helping hand to colleagues	46.7%	49.7%	3.3%	-

It is evident from Table 4.10 that 50% of the respondents enjoy their work and find their duties interesting and challenging. It was interesting to find out that employees accomplish their tasks efficiently and effectively (56.7%) strongly agreed while (33.3%) agreed to the same. Most of the employees also take up additional duties at their own initiative (58.3%) while 46.7% strongly agreed that they extend a helping hand to their colleagues. Similarly when asked if they do minimum work to sustain their jobs 53.4% of the respondents disagreed. When asked if work was interesting and challenging 50% of the respondents strongly agreed. These responses depict a motivated workforce that derives satisfaction from the work they do.

Table 4.11: Cross tabulations between improved employee performance and motivation.

Improved employee performance					
	Strongly	Agree	Somewhat	Total	P-
Value	Agree		Agree		
<b>Employee motivation</b>					
Strongly Agree	18	9	2	28	
Agree	9	11	-	14	<b>P</b> =
0.041					
Somewhat Agree	2	2	2	13	

In Table 4.11 there was a significant relationship (p value=0.041) between employees motivation and improved employee performance. Motivation in this context infers to an employee's self drive which has an impact on improved performance of employees in the organization. The significant relationship demonstrates the effect employee motivation has on individual employee performance and more so to the overall organizations performance.

# 4.7 The influence of compensation and benefits on employee performance

In order to determine the influence of employee compensation and benefits packages on employee performance, respondents were asked to state their perceptions towards the current compensation and benefits packages in the organization. The results were tabulated in table 4.12 and 4.13.

Table 4.12: The influence of rewards policy on employee performance

Satisfaction	Frequency	Percent	
<b>Strongly Agree</b>	7	11.6	
Agree	20	33.4	
Somewhat Agree	23	38.3	
Disagree	6	10.0	
Non Response	4	6.7	
Total	60	100.0	

Table 4.12 indicates that 38.3% of the respondents somewhat agreed that the organization has a policy of rewarding or compensating employees, 33.4% agreed, 11.6% strongly agreed while 10% disagreed that the organization did not have a policy for rewarding or compensating employees following attainment of professional certification. The responses imply that a significant number of employees in the organization are aware of the existence of a reward policy in the organization.

Table 4.13: Employees' perception of the organizations employee compensation package.

	Strongly	Agree	Somewhat	Disagree
	agree		Agree	
I feel I am paid fair for the amount of	5.1%	47.5%	39.0%	8.5%
work I do				
Benefit package is fair and	38.3%	46.7%	11.7%	3.3%
equitable				
Salary review based on clear policies	39.2%	18.2%	32.4%	10.2%

As depicted in Table 4.13, 47.5% of the respondents agreed that their current salary is commensurate to their skills and experience, 39.0 % somewhat agree, 5.1% strongly agree while 8.5% disagreed that their salary was not commensurate to their skills and experience. In addition 39.2% strongly agreed that their last salary review was conducted based on clear policy guidelines while 10.2% said that the review was not based on the policy guidelines in the organization. Asked to indicate the reasons as to why they thought that the salary review were according to the policy or not, 30% said that the review was based on merit and the policy was clear while 30% other staff were of contrary opinion that the review was not clear and that the policy needed adjustment. As indicated in the Table 4.11, 38.3% strongly agreed that the current benefits package paid was fair and equitable for the work they are doing, 46.7% agreed to the same, 3.3% disagreed that the benefits package were not fair and equitable. These responses imply that employees in MSH are satisfied with their current rewards package to a large extent. This is one of the reasons that can be attributed to short term contracts where employees negotiate their employment terms before committing to a contract.

59.3% of the respondents agreed that there are benefits they don't have that should be incorporated in their current package while 40.7% were of different opinion that the current package was sufficient. Out of the employees who said more benefits should be included in the current package, they gave the following suggestions listed in order of priority as follows; incorporation of 13<sup>th</sup> month salary, inclusion of study leave ,provision of more training and education scholarships ,enhancement of the staff welfare scheme and harmonization of salaries.

