MOTIVATIONAL STRATEGIES OF GENERATION Y IN COMMERCIAL BANKS IN KENYA

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DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

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This research project has been submitted for examination with my approval as the supervisor on behalf of School of Business, University of Nairobi.

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DEDICATION

I dedicate this research project to my dear wife and children for their unending support

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ABSTRACT

Organizations, in order to achieve their goals of providing quality products, profitability and competitive advantage over their rivals must practice strategic planning. Performance on the hand can only be achieved when employees are highly motivated. However, most of the people employed in the commercial banks are young people who are hard to motivate and are characterized by frequent work turnover. The purpose of the study was to determine the motivational strategies of generation Y used in Commercial Banks in Kenya. The study adopted a descriptive research design on a target population of employees of 43 Kenyan banks. Sample of 200 employees was selected. The study used self-administered semi-structured questionnaires as the main instrument for data collection. Using Statistical Package for Social Sciences, descriptive analysis was done on the data collected. This involved: frequencies, percentages, mean and standard deviation. Regression analysis was used to establish the relationship between strategies used by banks and motivation of generation y. The study established that generation y were motivated through motivation recognition, promotion, personal growth, psychological contact, influence and responsibility in that order of reducing importance. The study recommends that organizations should review the motivational strategies offer to the generation y in order to improve their performance and lower job turnover.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURE

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic management is a continuous process that involves attempts to match or fit the organization with its changing environment in the most advantageous way possible (Pearce and Robinson, 2000). Strategies are the means by which long-term objectives are achieved. “A strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization” (Pearce and Robinson, 2007; Johnson and Scholes, 1993; Thompson and Strickland, 2001). The role of a strategy is to identify the general approaches that the organization utilize to achieve its organizational objectives.

The use of strategic management practices enables firms define their strategies, which provide a central purpose and direction to its activities to people who work in the firm and often to the outside world. Strategic planning and implementation enables firms to adapt under conditions of external pressure caused by changes in environment. Firms can and often do create their environment besides reacting to it. Strategic planning and management helps firms develop competitive strategies (Johnson and Scholes, 2002). In developing strategy, firms carry out an analysis of their environment, their industry and competitors and gauge how they can outperform their competitors.

Strategic planning also helps firms focus their efforts and resources on their key success factors and cultivate a culture of being proactive. By implementing strategic plans, firms are able to respond to the turbulent environment in an appropriate manner, to ensure their continued survival and profitability hence providing the shareholders with value for money invested (Porter, 1998).Powers and Hahn (2004) looked into whether or not there are any links between competitive methods, generic strategies and firm's performance. Their article showed that in financial businesses, a cost leadership strategy did perform better than differentiation and focus. However, those, which have chosen differentiation and focus, performed better than the company that was stuck-in-the middle. Day and Wensley (1998) also say that choosing a strategy based on the positional advantage in the market will make a firm successful, because it is dependent upon which resources are available to them. The strategies that are used in Kenyan banks should be in line with strategic management practices.

1.1.1 Concept of Strategy

The essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match" (Porter, 1996). According to Porter, a company must choose its activities in different ways than its competitors in order to deliver a unique set of value to its customers.The business environment in which firms operate is dynamic and turbulent with constant and fast-paced changes that often render yester-years strategies irrelevant. Top management and decision makers of firms must constantly think strategically about the future of their organizations. The environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threats to be countered and weakness to be overcome (Pearce and Robinson, 2000). Thompson et al. (2007) observed that strategy is a long term plan of action designed to achieve a particular goal. Strategy is essential because there is not only one ideal position in the market. If there were, operational effectiveness would be enough for the company to succeed but even operational effectiveness is not enough for the company to survive when it reaches a certain point.

Strategic planning calls for the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to carry out the goals. Planning is a conscious systematic process during which decisions are made about mission, values, goals, strategies, priorities and activities that an organization, and by extension industry players will pursue if they are to survive and remain relevant in the future, amidst a constantly volatile environment. Strategic planning therefore is not a matter of coming up with a detailed plan or program but it is a “unifying theme that gives coherence and direction to actions and decisions” (Grant, 1998).

Pearce and Robinson (2007) recognized the three levels of strategy: corporate, business, and functional or operational level. The corporate level strategy defines the vision, corporate goals, philosophy, and culture of the firm. It includes decisions on overall goals of the firm, the types of business the firm is involved in, and the way in which business will be integrated and managed (Porter, 1980). The business level strategy bridges corporate and functional strategies with decisions including plant location, market segmentation, geographical coverage and distribution channels, thus it broadly covers the mission, business goals and competencies. The functional level strategy is concerned with the implementation thus it is short term, low risk and quantifiable. It includes decisions on information systems, research and development, manufacturing, finance, marketing and human resources. A lot of focus is laid on business and functional strategies since it is where resources are mobilized and strategy is implemented by converting broad plans into the concrete, incremental actions and results of specific units and individuals (Pearce and Robinson, 2007).

1.1.2 Motivation of Staff

Motivation of staff performance is closely derived from the expectancy theory which argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of the outcome to the individual (Robbins, De CENZO, 2003). Therefore, the strength of employee motivation to perform depends on how strong they believe that they can achieve what they attempt and if they achieve their goal, which is performance, will they be adequately rewarded to satisfy their individual goals. According to Abraham Maslow as hypothesized in the theory ‘Maslow’s Hierarchy of needs’ employees are driven by five hierarchy of needs ranging from psychological and safety needs to love, esteem and self-actualization. The impact of rewards can therefore be positive or negative depending on the employees’ individual goal to satisfy.

Rewards have been described by many writers to either be financial and non-financial. Financial rewards is mainly based on money through increase in wages, bonuses, profit sharing, supportive benefits such as pension plans, paid vacations, paid sick leaves and purchase discounts. Non – financial rewards cover a smorgasbord of desirable things that are potentially at the disposal of the organization. The common link is that they do not increase the employee's financial position. David McClelland, in the individual 'Human needs theory' pointed in one of the three basic needs; the need for achievement that some people have a compelling drive to succeed for the sake of success. The drive of achievement can be described in the non-financial rewards where some employees have self- initiated rewards such as having pride in accomplishing challenging work assignment. Other non-financial rewards include recognition, personal growth, training and many more. Rewards therefore refers to something given or received in response for a worth behavior or retribution of evil acts (Ford, 1998).

Rewards have a very great impact on the staff of performance. An Organization may have the latest advanced information Technology, well thought-out strategic plans, detailed job descriptions and comprehensive training programs, but unless the people are rewarded for their performance related behaviors, the up- front variables (technology, plans and so on) for the rules that govern or the establishing operation (i.e. there is enough motivation) of behaviors, there will be little impact review of related literature on the variables motivation and performance in order to appreciate the relationship between the two, their contribution and significance in Organization performance.

1.1.3 Generation Y

Most of the people employed in the commercial banks are young people who are basically work for financial and psychological gains. They need to be motivated in order to stay in one employment for long. Most of them work in one organization after the other because of lack of being motivated. The generation Y individual like working in areas they are appreciated by the employees. This increases there moral of working. People in this generation are very creative, innovative and passionate about their work if they are treated well by employees.

1.1.4 Commercial Banks in Kenya

The Banking industry has 44 banks one of which is under statutory management. Among these 31 are locally owned and 13 are foreign owned. Among the locally owned banks, three have a significant shareholding by the government and State Corporations. Among these, 11 are listed in the NSE while the rest are non-listed. Out of the 11 listed companies,4 are foreign owned while the rest are locally owned. The banking industry is governed by the Central Bank Act and Banking Act. The banking Act sets out some policies on share ownership of a financial institution. Individuals (other than another institutions, the Government of Kenya or the Government of a foreign sovereign state, state corporation within the meaning of the State Corporations Act or a foreign company which is licensed to carry on the business of an institution in its country of incorporation) are restricted from holding directly or indirectly, or having a beneficial interest in, more than twenty-five per cent of the share capital of any institution, Banking Act(2009).

Financial institutions or mortgage finance company are also not allowed to acquire or hold, directly or indirectly, any part of the share capital of, or otherwise have beneficial interest in, any bank.

With the linearization of the financial market, the government has been significantly changing it ownership of formerly fully state owned banks. For KCB, the Government has over the years reduced its shareholding to 35% then to 26.2% following the rights issue exercise in 2004, which raised KShs2.45 billion in additional capital for the bank. In the second Rights Issue exercise held in the year 2008, the Government further reduced its shareholding to 23.1% after raising additional capital for kshs 5.5billion. The bank conducted the third Rights Issue exercise in 2010, in which the Government further reduced its shareholding to 17.74% after raising additional capital of Kshs 12.5billion.

From the different ownership structures of the commercial banks we find that they have different motivational strategies for their employees. The HR systems used in the different companies help them motivate their staff differently.

1.2 Research Problem

Strategic management positions and relates the organization to the environment to ensure its success (Ansoff and McDonnel, 1990). Organizations, in order to achieve their goals of providing quality products, profitability and competitive advantage over their rivals must practice strategic planning. Strategic management involves organizations carrying out environmental analysis. This encompass scanning the internal and external environments, this information is used to make intelligent and informed choice of the most appropriate course of action for the future. Implementation is putting the selected course into action. This requires competencies and recourses which the organization must be able to identify and properly allocate.

The major objective of any organization is the achievement of its goal which is what mostly defines performance. Performance on the hand can only be achieved when employees are highly motivated. Reward systems form an integral part in getting employees to achieve and that is why rewards and performances are highly correlated. This has been seen in the implementation of reward systems by most organizations which range from monetary rewards like salary increment, bonuses, and incentives to non-monetary rewards like recognition, influence, training, promotions, delegation of responsibility and scholarships.

A number of studies related to competitive strategies have been done in Kenya including but not limited to: Ochako (2007), who investigated the strategic issue management practices by mobile telephone companies operating in Kenya; and Muthangya (2007), who performed a study on strategic response to competitive environment: A case of Postbank. It established that in response to competitive environment, Postbank adopted the 3 Porter's generic strategies among others; Olunga (2007), response of Postbank limited to changes in the financial services sector in Kenya. The study established that Postbank responded to the changes by investing in new market driven products and adoption of the most appropriate distribution channels; Rumba (2008), strategic responses by mobile phone companies in Kenya to environmental changes. The study indicated the implementation of various competitive strategies, among which are cost-leadership and differentiation.

In addition, to date, few researchers have addressed the strategy-making processes of financial institutions (O"Regan and Ghobadian, 2000). The limited research that has been undertaken is deeply rooted in the business sector and relates to the strategy development process. Furthermore, little or no research has been undertaken on the difficulties that firms experience in motivation of their staff more so generation Y in strategic plans. For instance, Abdullahi (2000) did a study on the strategic responses by Kenyan insurance companies following liberalization. Njau (2000) did a study on the strategic responses by firms facing changed competitive conditions and focused his study on East African Breweries Limited. Kandie (2001) focused on Telkom Kenya Ltd, Goro (2003) focused on the banks while Kiptugen (2003) focused on the Kenya Commercial Bank.

None of the aforementioned study focused on strategic planning practices of Kenya Post Office Savings Bank. It is evident from these studies that competitive strategies are aimed at bettering performance but motivation of staff has not been focused on therefore bringing a gap. This study focused on the relationship of firm performance and motivation of employees more so generation Y whose character is of moving from one company to another very fast. What are the motivational strategies of Generation Y in commercial Banks in Kenya?

1.3 Research Objectives

The objective of the study is to determine the motivational strategies of generation Y used in Commercial Banks in Kenya.

1.4 Value of the Study

The research is beneficial to various parties. For the employees they may know the importance of good strategic practices in relation to organization performance and motivation of generation Y.

The study is important to the managerial policies being put in place especially for staff motivation. From the findings, the human recourse department can know how to motivate their staff and retain them in the work place

The study is also important to other researchers of strategic management and business since it contributes to the literature on the relationship between strategic management practices, organization performance and motivation of generation Y. It also highlights further areas that scholars can tackle.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gives a presentation of review of related literature on variables motivation and performance in order to appreciate the relationship between the two, their contribution and significance in organization performance.

2.2 Theoretical foundation of the study

There are many theories relevant to this study and the relevant one is motivational strategy. In the 'economic man' approach based on the reinforcement theory, people are motivated by economic rewards and assume that people will be motivated to work if rewards are directly linked to performance. (Armstrong & Murlis 2005). Although this reward system is based only on an external control and doesn't recognize intrinsic motivators of staff performance, it is used as a reward package for managers and employees who perform outstandingly in Barclays Bank.

2.2.1 Abraham Maslow Theory

Abraham Maslow (1954) attempted to synthesize a large body of research related to human motivation, prior to Maslow, researchers generally focused separately on such factors as biology, achievement, or power to explain what energizes, directs, and sustains human behavior. Maslow posited a hierarchy of human needs based on two groupings: deficiency needs and growth needs. Within the deficiency needs, each lower need must be met before moving to the next higher level. Once each of these needs has been satisfied, if at some future time a deficiency is detected, the individual will act to remove the deficiency.

Maslow's needs hierarchy theory is one of the most popular theories of work motivation in our time but it was not always so. Though the theories were introduced in the mid 1940s and until 1950s, it remained primarily in the realm of clinical psychology where Maslow did most of his development work. However, as more attention began to be focused on the role of motivation at work, Maslow's need matching theory emerged in the early 1960s as an appealing model of human behaviour in organizations. And as a result of its popularization by Douglas McGregor (1960, 1967), the model became widely discussed and used not only by organizational psychologists but also by managers.

As early as 1954, Maslow had discussed two additional needs in his work, namely, cognitive and aesthetic. Cognitive needs are the needs to know and understand and these examples include the need to satisfy one's curiosity, and the desire to learn. Aesthetic needs include the desire to move toward beauty and away from ugliness. These two needs were not however included in Maslow's hierarchical arrangement and have therefore been generally omitted from discussions of his concepts as they relate to organization settings. Maslow developed the theory that human beings are motivated, i.e., stirred to action by their needs. He contrasted 2 broad categories of human motives – 'growth motives' and 'deprivation motives' The first kind is characterized by a push toward actualizations of inherent potentialities, while the other is oriented only toward the maintenance of life, not its enhancement. According to Maslow's hierarchy of needs they include physiological needs, safety needs, love needs, esteem needs and self actualization needs. This is the development and realization of one's full potential. Maslow sees this as: 'what humans can be, they must be', or 'becoming everything that one is capable of becoming. Self-actualization needs are not necessarily a creative urge, and may take many forms, which vary, widely from one individual to another. The normal person is characterized by spontaneity, creativeness and appreciation of others. People who fail to achieve self-actualization, he says, tend to be hostile and disastrous. Maslow conceived a human being developing the five groups of needs, in sequence, from one to five.