Table 4.14: Cross tabulation between length of service and satisfaction with organizations reward policy.

Length Of Service				
	1-12Months	1-12 Years	Total	P Value
Satisfaction with rewards policy				
Strongly agree	12	11	23	
Agree	11	17	28	
Somewhat agree	7	0	7	P = 0.018
Disagree	2	0	2	

In Table 4.14 significance was noted for staff satisfaction with benefit package and length of stay (p value = 0.018). Employees continued engagement with an organization is dependent on their perceived satisfaction with the benefits package offered. High employee turnover tends to affect overall productivity of an organization since recruitment; orientation and training are costly engagements. Even though the rewards policy did not show a significant relationship with improved employee performance it is evident that it influences an organizations recruitment policy.

Table 4.15: The organization is among the better paying in the NGO sector

Satisfaction	Frequency	Percentage	
<b>Strongly Agree</b>	18	30.0	
Agree	23	38.3	
Somewhat Agree	11	18.3	
Disagree	-	-	
Non Response	8	13.3	
Total	60	100.0	

As depicted in Table 4.15 above 23(38.3%) of the respondents agree that their organization is among the better paying organization in the NGO sector, 18 (30.0%) strongly agree, 11(18.3%) somewhat agree while 8(13.3%) of the employees did not

indicate whether or not the organization was among the better paying in the NGO sector. This trend shows a fairly contented workforce with the benefits package offered by MSH. This is evident since the level of motivation within the organization seems to be relatively high with employees self drive being exhibited as high.

### 4.8 The influence of leadership style on employee performance

In order to determine the influence of leadership style on employee performance, respondents were asked to state their perceptions of their supervisors' leadership styles. The results were tabulated in table 4.16.

Table 4.16: Description of team managers or supervisors leadership style?

Frequency		Percent (%)
Authoritarian	11	18.3
Democratic	35	58.3
Autocratic	4	6.7
Laissez -faire	7	11.7
Non Response	3	5.0
Total	60	100

Table 4.16 depicts that employees agreed that their managers and supervisors were democratic (58.3%), Authoritarian (18.3%), laissez faire (11.7%) while only 6.7% of the employees reported their supervisors to be autocratic. From the responses it is evident that MSH managers are democratic setting ground for staff to excel in their duties and responsibilities. Democratic working enveronments allow staff to express their views while at the same time participating in decision making which creates a sence of ownership to work process and decisions. This propels individual employee and the organization at larger to improved performance.

Table 4.17 :Supervisor's competence, focus on deliverables and maintenance of harmonious working relationships

	Strongly agree	Agree	Somewhat	Disagree
	Percent (%)	Percent (%)	agree	Percent (%)
			Percent (%)	
Focus on	39	45.8	15.2	-
deliverables				
Supportive	45.6	47	7.4	-
supervision				
Competent	54.4	36.2	10.3	-
supervisors				
Provision of	48.3	37.9	13.8	-
timely feedback				
<b>Delegation of</b>	61.7	35	3.3	-
duties				

Table 4.17 depicts that 45.8% of respondents agree that their supervisors focus was on deliverables, 39% strongly agreed and 15.2% somewhat agreed that the main focus on their supervisors was based on deliverables. 47% agreed that supervisors were supportive and maintained a harmonious working relationship, 45.6% strongly agreed and only 7.4% somewhat agreed that the supervisors were supportive to employees in ensuring employees perform their duties efficiently and effectively. More than half of the respondents 53.4% strongly agreed that the supervisor was competent, 36.2% agreed and only 10.3% somewhat agreed that their supervisors were competent at their work and mastered their job roles well. The responses depict an effective supervisory/management team in the organization which is essential in ensuring that employees put in their best towards work performance.

In line with supervisors leadership skills, 48.3% strongly agreed that the supervisor provides timely feedback that is correctional in nature, 37.9% agreed while 13.8% somewhat agreed that the supervisor/ manager provided timely feedback that was correctional in nature on matters affecting the employees performance. Moreover, the employees 61.7% strongly agreed that the supervisor delegates work to team members, 35% agreed and only3.3% somewhat agreed that the supervisor delegates work to team members. The responses depict a working environment that has embraced delegation and correctional leadership all well known for cultivating a conducive working environment in an organization.

Table 4.18: Employee freedom to objectively express feelings.

		Strongly agree	Agree	Somewhat	Disagree
		Percent (%)	Percent (%)	Agree	Percent (%)
				Percent (%)	
Free	to	62.1	29.3	8.6	-
express					
feelings					

In Table 4.18, 62.1% of the respondents strongly agreed that they were free to objectively express their feelings about work to their supervisor, 29.3% agreed while 8.6% somewhat agreed that they were free to express their feelings about work to their supervisors. This therefore implies that MSH practices supportive leadership and embraces dialogue in its management processes. This sets the stage for propelling employees to higher performance levels thereby improving the organizations general performance.

Table 4.19: Cross tabulations between improved employee performance and leadership style

Improved employee performance targets				
	Strongly	Agree	Somewhat	Total P-
Value	Agree		Agree	
Leadership Style	S		S	
Authoritarian	7	2	2	11
Democratic	12	19	2	33 P=0.022
Autocratic	3	1	-	4
Laissez- Faire	5	-	-	5

Cross tabulation between leadership style and improved performance in Table 4.19, has a significant association (p value=0.022). This shows that leadership style and improved performance has a close association. Democratic leadership style prepares the ground for improved employee performance and the overall improvement in organizations performance. This affirms the fact established earlier that MSH as an organization engages in sound management practices that propel employees to excellence in performing their job roles.

# 4.9 Employee's understanding of performance in the organization

To establish employees' understanding of; performance, participation in setting performance targets and the general understanding of performance management in the organization, respondents were asked to state their perceptions. The results were tabulated in Table 4.20 and 4.21

Table 4.20: Do you understand your performance targets clearly?

Responses	Frequency	Percent (%)
	<b>(f)</b>	
Yes	56	93.3
No	4	6.7
Total	60	100.0

As illustrated in Table 4.20, 93.3% agreed that they understand their performance targets clearly while only 6.7% do not understand their performance targets clearly. Out of the respondents who understood their performance targets 56.6% reported that they set targets jointly with their supervisors in line with the organizational goals, while only 3.3% reported that their job roles were not clear as well as their performance targets. This implies that the organization has well informed employees who understand their job expectations.

Table 4.21 Performance management in the organization

	Strongly	Agree	Somewhat	Disagree
	Agree	Percent (%)	Agree	Percent (%)
	Percent (%)		Percent (%)	
Realistic	69	26	3.4	1.6
performance				
targets				
Exceed	52.7	40	6	1.3
performance				
targets				
<b>Existence</b> of	36.5	51.9	11.5	-
performance				
plan				

In Table 4.21, 69% of the respondents strongly agree that performance targets were realistic, 26 % agree while 3.4% somewhat agreed that the performance targets were realistic. 52.7% strongly agreed that they exceed their performance targets, 40% agree and only 6% somewhat agreed that they exceed their performance targets.51.9% agreed that there is clear performance management plan in the organization, 36.5% strongly agreed while 11.5% somewhat agreed that there is a clear employee management plan in the organization. The responses point to a work force that has clear performance targets hence the ability to have a workforce that meets its performance targets becomes a possibility to MSH employees.

#### **CHAPTER FIVE**

# SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This section of the report represents a consolidated summary of findings, discussions, conclusions, study recommendations and suggestions for further investigations. The objectives of the study was to; establish the influence of type of employment contracts on employee performance, determine the influence of training and development on improved employee performance, establish the influence of leadership style on improved employee performance, establish the influence of motivation on performance and to determine the influence of rewards policy on employee performance. Findings of the study confirm that employee performance is determined by a combination of organizational and individual factors.