The survival needs are present at birth. During childhood, one becomes aware of each of the higher groups of needs. A man takes all five needs to work. The manager who wishes to motivate his management subordinates is faced with the fact that his subordinates are attempting to satisfy all five levels of needs. If a man experiences nagging insecurity, because redundancies are being anticipated or because He feels there is an absence of order and equity in the organization (which would be caused by an irrational wage or salary structure), he will not be interested in the organization's policies and plans designed to assist him in fulfilling higher needs. If he cannot see an easy, straightforward way to satisfy these needs, he is liable to behave irrationally, obstructing or sabotaging the work of the firm or organization, breaking work agreements and going on strike. Maslow's hierarchy of needs is widely accepted as a convenient simple analysis of human motivation and which can assist us, therefore, to understand why men behave the way they do in given situation and to anticipate how they will behave in future situations.

Based on Maslow's theory, once lower level needs have been satisfied (say at the physiological and safety levels) giving more of the same does not provide motivation. Individuals advance up the hierarchy as each lover-level need becomes satisfied. Therefore, to provide motivation for a change in behavior, the manager must direct attention to the next higher level of needs (in this case, love or special needs) that seek satisfaction.

2.2.2 Frederick Winslow Taylor Theory of Motivation

Frederick Winslow Taylor (1856 – 1917) put forward the idea that workers are motivated mainly by pay. His Theory of Scientific Management argued that workers do not naturally enjoy work and so need close supervision and control therefore managers should break down production into a series of small tasks, workers should then be given appropriate training and tools so they can work as efficiently as possible on one set task. Workers are then paid according to the number of items they produce in a set period of time- piece-rate pay. As a result workers are encouraged to work hard and maximize their productivity. Taylor's methods were widely adopted as businesses saw the benefits of increased productivity levels and lower unit costs. The most notably advocate was Henry Ford who used them to design the first ever production line, making Ford cars. This was the start of the era of mass production.

Taylor's approach has close links with the concept of an autocratic management style (managers take all the decisions and simply give orders to those below them) and

Macgregor’s Theory X approach to workers (workers are viewed as lazy and wish to avoid responsibility). However workers soon came to dislike Taylor’s approach as they were only given boring, repetitive tasks to carry out and were being treated little better than human machines. Firms could also afford to lay off workers as productivity levels increased. This led to an increase in strikes and other forms of industrial action by dissatisfied workers.

2.2.3 Frederick Herzberg Theory of Motivation

Frederick Herzberg (1923) had close links with Maslow and believed in a two-factor theory of motivation. He argued that there were certain factors that a business could introduce that would directly motivate employees to work harder (**Motivators**). However there were also factors that would de-motivate an employee if not present but would not in themselves actually motivate employees to work harder (Hygiene factors).

Motivators are more concerned with the actual job itself. For instance how interesting the work is and how much opportunity it gives for extra responsibility, recognition and promotion. Hygiene factors are factors which ‘surround the job’ rather than the job itself. For example a worker will only turn up to work if a business has provided a reasonable level of pay and safe working conditions but these factors will not make him work harder at his job once he is there. Importantly Herzberg viewed pay as a hygiene factor which is in direct contrast to Taylor who viewed pay and piece-rate in particular.

Herzberg believed that businesses should motivate employees by adopting a democratic approach to management and by improving the nature and content of the actual job through certain methods. Some of the methods managers could use to achieve this are Job enlargement, job enrichment and empowerment.

2.3 Motivational Strategies

There are different types of motivational strategies which commercial banks can use to motivate their employees who are mostly generation Y. The strategies are discussed below

2.3.1 Money and Motivation

FW Taylor in the 'rational needs of motivation' stated that workers would be more motivated by obtaining the highest possible wages through working in the most productive way. This idea has fuelled many organizations in setting up money as a reward system in motivating employees to achieve organizational goals. In Hertzberg's 'two factor model of motivation' money is viewed as a 'hygiene factor' which is seen as causing dissatisfaction if it is inadequate to the staff. This conclusion was drawn after Hertzberg interviewed 200 accountants and engineers. He further disputed money as a potential motivator which is a reason why some organizations shy away from this system of reward with a belief that emphasis on money only motivates staff towards money and not performance. The 'instrumental theory' is a major advocate for money as a motivator to performance since money is an instrument for gaining desired outcomes and achieving goals. However, Gellerman stresses that it is only effective if depending on the strength of the needs of the staff and the degree to which the staff believe that their behavior will earn the money they want to satisfy the need. Adams too in the 'equity theory' concurred with Lawler in his ‘discrepancy theory’ that satisfactions with pay depend on the sanctions between what staff are paid and what they feel they should be paid.

From the theories, we can easily deduce that although money is seen as a powerful motivator of staff and hence an effective reward system, stringent measures need to put in place to ensure that staff effort results to the desired outcome as placed in the ‘expectancy theory’. Pay should also be a progressive increase of an employee’s salary from the time of joining the organization to the point they reach the highest level in the pay structure of the organization (Gary 2003). Payments should also be based along salary grades of the organization completion of studies, cost of living and also geographical location.

A study of Barclays Bank shows employees still place money as a powerful reward system. Most staff would therefore strive to reach their targets in the banking sector with a hope for a better pay including bonuses for exceptional performance. Monetary rewards are also costly and if employees become habituated to it, this leads to ‘reward inflation’ – staff would therefore require an ever increasing financial reward for their increased performance. Barclays bank therefore has resorted to other non-financial rewards as a reward system for their staff.

2.3.2 Recognition and Motivation

Recognition is the act of remembering who somebody is when you see them. It is public praise and reward for somebody’s work. Employee recognition is the acknowledgement of junior staff by their supervisors upon their successful completion of a task or assignment. People need to know not only how well they have achieved their objectives or carried out their work, but also that their achievements are appreciated.

Recognition may be inform of rendering hand written notes, issuing of certificates, congratulatory letters, formal award ceremonies at which trophies and gift are handed over to individual or teams. Praise, however, should be given judiciously and must be genuine. Achievement bonuses should be awarded immediately after the achievement.

Consistent with ‘reinforcement theory’ rewarding behavior with recognition immediately following that behavior is likely to encourage its repetition. In reinforcement processes, individuals will be motivated to exhibit the modeled behavior if positive incentives or rewards are provided. Behaviors that are reinforced will be given more attention, learned better and performed more often. According to ‘reinforcement theory’, learning will be facilitated by providing feedback through positive reinforcement. For instance, if workers are verbally praised when they have properly performed a task, they are likely to continue doing the task properly and be motivated to strive toward performing better work. It is always best to publicly communicate who the recipients are and why they are (Robbins, 2003).

As Ford (1995) observes, lack of recognition is a common trend among disenchanted employees. It creates the feelings that one’s contribution does not matter. Disillusionment leads to loss of innovation, with holding of energy and may even lead to sabotage.

Entrepreneurial employees who realize that this company will never accept their innovative ideas are likely to become dependent or trapped (Ford, 1998).

Business Research Lab (2005) observes that recognition that matters is the visible one; one that shows how the individual's action made a significant contribution to the operation of the organization. If a company recognizes the efforts of its staff, they will feel cared for and will therefore strive to live to the expectations of the company. Therefore the management has the duty to re-enchant the employees so that they can offer new thoughts and remarkable energy towards the set objectives.

Recognition can also be provided by manager who listen to the act upon the suggestion of their team members and importantly acknowledge their contribution. Recognized employees are likely to do less of the negative and strive to do more of the positive that are recognized. It is easier to lead people to improved performance by recognizing them when they do right than punishing them when they get it wrong (Employer recognition, UN).

2.3.3 Promotion and Motivation

Promotion is the act of moving to a more important job or rank in a company or Organization. Promotions are advancements into positions with greater challenges, more responsibility and authority than the previous one, usually accompanied by salary increment (Noe 1997). Promotion is also defined as transfers to or reassignment to similar (or higher) positions in other parts of the organization, based on sensory or competence rule (Gary, 2003) The measures of competence can be formal or informal or it can be vertical or horizontal.

Stoner (2001) observes that promotion is the most significant way to recognize superior performance. It is therefore important that promotion be fair, based on merit and untainted by favoritism since organization members who are unfairly by-passed for promotions feel resentful and this may affect their moral and productivity (Stoner et al, 2002). Additional qualifications should admit an employee to a higher corresponding level .Temporary promotions is where one is appointed to a position for a short time that may either be rewarded by a salary increase or not, such as attending senior meetings(Weighman, 1999). Attending senior meetings elevates the employees to feel promoted because of his or her views are heard among the senior managers of the organization (Gray, 2003).

Promotion as a reward strategy provides employees with opportunities to advance their careers within the company in accordance with the equal opportunities available in the organization. Whenever there is a frequent promotional move, the employees acting in senior capacities tend to put more effort in their work since they know that they will be promoted to such posts when chances arise.

2.3.4 Responsibility and Motivation

Responsibility is a duty to deal with or take care of something or somebody, so that you may be blamed if something goes wrong. It is a duty to take care of somebody because of your job, position. e.t.c. people can be motivated by being given more responsibility for their own work. This is essentially what empowerment is about and is in line with the concept of intrinsic motivation based on the content of the job. It is also related to the fundamental concept that individuals are motivated when they are provided with the means to achieve these goals.

The philosophy behind motivating through responsibility was expressed in ‘McGregory’s theory Y’, the average human being learns, under proper condition not only to accept but also to seek responsibility. McGregory proposed ideas like participation in decision making, opportunities for responsible and challenging jobs and good group reasons as approaches that would maximize staff job motivation hence improving staff performance by responsibility (Personnel HR management, 2006).

2.3.5 Personal Growth and Motivation

Personal growth is an effective non-financial reward system in an organization. According to Maslow’s theory of “Hierarchy of Needs” self-actualization is pointed as the highest need of all and therefore an ultimate motivator. Staff that have a compelling drive to succeed for the sake of performance (Robbins 2006) will seek and find opportunities that will develop their skills and career. David McClelland emphasizes this fact in the ‘Individual Human Needs Theory’ by stating that staffs with the need for achievement have a desire to assume personal responsibility, a tendency to set moderately difficult goals and a preoccupation with their task.

Most employees therefore regard access to training a key reward package. An organization's ability to offer learning opportunities and high prestige training courses and programs and its emphasis on acquisition of new skills can act as a high motivation to employees. An emphasis on the scope of organizations ability to offer growth and development of employees needs to be defined and agreed with employees. This is because the ambitious staffs who feel their growth in career is not well supported may resort to other places which would affect performance of an organization.

Reputation and performance of an organization is built by quality, reliability and also delivery. (Oakland 1999). Trainings can also be awarded in the form of scholarships which is viewed as a secondment to go for further studies or to undertake studies along a recommended line (weigh man, 1999) – cumming (1998) also states that training gives employees sufficient instructions and guidance to enable them perform effectively and prepare them for performance. Mullins (2003) concurs that employees would develop a greater sense of self-worth, dignity and well-being which would lead to performance of the organization.

2.3.6 Influence and Motivation

Influence is the effect somebody has on the way a person thinks or behaves or on the way that something works or develops. It is the power that somebody has to make somebody else behave in a particular way. People can be motivated by the drive to exert influence or to exercise power.

David McClelland has proposed that there are three major relevant motives in workplace situations which include: the need for achievement, the need for affiliation which is the desire for friendly and interpersonal relationships and the need for power which is the need to make others behave in a way that they would not have behaved otherwise. According to McClelland the need for affiliation and the need for power tend to be closely related to managerial success. Research conducted by McClelland gives strong evidence that the best managers are high in their need for power and low in their need for affiliation. From the above it is evident that the need for power is a prime motivation force for managers, although the need for affiliation is always present.

Organization can therefore, through its policies for involvement, provide motivation by putting people into situations where their views can be expressed, listened to and acted upon. This is to improve performance.

2.3.7 Psychological Contract and Motivation

According to Ed Schein in 1965, psychological contract is seen as an unwritten set of expectations operating at all times between an organization and the staff. (Armstrong, Murlis (2005). It is also described by Sims as expectations held by individual employees that specify what the individual and organization expect to give and receive from each other in the course of their relationship. This is a very important system in setting the degree of influence on pay, performance, the development and application of competence and skill in the organization because it creates emotions and attitudes which form and control behaviour of employees (Spindler 2000). The impact of any reward system on the staff will depend heavily on the degree to which the staff's expectations on what organizations will give them upon performance, matches with what the organization expects to achieve from them and the nature of what is actually to be exchanged.

It is therefore important that organizations pay people on the basis of their contribution to the organization rather than relying on the carrot of promotion as a reward of service (Mullins (2002). Employees should also be involved in the development of new reward processes and structures and not just impose any reward measures on them. Communications regarding the reason for new reward processes, structures and their effect on employees is another stringent measure of reward management. Team reward systems that emphasize on team work, flexibility and multitasking enables goal achievement in organizations.

Although psychological contracts are informal, it is in the minds of both the organization and employees. Therefore, collaborative reward systems would be effective in the performance of objectives in the organization.

Even though much has been written about different ways of rewarding staff for good performance, most researchers have not specified how best staff can be motivated with the different types of rewards therefore its up to the manager to find out what best works with the staff of his or her organization.

2.4 Motivational Strategies and Generation Y

From all the above theories and motivational strategies it is evident that employees need to be motivated using different ways. According to Maslow's hierarchy of human needs based on two groupings: deficiency needs and growth needs. Within the deficiency needs, each lower need must be met before moving to the next higher level. Once each of these needs has been satisfied, if at some future time a deficiency is detected, the individual will act to remove the deficiency.

Most generation Y would like to be recognized and having influence in them helps in motivating their moral. Influence is the effect somebody has on the way a person thinks or behaves or on the way that something works or develops. It is the power that somebody has to make somebody else behave in a particular way. People can be motivated by the drive to exert influence or to exercise power.

Personal growth is an effective non-financial reward system in an organization. According to Maslow's theory of "Hierarchy of Needs" self-actualization is pointed as the highest need of all and therefore an ultimate motivator. Staffs that have a compelling drive to succeed for the sake of performance (Robbins 2006) will seek and find opportunities that will develop their skills and career. For most generation Y individual personal growth in their career really motivates them in the work place.