# **5.2 Summary of findings**

Data collected from sampled respondents enabled the study to evaluate factors influencing employee performance in international non-governmental organizations (iNGOs) using MSH Kenya as a case example. Factors examined by the study include; type of employment contracts, employee training and development, leadership style, employee motivation and employee rewards policy. Each of these factors was assessed on the extent to which it influences improved employee performance in iNGOs. The study found out that most of the employees were satisfied with their current contracts. In addition, majority of employees reported that the organization had clear policy guidelines that governed their contracts. Further, employees confirmed that the organization policy on employment contracts was suitable and sensitive to their needs. Study findings strongly suggest that short-term employment contracts are well received among employees as long as policy guidelines surrounding the extension and renewal are well spelt out. A cross tabulation between type of employment contract and improved employee performance was statistically insignificant (p Value= 0.286) proving that there is insignificant association between the two variables. Following this finding one can

confirm that type of employment contracts do not affect an employee's performance. This is so because employees are fully aware of the employment terms before engagement and as such they are psychologically prepared on what to expect of the contract.

Majority of the employees (75%) said that they had chances of being promoted based on their skills and experience and they had continued to benefit from the organizations training and development policy by acquiring necessary skills which have been instrumental in improving their performance since they joined the organization. The findings confirmed that the organization did not have an annual training plan (73.3%) while 6.7% confirmed the existence of the plan. This therefore means if the plan exists then majority of employees are not aware of its existence. Similarly, if the plan exists then it was not fully implemented; hence employees suggested that the plan needed to be revised or redesigned and fully implemented to make it operational. From the study it is clear that employees attach great value to training and development as well as the general human capital development. Cross tabulation between training and development and improved employee performance revealed a significant relationship (P Value =0.001). This means continuous employee training and development helps employees improve on their performance which translates to improved organizational performance.

In regard to the leadership style, employees said that it was democratic (58.3%) and their supervisors focused more on deliverables and maintained a harmonious working relationship with the junior staff. This greatly motivated the employees to work well. Respondents (61.7%) confirmed further that their supervisors' delegated duties and 54.4% of their supervisors are competent and match their duties. Harmonious/conducive working environment is bound to improve employee performance. This finding clearly demonstrates where employees in the organization derive their desire to excel and succeed. They were also in agreement that their supervisors were competent and well knowledgeable about their work and a significant percentage 62.1% strongly agreed that they were free to approach their supervisors and objectively share their feelings. A cross tabulation between leadership style and improved employee performance was statistically

significant (p Value =0.022) this therefore confirms that democratic leadership creates a fertile ground for improved employee motivation and performance.

The influence of employee motivation on performance was assessed and findings from this study indicate that 50% of the respondents find their work interesting and challenging, 56.7% accomplish their tasks efficiently and effectively while 58.3% takes up additional tasks on their own initiative. In the analysis it is therefore evident that the organization has a relatively motivated workforce. This attribute is further confirmed by the willingness of employees 46.7% to extend a helping hand to their colleagues. It is therefore follows that employees in the organization have self drive which positively influences their performance. A cross tabulation between motivation and improved employee performance was significant (p Value = 0.041). This confirmed that improved motivation leads to improved performance of employees and the organization in general.

From the study it is evident that there is clear policy for rewarding and compensating employees and this enhanced their performance and motivated them to work even harder. However they agree that there were some benefits that should be incorporated in the benefits package such as the 13<sup>th</sup> month salary among others as pointed out earlier in the findings. 86.5% of employees agreed that they were comfortable with their current salary and benefits package. This therefore confirms that MSH is among the better paying organizations in the NGO sector. This could be the reason attributed to the organizations ability to retain middle level managers for relatively longer period. From the study there is a significant association (p value= 0.021) between employees cadre and length of stay in the organization. This means employees in middle management have served the organization for a relatively longer period when compared to other cadres. Similarly the significant relationship (p value=0.018) between employee satisfaction with the benefits package and the length of stay in the organization depicts that employees who have served the organization for a period of 1-12 years are comfortable with the current benefits package as opposed to the relatively new employees (1-12 moths of service) It is important to note that a high staff turnover has a negative effect on employee performance and the organization as a whole.

#### **5.3 Discussion of the study**

From findings of the study it is apparent that some of the findings resonate with previous studies some of which have been reviewed and have formed part of the literature review of this study. Similarly some findings have provided an opportunity for organizations to redirect their focus to more strategic human resources aspects that exhibit significant impact on improved employee performance in the organization.