From the research of we will be able to find out if its really true that motivation of generation Y has an impact in their work performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This Chapter presents the design of the research proposal and its procedure. The target population under study is given including the sample drawn, its design technique and size. The instruments for data collection and procedures for the data collection are also presented and the data analysis methods.

3.2 Research Design

The study adopted both the exploratory, descriptive and causal design. Exploratory design was very handy in getting the background information about the reward systems that were actively used in the organization. In this case, there was use of interviews, unstructured questionnaires with open-ended questions to analyze the employees' feel of the reward system. Non-probability sampling was also used to get information from specific samples to enable us to meet our objectives. Descriptive research was very handy in developing specific hypothesis. That was seen in use of questionnaires in getting information from employees in the whole organization hence a larger sample could be reached and the analysis would be focused on the quantitative measures like the central tendency and measures of dispersion.

3.3 Population and Sampling Design

The targeted population of the proposal was the employees of 43 Kenyan banks. The target population constituted around 100 employees who belong to generation Y in the different Kenyan banks. These employees spread across the various departments in the organizations. From the above-targeted population, the accessible population comprises of all the employees who work in the different organizations, which were selected through sampling. Until the study was done it was not clear how many employees were reachable.

The sampling design used included the probability and non-probability sampling to reduce the chances of sampling bias on the target population**.** In selecting the sample of employees, the study used two probability-sampling techniques for effective results. First, stratified sampling techniques were used to choose employees according to the various different departments. Stratified sampling is where population is divided into relevant strata and a random sample is drawn from each of the strata. Simple random sampling was used where each member of the population has an equal and independent chance of being included in the sample.

In this study, the techniques used ensured that each member of the target population has an equal and independent chance of being sampled and the simple random sampling employed through random work number to choose the individual employees from the target population.

Since there were different departments headed by different managers who were specialists in their particular areas, for example accountants and marketers, judgmental non-probability sampling technique was used. This would work well with such a small sample hence it was easier to know how well to motivate people of different departments.

From the accessible population of approximately 500 employees, a sample of 200 employees was selected to participate in the study as it is not possible for everybody to participate because of various limitation reasons. According to Kathuri and Polls (1993) a sample size of 10% and above is statistically representative for a particular population. This sample size was therefore considered representative enough when the study is done.

3.4 Data Collection

As the design of the study leans towards both the exploratory and conclusive design the major data collection methods included questionnaires and personal interviews. The use of questionnaires as a tool of data collection was administered mostly to the staff and subordinate workers at the bank to get response on their perceptions about the reward system. This enabled the researcher to get quantified data that would help to draw conclusions and give recommendations on the best reward systems; this could be a good tool for decision making in the organization. Since comparison of data was required for further analysis, it still stood a better choice because of the uniformity of the questions. Attitudes and perceptions of staff were the target of the study; therefore the study mostly used open ended questions to get detailed information. Close-ended questions were also used for the senior management to find out the strategies they used in setting policies to reward.

Further, the limitations of the questionnaires were intended to be managed through use of personal interviews. Clarification of the questions deemed complex by the respondents was executed and the study of both the verbal and non verbal cues was a better tool to study the perception and attitudes of the staff. Direct observations too were used to assess the level of satisfaction of employees by looking at traits like cooperativeness, level of service and honesty in the organization.

3.5 Data Analysis

The data obtained was analyzed through statistical analysis and used SPSS programme. Since both the quantitative and qualitative data was essential for the study, both the descriptive and inferential statistics were used as a measure of data analysis. Measures of dispersion were used in assessing the variability of the reward systems from the organizational performance. This included measures like mean and standard deviation. Measures of central tendency in analysis of data, correlation, regression and analysis of variance were essential tools for the hypothesis especially in establishing relationship between the variables in the study.

Inferential statistics involve making generations, predictions or conclusions about characteristics of a sample from a population. Inferential statistics is used to establish whether a relationship exists in the larger population from which the sample was drawn from. This helped in making relevant generalizations whereby a Pearson correlation co-efficient was calculated to determine and test the correlation between the dependent variable and each independent variable.

The regression equation model to be used involves:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon}$$

Whereby: **Y** = Motivational Strategies (MS);

$\mathbf{X_1}$ = **Money** (M);

$\mathbf{X_2}$= **Recognition** (R);

$\mathbf{X_3}$= **Promotion** (P);

$\mathbf{X_4}$= **Responsibility** (R);

$\mathbf{X_5}$= **Personal Growth** (PG);

$\mathbf{X_6}$= **Influence** (I); and

$\mathbf{X_7}$= **Psychological Contact** (PC);

B0, $\boldsymbol{\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8}$ =Regression model coefficients.

$\boldsymbol{\varepsilon}$ = Error Term.

CHAPTER FOUR: DATA ANALYSIS, RESULT AND DISCUSSIONS

4.1 Introduction

This chapter presents the result of the analysis of data collected through questionnaires with the employees who belong to generation Y in the different Kenyan banks. The data was analyzed using quantitative analysis based on meanings and implications emanating from respondents information and documented data. Specifically, it starts with the analysis of the background information of the respondent and their organization then proceeds to interpret results on the motivational strategies of generation Y used in Commercial Banks in Kenya.

4.2 Response Rate

Out of 100 questionnaires distributed to the respondents, 84 questionnaires were returned. This response rate was excellent and representative and conforms to Creswell (2009) stipulation that the key to accurately arguing that those responding are similar to those not responding is a high response rate of 70 percent to 80 percent. This response rate is considered accurate and it reflects its population. He further stipulates that a high response rate is mandatory for a survey sample. The response rate of the study was 84%.

This implies that based on this assertion; the response rate in this case of 84% is very good. This high response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential participants of the intended survey, the questionnaire was self-administered the respondents completed them and these were picked shortly after.

Table 4.1: Response Rate

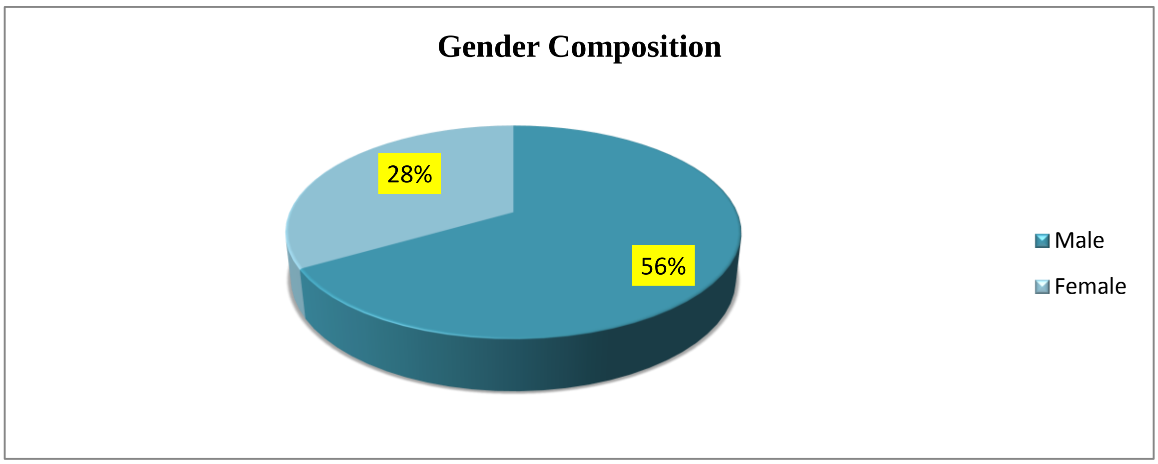
	Questionnaires administered	Questionnaires filled & returned	Percentage
Respondents	100	84	84%

Source: Author, 2014

4.2.1 Gender Composition

The study sought to find out whether the respondents are male or female. The findings were presented in the Figure 4.1.

Figure 4.1: Gender Composition



From the findings in the Figure 4.1, the study revealed that the majority of the respondents were males accounting for 56% of the total respondents while 28% of the respondents were females. The study deduced that there was gender disparity among the respondents were the males dominated.

4.3 Research Findings

The study sought to determine the extent to which the respondents agree or disagree to the given statements on a scale of 1 = totally disagree to 7 = totally agree. The findings were presented in the Table 4.1 indicating the mean and standard deviation of the responses.

Table 4.2: Level of Agreement

Statements	**Mean scores**	**SD**
To work physically close to my colleagues is important for me.	6.85	1.26
To feel a belonging to my co-workers is important for me.	4.55	1.22
To feel a belonging to the company is important for me.	6.54	1.16
To get feedback from my boss on tasks performed is important for me.	6.97	1.11
To have shorter working days would make me work harder.	5.23	1.14
To get appreciation from co-workers are important for me.	4.87	1.23
To work in team makes me perform better.	5.77	1.29
To have the possibility to be promoted makes me work harder.	6.61	1.23
To work with something that I am interested in is important for me.	5.17	1.22
To have time for leisure and other activities is more important for me than the job.	1.63	1.12
To receive a salary which is equal to my work performance is important for me.	5.64	1.11
To receive the respect that is equal to my work performance is important for me.	6.11	1.27
The way in which conflicts are resolved in your company.	4.94	1.16
That me and my co-workers is promoted based on our work performance is important for me.	4.12	1.20
To be able to influence my co-workers work effort is important for me.	6.04	1.22
To be fairly treated at work is important for me.	6.77	1.25

To be able to influence my work situation is important for me.	6.24	0.72
To be rewarded according to my performance is important for me.	5.77	1.24
To participate in the formulation of the goals which I work towards is important for me.	5.81	1.26
To work towards specific goals is important for me.	6.97	1.41
To work towards a goal which is hard, but not impossible to reach, is important for me.	6.91	.832
To work close to my co-workers is important to me.	5.08	1.35
To get a salary which is based on a fixed ratio rather than a fixed interval is important for me.	6.52	1.06
To have an interesting work task if important for me.	5.32	1.14
That the company's rewards are suitable for me is important.	4.15	1.42
That I develop in my work is important for me.	6.23	1.76

4.7 Inferential Statistics

This section presents a discussion of the results of inferential statistics. Correlation analysis was used measure the strength of the relationship between the independent variables i.e. the relationship between customer focus, employee involvement, process approach, continual Improvement. Regression analysis established the relative significance of each of the variables on university performance.

4.7.1 Correlation Co-efficient

Correlation analysis was used to determine both the significance and degree of association of the variables. The correlation technique is used to analyze the degree of relationship between two variables. It varies between -1 and + 1 with both ends of the continuum indicating perfect negative and perfect positive relationship between any two variables respectively. The results of the correlation analysis are summarized in the Table 4.3.

Table 4.3: Pearson Correlation Matrix

	M	**R**	**P**	**RP**	**PG**	**I**	**PC**	**MS**
M	1.000							
R	-0.476	1.000						
P	.027	-.172	1.000					
RP	.018	.315	-.838	1.000				
PG	.054	-.141	.058	.051	1.000			
I	.084	.134	.123	.212	.125	1.000		
PC	-.423*	-.039	.025	-.025	-.194	.440*	1.000	
MS	0.657	0.623	0.426	.532	.439	-.184	.540	1.000

The finding revealed that motivational strategies is negatively correlated with influence (I) while money (M); responsibility (RP); personal growth (PG); promotion (P); responsibility (RP); and psychological contact (PC) are positively correlated with the motivational strategies. On average, a moderate relationship was established given a Pearson correlation coefficient of between 0.657 and 0.184. However, a stronger relationship was established between motivational strategies and money given a coefficient of 0.657; this was followed by personal growth at 0.540. The findings also give a negative correlation between motivational strategies and influence at -.184.

4.8 Regression Analysis

The study conducted regression analysis to determine the motivational strategies of generation Y used in Commercial Banks in Kenya.

$$\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \varepsilon}$$

The Table 4.4 shows the results for the goodness of fit statistics.

4.8.1 Goodness of Fit Statistics

The study also established the goodness of fit for the model. This was to check on the significance of explanatory variable in explaining the variation in motivational strategies. The table below gives a summary of the result.

Table 4.4: Goodness of Fit Statistics

R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
.887[a]	.775	.746	.757	1.104

Determination coefficients (R^2) were also carried out to determine the strength of the relationship between independent and dependent variables. The study established an adjusted R^2 of 0.746. R^2 of 77.5% indicates that 77.5% of the variation in motivational strategies is attributed to changes in the independent variables. Durbin Watson test was also run to establish if the model would be affected by autocorrelation. Since the DW value of 1.104 was close to 2, then it can be concluded that there was no autocorrelation among the model residual.

4.8.2 Analysis of Variance (ANOVA)

Table 4.5: Analysis of Variance (ANOVA)

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	120.450	8	20.075	35.037	.000[b]
	Residual	32.659	84	.573		
	Total	153.109	92			

a. Dependent Variable: motivational strategies
b. Predictors: (Constant), M, R, P, RP, PG, I and PC

The study used ANOVA statistics to establish the significance of the relationship between money and motivational strategies. The ANOVA statistics presented in the table above was used to present the regression model significance. An F-significance value of $p < 0.000$ was established which is less than $p= 0.05$ at 5% level of significance hence the model is significant for the regression analysis.

4.8.3 Regression Coefficients

Multiple regression analysis was used to determine the significance of the relationship between the dependent variable and all the independent variables pooled together. This analysis was used to answer the questions; how do the independent variables influence the dependent variable collectively; to what extent does each independent variable affect the dependent variable in such a collective set-up, and; which are the more significant factors? The results are given in the model summary in the table below.

Table 4.6: Regression Results for Variables Used in the Study

Dependent **Motivational strategies**	**Coefficient**	**t- statistic**	**prob.**
Explanatory variables			
Money	6.1565	-0.671182	0.025
Recognition	-6.4562	0.890008	0.038
Promotion	4.1364	1.806656	0.041
Responsibility	-0.1351	2.392872	0.023
Personal Growth	0.2419	2.670336	0.012
Influence	0.1436	1.324555	0.045
Psychological Contact	-0.1874	1.451845	0.081
Constant	0.09124	4.517277	0.000

From the regression analysis, the following model was established:

$Y = 0.09124 + 6.1565\ X_1 - 6.4562X_2 + 4.1364X_3 - 0.1351X_4 + 0.2419X_5 + 0.1436X_6 - 0.1874X_7$

All the explanatory variables are significant in at 5% level of significance with the exception of psychological contact which is insignificant in explaining the variation in motivational strategies. Going by the rule of the thumb, at level of significance of 5 % the P-value of motivational strategies at 0.081 is greater than 0.05 hence not important in explaining the changes in motivational strategies. The average mean ration of motivational strategies is 0.09124 when the explanatory variables are held constant.