#### **5.3.1.** The influence of type of engagement contracts on employee performance.

The study confirmed that employees in MSH were satisfied with their current short term contracts. In addition, majority of employees reported that the organization had clear policy guidelines that governed their contracts and that the organization policy on employment contracts was suitable and sensitive to their needs. As pointed out by Isaksson (2005), technological and structural changes have shifted employment terms from the traditional "permanent/ pensionable" contracts to existence of short term contracts, which are more appealing for the modern worker as opposed to the recent past. Likewise, the study findings strongly suggest that short-term employment contracts are also well received among employees as long as policy guidelines surrounding the extension and renewal are well spelt out. Sharkie (2009) further notes that with increased market place pressure and the introduction of new management practices has had significant effect on traditional employment practices. The employment relationship has been replaced by the new psychological relationship which has a strong focus on cultivating an employee's trust which translates to improved motivation. This is resonates with the finding of the study where employees are keen to understand clearly the provisions of their contracts and thereafter focus on delivering on their respective mandates.

# **5.3.2** Training and development and its influence on improved employee performance

From the study findings training and development seems to be a strategic link in improved employee performance. Majority of the employees (75%) said that they had chances of being promoted based on their skills and experience and they had continued

gaining skills since they joined the organization. The findings confirmed that the organization did not have an annual training plan (73.3%). This therefore means if the plan exists then majority of employees are not aware of its existence. As noted by Galido-Rueda (2005), investment in human capital through higher qualifications and training is key towards achieving sustained long term growth. This sentiments were echoed by respondents in the study and a cross tabulation between training and development and improved employee performance was significant (p value= 0.001) this in essence means training and development is central in improving employee performance. Mutsotso (2010) points out that education and training increase employees' job skills, and their perception towards efficiency and effectiveness in carrying their operations. This therefore means organizations that embrace capacity building are likely to experience increased performance characterized by a motivated workforce. Hameed (2011) note that the skills building activities performed by organizations indicates that the organization cares for its employees. While many organizations invest in their employees, the employees on the other hand derive job satisfaction from their work which in turn leads to increased employee performance. However this development depends on the individual employee's willingness to develop, organizational culture, top management attitude and organizational opportunities for growth. With regard to these respondents suggested that a clear training and development plan needed to be put in place and or redesigned and fully implemented. This study further echoes similar sentiment, other works highlighting the fact that training and development is fundamental for any organization to realize sustained improved performance. There is a clear value attached to training and human capital development in this study.

# 5.3.3 leadership styles influence on improved employee performance

Guest (2010) note that relations between managers and employees have a significant effect on productivity. From the study findings respondents said that the leadership style exhibited in the organization is democratic (58.3%) and those supervisors focused more on deliverables and maintained a harmonious working relationship with their supervisees. This confirms why MSH performance has been outstanding for the past few years with increased business volume. Cross tabulation between leadership style and improved

employee performance was significant (P value= 0.002). As pointed out by Suttorn (2010) bosses are expected to take charge effectively of the team they lead and make it safe for the team to learn, act and take intelligent risks. This view is not any different from the study findings where respondents (61.7%) confirmed that their supervisors' delegated duties and 54.4% of their supervisors are competent and match their duties. Harmonious/conducive working environment is bound to improve employee performance. Respondents are also in agreement that their supervisors were competent and well knowledgeable about their work and a significant percentage 62.1% strongly agreed that they were free to approach their supervisors and objectively share their feelings. This further confirms that leadership style cannot be ignored when focusing on improved performance and that a mix of good leadership coupled with corrective discipline adds up to improved performance