The regression result obtained in the table above indicates that a unit increase in money leads to 6.1565 increase in motivational strategies. From the findings, a unit increase in recognition leads to -6.4562 decrease in motivational strategies. A unit increase in promotion leads to 4.1364 increase in motivational strategies. A unit increase in responsibility leads to -0.1351 decrease in motivational strategies. A unit increase in personal growth leads to 0.2419 increase in motivational strategies. A unit increase in influence leads to 0.1436 increase in motivational strategies while a unit increase in psychological contact leads to -0.1874 decrease in motivational strategies.

The t statistics helps in determining the relative importance of each variable in the model. As a guide regarding useful predictors, we look for t values well below -0.5 or above +0.5. In this case, the most important variable was money and motivation followed by recognition; promotion; personal growth; psychological contact; influence and responsibility.

4.9 Discussion of Findings

The study showed that (59%) were in credit department while (41%) respondents were in operation department therefore most of the respondents were from credit department while the frequencies also indicated that married respondent were more than the single ones. On factors influencing the mobility of generation y employees from commercial banks, findings of the study revealed that as shown in Table 4.2 and 4.3 below 97% of the respondents agree that remuneration was the main reason why Generation Y employees move to other organizations and that workload at the bank does not match the pay. 75% disagree that the remuneration received at commercial banks is the same as in other financial institutions although a majority at 86% agreed that appreciation due to length of service reduces job mobility.

As an earlier researchers like (Reilly, 2002) stated, a total compensation package is important to a member of this generation this study shows that 80% would move due to remuneration. Understanding these characteristics will help identify reasons why this group may quit their jobs if the standards are not met. They prefer jobs which stretch them and if they are no longer challenged they will be bored and would consider moving on. Learning and growth is part of their aspirations and will not be stuck at one level for a long time. They expect to grow and develop into well rounded individuals albeit quickly. According to Powers and Hahn (2004) they prefer a job that recognizes performance and not tenure. Generation Y expects to be compensated appropriately for their performance. High salaries, good benefits, and other compensation are motivational characteristics for their job. Work-life balance according to Generation Y may even mean more than salary since they are after priorities, looking for lifestyle, personality and with salary not on the top of their list, Generation Y is more interested in company culture and initial interactions with potential direct supervisors. A total compensation package is important to attracting a member of this generation to your organization (Olunga, 2007). They expect strong base pay packages, a management style that promotes honesty and integrity, opportunities to work with diverse groups in team settings, and continuous training with an organization that will keep them marketable.

The study also sought to establish respondents' opinion on whether career growth prospects can cause job mobility of generation y employees and as shown in Table 2, data findings revealed that 80% of the employees agree that lack of career progression was the main reason why Generation Y employees move to other organizations and that lack of talent appreciation and promotions prospects was the main reason why Generation Y employees move. These shows that majority of the respondents agree that career progression is the main reason why Generation Y employee move to other organizations hence concurring with (Powers and Hahn, 2004) who had stated that generation Y employees want opportunities that stretch their skills and enable them to grow. All employees are career conscious. Hanging on to Generation Y employees requires responding to their desire to move their career forward. They want opportunities to stretch their skills and grow professionally (Reilly, 2002).

They want bosses who tell them how they're doing, support their willingness to try out new ideas and respect their desire to have a life outside of work. And because they're a social bunch, they want an environment that gives them a chance to connect with their coworkers. Career development is not a mere management responsibility. It is a composite organizational process which involves people, addresses their ambitions, assigns them roles & responsibilities commensurate with their potential, evaluates their performance, and creates Job positions to accommodate growth ambitions of employees. In the career development cycle, a number of actions have to take place at different levels. An organization needs to identify the job-related knowledge, skills, competencies and experience needed for an employee to be effective in that position. It should also help subordinates to define their short and long term development needs which support organizational objectives and employee's career goals. Decision makers develop individual plans based on future organizational needs, employee's performance and promotion. They should periodically assess the extent to which career management efforts are actually resulting in benefit to organization and individual employees. Some benefits include reduction of employee's turnover attraction of high quality job candidates, increased employee motivation, greater personal control over employee's career and equal opportunity for all employee groups. Ongoing support of employee is part of their career development and a key to leadership responsibility. Individuals plan their own career by comprehensive analysis of personal strength and weakness. According to (Ochako, 2007), at the point of entry to an organization individuals select the departments, division and specific position within an organization that offer the best means of gaining useful experience or provide that that career plan through providing individual with a sequence of work experience and putting employee onto appropriate training that would equip them with high level of responsibility. The employer would benefit from employee commitment, satisfaction and increased morale as employees perceive the organization as caring for their welfare. Failure by organization to plan career progression for employees would necessitate employee to identify, seek alternatives that would give career growth.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of the key findings presented in chapter four, conclusions drawn based on such findings and recommendations there-to. This chapter will thus be structured into conclusion, recommendations and areas for further research

5.2 Summary of Findings

From study findings, the respondents they strongly agreed that to work physically close to their colleagues was important for them with a mean 6.85 and a standard deviation of 1.26; to feel a belonging to the company was important for them with a mean of 6.54 and standard deviation of 1.16; to get feedback from the boss on tasks performed was important for them with a mean of 6.97 and standard deviation of 1.11; to have the possibility to be promoted makes them work harder with a mean of 6.61 and standard deviation of 1.23; to receive the respect that is equal to their work performance was important for them with a mean of 6.11 and a standard deviation of 1.27; to be fairly treated at work was important for them with a mean of 6.77 and standard deviation of 1.25; to work towards specific goals was important for them with a mean of 6.97 and standard deviation of 1.41; to work towards a goal which is hard, but not impossible to reach, was important for them with a mean of 6.91 and a standard deviation 0.832.

However, the respondents disagreed that to have time for leisure and other activities is more important for me than the job with a mean of 1.63 and standard deviation of 1.12. The finding revealed that motivational strategies is negatively correlated with influence (I) while money (M); responsibility (RP); personal growth (PG); promotion (P); responsibility (RP); and psychological contact (PC) are positively correlated with the motivational strategies. On average, a moderate relationship was established given a Pearson correlation coefficient of between 0.657 and 0.184. However, a stronger relationship was established between motivational strategies and money given a coefficient of 0.657; this was followed by personal growth at 0.540. The findings also give a negative correlation between motivational strategies and influence at -.184.

5.3 Conclusion

The study made conclusions based on the study findings that the motivational strategies of generation Y are based on money; recognition; promotion; responsibility; personal growth; influence and psychological contract. Human resources are one of the most critical components of strategic success across all organizations. For one to objectively judge the human resources management practices as effective; they must contribute to the organization's bottom line. Reward and compensation strategies have a greater role in influencing the performance of bank employees hence contribute heavily to the performance of commercial banks in Kenya. Human resources managers must therefore pay attention to compensation systems that motivate bank employees to productivity and innovation.

The researcher concludes that the implementation of reward and compensation strategies that result in better organizational outcomes in terms of employee commitment, flexible and quality staff, and administrative efficiency and cost effectiveness will assist in achieving organizational bottom-line results.