#### 5.3.4. Employee motivation and its influence on improved employee performance

Rothbard (2011) point out that performance has multiple dimensions and minimizing negative mood is important to increasing organizational capacity by encouraging higher quality service. In this study the influence of employee motivation on performance was assessed and 50% of the respondents find their work interesting and challenging, 56.7% accomplish their tasks efficiently and effectively while 58.3% takes up additional tasks on their own initiative. In the analysis it is therefore evident that the organization has a relatively motivated workforce. This attribute is further confirmed by the willingness of employees 46.7% to extend a helping hand to their colleagues. It therefore follows that employees in the organization have self drive which positively influences their performance. A cross tabulation between employee motivation and improved employee performance was significant (P Value= 0.041). This confirms that high motivational level of employees is important for the overall improved employee performance. Redman (2010) notes that a positive relationship between supportive human resources practices and organizational commitment, job satisfaction and employee turnover is mediated by perceived organizational support and that high performance work system is associated with trust in management and safety climate. From the findings of the study MSH exhibits a motivated workforce that has propelled it to higher performance levels.

#### 5.4.5 Rewards policy and its influence on improved performance

From the study MSH has a clear policy for employee rewards. This has enhanced performance and cultivated a motivated work force. In their responses however they agree that there were some benefits that should be incorporated in the benefits package such as the 13<sup>th</sup> month salary. As noted by Nawab (2011) compensation management can affect job satisfaction and employees organizational commitment. A similar sentiment is also shared by Grud (2008) as they note that extraordinarily high wage increases do not translate to increased performance and as such how organizations formulate their rewards policy determines their success. When asked about their views on the rewards policy 86.5% of employees agreed that they were comfortable with their current salary and benefits package. Ordinarily few employees would be in agreement with their pay package as witnessed in the responses. This therefore confirms that MSH is among the better paying organizations in the NGO sector. A good rewards policy could be the reason attributed to the organizations ability to retain middle level managers for relatively longer period. From the study there is a significant association (p value= 0.021) between employees management level and length of stay. This means employees in middle management have served the organization for a relatively longer period when compared to other cadres. Similarly the significant relationship (p value=0.018) between employee satisfaction with the benefits package and the length of stay in the organization depicts that employees who have served the organization for a period of 1-12 years are comfortable with the current benefits package as opposed to the relatively new employees (1-12 moths of service) It is important to note that a high staff turnover has a negative effect on employee performance and the organization as a whole.

#### **5.4 Conclusions**

From the study conclusions based on findings were drawn. The findings proved that of the five independent variables assed in the study, there are three variables which have shown significant level of association with employee performance in an organization. These variables; employee training and development, leadership style in an organization and employee motivation need to be looked at keenly in any organization that has a desire to improve on performance. It is worth noting that in a number of human resource

management aspects such as employee career development, employee motivation and staff turnover the three variables have a bearing on how such decisions are made in an organization. There has to be deliberate focus within an organization to conclusively address the three. However it is worth noting that despite the emphasis placed on organizations reward policy and type of employee employment contracts as factors influencing employee performance there was no significant association between the two variables and improved performance. This can be attributed to the fact that employees tend to make up their minds about the two before joining an organization.

## **5.5 Recommendations**

To enhance employee performance in international non-governmental organizations, the study recommends that iNGO's need to;

- 1. Develop and implement clear employee training and development programs that are employee driven to allow employees acquire the necessary skills and map out their career development plans which in turn has a positive effect on employee performance. Equally there is need to enhance supervisors' leadership and management skills to ensure that supervisors embrace positive leadership and management styles such as democratic leadership and allow employees feel that they are supported and natured by their supervisors. This is important since the study has clearly shown that leadership styles have a significant effect on employee performance.
- 2. Implement a clear contract management policy within the organization that will ensure there are no grey areas surrounding the renewal and or extension of employment contracts. The policy has to be disseminated to all employees even though employees are well informed of their contractual obligations before joining the organization. This is irrespective of the fact that employment contracts seemed not to have any significant relationship with employee performance a fact which is attributed to the fact that employees were aware before joining the organization of what their contracts entail.
- 3. Ensure that employee motivation is natured in an organization by creating a conducive working environment, provision of clear job descriptions, as well as

ensuring timely feedback is provided to employees on issues touching on work performance. These coupled with laying down foundations of a good team environment will enhance employee performance.

## **5.6 Suggestions for further research**

Based on the findings of the study there is need to investigate further and establish the dynamics that surround employee performance. In this study internal factors have been extensively assessed yet there are other external factors that have a bearing on employee performance. It will be of value to investigate how both internal and external factors play out in determining improved employee performance in the NGO sector.

**5.7** Contributions to the body of knowledge

No	Objective	Contribution to body of knowledge	
1	Influence of type of	The findings of this objective point to the fact that	
	employment contract on	there is no significant relationship between type of	
	employee performance	employment contract and performance. This is	
		attributed to the fact that employees make	
		decisions about type of employment contracts	
		before joining an organization. However policies	
		that govern employee contract renewal and	
		extension have to be clear and well understood.	
2	Influence of training and	Findings of this objective bring out the fact that	
	development on employee	there exists a significant level of association	
	performance	between training and development and employee	
		performance in an organization. This is so since	
		promotion within an organization is dependent on	
		employee skills and experience. A clear employee	
		skills development plan that strikes a balance by	
		focusing on both employee career development	
		and organization performance is necessary in an	
		organization.	
3	Influence of leadership style	There exists a significant relationship between	
	on performance	leadership style and employee performance.	
		Democratic leadership style tends to bring out the	
		best of an employee as opposed to autocratic,	
		authoritarian as well as laissez-faire type of	
		leadership.	
4	Influence of rewards policy	Findings of this objective bring out the fact that	
	on employee performance	there is no significant level of association between	
		an organizations reward policy and improved	
		employee performance. This can be attributed to	
		the fact that employees tend to make decisions of	

		joining an organization after understanding their
		entitlements in terms of compensation and benefits
		packages attached to the jobs.
5	Influence of motivation on	A significant level of association exists between
	employee performance	an employee's motivation and employees' overall
		performance in an organization.

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**APPENDICIES** 

APPENDIX 1: LETTER OF TRANSMITTAL

Dear colleagues,

Am a Master of Arts student in project planning and management at the university of

Nairobi. Currently am carrying out a research project on the topic "Factors influencing

employee performance in International Non- governmental Organizations in Kenya: A

case of Management Sciences of Health Kenya office" am inviting you to participate in

this research project by filling out a short research questionnaire attached herewith.

Through your participation I hope to gain more insight into the factors that influence

employee performance with specific reference to the factors under study. I hope the

results of the study will improve the knowledge around the understanding of factors

influencing employee performance in the NGO sector. I guarantee that responses will

remain confidential and results of the study will be used purely for academic purpose.

If you have any questions or concerns about completing the questionnaire or about being

in this study, you may contact me through the email address provided below

I greatly appreciate your participation in this endeavor.

Sincerely,

Jotham Chacha

Jchacha@msh-kenya.org

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## APPENDIX 2: QUESTIONNAIRE FOR MSH EMPLOYEES

ect your respon	ses, check (tick) the option applic	able to you
Male	Female	
20-25		
26-30		
> 40		
rrent position:	Enter months if less than 1 yr	
	Enter number of years worked	
n that most repe cases please extracts Ith my current	presents your opinion on each or claborate your responses.  Imployment contract period.  Somewhat agree Disagree  Tern renewal of employment contract renewal of employment contract period.	Strongly  acts in the
ions can you rec	<u> </u>	
	Male  20-25 26-30 31-35 36-40 > 40  20-25 26-30 31-35 36-40 > 40  20-25 20-25 20-20 20-20 20-20 20-20 20 20 20 20 20 20 20 20 20 20 20 20 2	20-25 26-30 31-35 36-40 > 40  Enter number of years worked  sk about what your experience has been working that most represents your opinion on each of e cases please elaborate your responses.  ETRACTS  the my current employment contract period.  Agree Somewhat agree Disagree  colicies that govern renewal of employment contract period.  ES" above, is the policy suitable and or sensitive