5.4 Recommendations

Based on the findings and conclusions of the study the researcher provides the following recommendations aimed at ensuring that the motivational strategies adopted by commercial banks in Kenya play a positive role in ensuring the improved performance and competitive advantage of the commercial banks that adopt them. Commercial banks in Kenya need to reevaluate their compensation programs within the context of their corporate strategy and specific motivational strategy to ensure that they are consistent with the necessary performance measures required by the banking sector. The reward strategy used by the commercial banks should align the performance of the organization with the way it rewards its people, in order to provide the necessary incentives and motivation required for the employees to deliver the goals of the bank. In this endeavor, commercial banks should use both financial and non-financial rewards in addition to providing other incentives that will help motivate employees.

Commercial banks in Kenya need to develop and document strategies for rewarding employees in order to enhance employee and organizational performance. Since all banks use the same set of human resources strategies, it is how they apply/ implement them that matters. Commercial banks that want to improve their performance should therefore ensure that the way they use these strategies is unique in order to ensure that they are able to have a competitive edge over their competitors.

Organizations should review the remuneration that they offer to their generation y as remuneration has positive effect on generation y motivation. Apart from financial remuneration, commercial banks should also employ the use of ‘non-financial remuneration’ such as performance-based-promotions, appreciations among others. On the same the study recommends that the term of basing payment be adjusted not only to rely on competence but also on the nature of the tasks.

On job security, generation y should be assured of job security and terms of employment be set to eradicate loss of job by the generation y as it creates uncertainty of job continuity. Additionally, the study recommended that all essential of maintaining job security to generation y should be observed. Organization should consider knowledge and skills when recruiting generation y as it influences generation y productivity. Recruitments should be based on relevant skills and knowledge on the various fields and offer training to the staffs to cope with the changing environment.

5.5 Limitations of the Study

The study faced a number of limitations. First was the ability to draw descriptive or inferential conclusions from sample data about a larger group. As such, the findings of this study only covered y generation employees of commercial banks and might not apply to employees in other sectors. Second limitation is reliability and adequacy of data collected. The study collected only primary data using questionnaires. Thus, the study is limited by the objectivity with which the respondents answered the questions. There is therefore need to collect similar findings using secondary sources which would complement primary data.

Third, the study was limited by the difficulty in gaining access to the commercial banks. The targeted population consisted of banks that have strict information disclosure procedure with some disclosing absolutely no information to ‘outsiders’. The conservative nature of banks and oaths of secrecy by personnel not to disclose information that is strategic in nature was the biggest challenge.

5.6 Areas of Further Study

From the study findings and limitations thereof, the study suggests that further research should be done on the factors that hinder generation y productivity within organization. This would be helpful in guiding management aim of harnessing generation y energy owing to their latent productivity that they don’t put to use. Future studies can also be done on other sectors other than the bank. This might produce different results as different sectors such as technology and engineering might have different factors that might affect employee motivation.

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APPENDICES

Appendix I: Transmittal Letter

The Respondents

Selected Commercial Banks

Nairobi Central Business District

Nairobi

Dear Respondent,

I am a post graduate student at the University of Nairobi carrying out a research project on the motivational strategies of Generation Y in commercial banks in Kenya. I am humbly requesting you to kindly respond to the questions asked as sincerely as possible. The ultimate goal of the study is to establish the motivational practices put in place by commercial banks in Kenya to motivate Generation Y. I am assuring you that the information you will give will be treated with utmost confidence and will only be used for the purpose of this study. To assist in concealing your identity I request you not to write your name or anything that can lead to the revelation of your identity.

I will be very grateful for your co-operation.

Thank you in advance,

Yours Faithfully,

Sign______________________________

Churchill Winstones Ochieng

University of Nairobi

Appendix II: Questionnaire

Questions:

Indicate the alternative which is closest to your opinion!

1. To work physically close to my colleagues is important for me.

Totally disagree ***Totally agree***

1 2 3 4 5 6 7

2. To feel a belonging to my coworkers is important for me.

1 2 3 4 5 6 7

3. To feel a belonging to the company is important for me.

1 2 3 4 5 6 7

4. To get feedback from my boss on tasks performed is important for me.

1 2 3 4 5 6 7

5. To have shorter working days would make me work harder.

1 2 3 4 5 6 7

6. To get appreciation from co-workers are important for me.

1 2 3 4 5 6 7

7. To work in team makes me perform better.

1 2 3 4 5 6 7

8. To have the possibility to be promoted makes me work harder.

1 2 3 4 5 6 7

9. To work with something that I am interested in is important for me.

1 2 3 4 5 6 7

10. To have time for leisure and other activities is more important for me than the job.

1 2 3 4 5 6 7

11. To receive a salary which is equal to my work performance is important for me.

1 2 3 4 5 6 7

12. To receive the respect that is equal to my work performance is important for me.

1 2 3 4 5 6 7

13. That me and my coworkers is promoted based on our work performance is important for me.

1 2 3 4 5 6 7

14. To be able to influence my co-workers work effort is important for me.

1 2 3 4 5 6 7

15. To be fairly treated at work is important for me.

1 2 3 4 5 6 7

16. To be able to influence my work situation is important for me.

1 2 3 4 5 6 7

17. To be rewarded according to my performance is important for me.

1 2 3 4 5 6 7

18. To participate in the formulation of the goals which I work towards is important for me.

1 2 3 4 5 6 7

19. To work towards specific goals is important for me.

1 2 3 4 5 6 7

20. To work towards a goal which is hard, but not impossible to reach, is important for me.

1 2 3 4 5 6 7

21. To work close to my co-workers is important to me.

1 2 3 4 5 6 7

22. To get a salary which is based on a fixed ratio rather than a fixed interval is important for me.

1 2 3 4 5 6 7

23. To have an interesting work task if important for me.

1 2 3 4 5 6 7

24. That the company's rewards are suitable for me is important.

1 2 3 4 5 6 7

25. That I develop in my work is important for me.

1 2 3 4 5 6 7

Background information (Confidential):

Are you:

- o Woman
- o Man

Do you have any other comments or opinions about the questionnaire?

____

____

Do you want get the project sent to you?
If so what is your email address: _________________

Thank you for your participation!

Appendix III: List of Commercial Banks in Kenya

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank Kenya
6. CfC Stanbic Holdings
7. Chase Bank Kenya
8. Citibank
9. Commercial Bank of Africa
10. Consolidated Bank of Kenya
11. Cooperative Bank of Kenya
12. Credit Bank
13. Development Bank of Kenya
14. Diamond Trust Bank
15. Dubai Bank Kenya
16. Ecobank Kenya
17. Equatorial Commercial Bank
18. Equity Bank
19. Family Bank
20. Fidelity Commercial Bank Limited
21. First Community Bank
22. Giro Commercial Bank
23. Guaranty Trust Bank Kenya
24. Guardian Bank
25. Gulf African Bank
26. Habib Bank
27. Habib Bank AG Zurich
28. Housing Finance Company of Kenya
29. I&M Bank
30. Imperial Bank Kenya
31. Jamii Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya
35. National Bank of Kenya

36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank (Kenya)
40. Standard Chartered Kenya
41. Trans National Bank Kenya
42. United Bank for Africa
43. Victoria Commercial Bank