3. Since employment how many times has your contract been renewed?				
1 2 3 4 5 times or more				
TRAINING AND DEVELOPMENT				
1. The organization has clear career path that allows employees to grow				
Strongly agree Agree Somewhat agree Disagree Strongly disagree				
Please explain your answer for question one above.				
2. Employee career and development programs are offered in the organization				
Strongly agree Somewhat agree Disagree Strongly disagree				
Please explain your answer for question two above.				
rease explain your answer for question two above.				
3. My chances of promotion are dependent on the level of skills and experience I have acquired				
Strongly agree Agree Somewhat agree Disagree Strongly disagree				
4. Since joining the organization I have continued to acquire more skills and knowledge relevant to my work				
Strongly agree Somewhat agree Disagree Strongly disagree				
5. The organization has an annual employee training plan.				
Yes No				

If YES do you think it is appropriately implemented?
Yes No
If NO what do you think can be done to improve its implementation?
6. The organization has a policy of rewarding/compensating employees following attainment of professional certification?
Strongly agree Somewhat agree Disagree Strongly disagree
EMPLOYEE MOTIVATION
1. I enjoy doing my work
Strongly agree Somewhat agree Strongly disagree
2. Am still motivated as I was when I joined the organization
Strongly agree Agree Somewhat agree Disagree Strongly disagree
3. I only do the minimum required in order to keep my job
Strongly agree Agree Somewhat agree Disagree Strongly disagree
4. My work is interesting and challenging
Strongly agree Agree Somewhat agree Disagree Strongly disagree
5. The work I do has so many controls that it leaves no room for individual creativity
Strongly agree Agree Somewhat agree Disagree Strongly disagree

6. Any time am absent from work I feel very disappointed and disturbed.
Strongly agree Agree Somewhat agree Disagree Strongly disagree
7. I always accomplish my tasks efficiently and effectively
Strongly agree Somewhat agree Disagree Strongly disagree
8. Frequently I do take on additional tasks on my own initiative.
Strongly agree Agree Somewhat agree Disagree Strongly disagree
9. I always extend a helping hand to my colleagues when they have more tasks than they can handle.
Strongly agree Agree Somewhat agree Disagree Strongly disagree
REWARDS POLICY
1. My current salary is commensurate to my skills and level of experience
Strongly agree Agree Somewhat agree Disagree Strongly disagree
2. Was the last salary review conducted based on clear policy guidelines?
Yes No
Explain your answer to question two above.
3. I feel am being paid a fair amount for the work I do
Strongly agree Somewhat agree Disagree Strongly disagree
4. The current employment benefit package is fair and equitable.
Strongly agree Somewhat agree Disagree Strongly disagree

5. Are there employee benefits that you do not have which should be incorporated in the current benefits package?
Yes No No
If YES explain your answer.
6. Our organization is among the better paying in the NGO sector.  Strongly agree Agree Somewhat agree Disagree Strongly disagree
LEADERSHIP STYLE
Which word below best describes your team managers or supervisors leadership style?  Authoritarian  Democratic  Autocratic  laissez- faire
2. The main focus of my supervisor is deliverables  Strongly agree Agree Somewhat agree Disagree Strongly disagree
3. My supervisor provides supportive supervision to individuals while maintaining harmonious working relationship
Strongly agree Somewhat agree Disagree Strongly disagree
4. My supervisor is quiet competent at his work and has mastered well our job roles
Strongly agree Somewhat agree Disagree Strongly disagree
5. The supervisor/manager provides timely feedback that is correctional in nature o matters affecting my performance
Strongly agree Agree Somewhat agree Disagree Strongly disagree

6. My supervisor delegates work to team members		
Strongly agree Somewhat agree Disagree Strongly disagree		
7. Am free to objectively express my feelings about work to my supervisor		
Strongly agree Agree Somewhat agree Disagree Strongly disagree		
EMPLOYEE PERFORMANCE		
Do you understand your performance targets clearly?  Yes  No		
Please explain your answer		
<del></del>		
2. My performance targets are realistic.		
Strongly agree Agree Somewhat agree Disagree Strongly disagree		
3. I always exceed my performance targets		
Strongly agree Agree Somewhat agree Disagree Strongly disagree		
4. There is a clear employee performance management plan in the organization.		
Strongly agree Agree Somewhat agree Disagree Strongly disagree		

Thank you