

**PERCEIVED RELATIONSHIP BETWEEN EMPLOYEE WELFARE  
PROGRAMS AND EMPLOYEE PERFORMANCE AT KENYA  
PIPELINE COMPANY**

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## **DECLARATION**

I declare that this research project is my original work and has not been submitted in any university for any academic purpose.

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## **DEDICATION**

This project is dedicated to my loving husband, my family, friends and all who have contributed to the success of this MBA program, for their continued support and encouragement.

## **ABSTRACT**

Welfare is concerned with the total wellbeing of employees both at work and at home. Employee welfare entails all those activities of employer, which are directed towards providing the employees with certain facilities and done towards the comfort and improvement of employees. The objective of the study was to determine the perceived relationship between of employee welfare programs and employee performance at Kenya Pipeline Company. The research adopted a descriptive research design. The population comprised of all the employees of Kenya pipeline from which 10% were sampled using stratified sampling technique. Data was collected by use of questionnaire, which had both closed, and open-ended questions. Data was analyzed using descriptive statistics: frequency, percentages, mean and standard deviation. Data presentation was in tables, charts and graphs. The study findings established that that there are various employee welfare programs provided at KPC which included provision of sports facilities, provision of pension scheme, rooms for meetings, lenient sick and maternity leave, canteens for eating ,employees being given days off during exam days, partnering with health insurance companies or hospitals for healthcare, provision of safety garments and equipment such as fire extinguishers, gloves, sanitary effects, gas masks, first aid kits, availability of social clubs, gymnasium, and sports clubs in the Company; and, commuter allowance subsidies and car loans to facilitate staff transportation. KPC also allowed staff to work from remote stations on need basis and pay hardship allowance. The study of the findings also established that welfare programs have had positive impact on the employee performance at Kenya Pipeline Company by increase of their attributes to performance on their accountability, meeting performance targets, loyalty to the Company, diligence, proper interpersonal communication, and self drive to undertake agreed tasks. The findings also indicated positive linear relationship established between welfare programs and employee performance. It can be concluded that in order to maintain most efficient employees they should be mentally and physically satisfied through provision of employee welfare programs. It can be concluded that provision of employee welfare programs have positive impact on employee performance. The study recommends that companies should learn and implement welfare programs for improved employee performance.

## TABLE OF CONTENTS

<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>DEDICATION</b> .....	<b>iv</b>
<b>ABSTRACT</b> .....	<b>v</b>
<b>LIST OF TABLES</b> .....	<b>viii</b>
<b>LIST OF FIGURES</b> .....	<b>ix</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Perception.....	2
1.1.2 Employee Welfare Program.....	4
1.1.3 Employee Performance .....	6
1.1.4 Kenya Pipeline Company .....	7
1.2 Research Problem .....	8
1.3 Research Objective .....	10
1.4 Value of the Study .....	11
<b>CHAPTER TWO</b> .....	<b>12</b>
<b>LITERATURE REVIEW</b> .....	<b>12</b>
2.1 Introduction.....	12
2.2 Theoretical Foundation of the Study.....	12
2.2.1 Functional Theory of labour welfare .....	12
2.2.2 Social Exchange Theory .....	13
2.2.3 Expectancy Theory .....	15
2.3 Employee Welfare Programs .....	16
2.4 Employee Performance.....	22
2.5 Relationship between Employee Welfare and Employee Performance .....	24
<b>CHAPTER THREE</b> .....	<b>27</b>
<b>RESEARCH METHODOLOGY</b> .....	<b>27</b>
3.1 Introduction.....	27
3.2 Research Design.....	27
3.3 Study Population.....	27
3.4 Sample.....	27
3.5 Data Collection .....	28
3.6 Data Analysis and Presentation .....	29

<b>CHAPTER FOUR.....</b>	<b>30</b>
<b>DATA ANALYSIS, RESULTS AND DISCUSSIONS.....</b>	<b>30</b>
4.1 Introduction.....	30
4.2 Response Rate.....	30
4.3 Demographic Profile.....	30
4.3.1 Respondents Gender .....	30
4.3.2 Level of the respondents in the Organisation .....	31
4.3.3 Length of Service of respondents .....	32
4.3.4 Level of education of the respondents .....	32
4.3.5 Departments of the respondents.....	33
4.4 Employee welfare programs .....	34
4.4.1 Extent of adoption of Employee Welfare Programs at KPC .....	35
4.4.2 Extent of employee satisfaction on welfare programs .....	39
4.5 Employee Performance.....	40
4.5.1 Employee Performance - Rating of Performance in the Last Year .....	43
4.7 Discussion of Findings.....	44
<b>CHAPTER FIVE .....</b>	<b>47</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>47</b>
5.1 Introduction.....	47
5.2 Summary of Findings.....	47
5.3 Conclusion .....	48
5.4 Recommendations for policy and Practice .....	50
5.5 Suggestions for Further Research.....	51
<b>REFERENCE.....</b>	<b>52</b>
<b>Appendix I: Questionnaire.....</b>	<b>55</b>

## **LIST OF TABLES**

Table 3.1: Population and Sample .....	28
Table 4.1: Respondents Gender .....	31
Table 4.2: Department of the Respondents.....	33
Table 4.3: Extent of adoption of Employee Welfare Programs.....	35
Table 4.4: Satisfaction with Employees Welfare Programs .....	39
Table 4.5: Employee Performance.....	40
Table 4.6: Rating of Performance in the Last Financial Year .....	43
Table 4.7: Welfare Programs and Employee Performance.....	43

## **LIST OF FIGURES**

Figure 4. 1: Respondents Level in the Organization.....	31
Figure 4. 2: Length of Service of respondents .....	32
Figure 4. 3: Level of education of the respondents.....	32

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In the era of Globalization, market economy, hyper competition and rapid changing environment, the success of an organization depends on the employees' performance. Employees' performance is an essential requirement if an organization is to maintain its efforts towards the realization of predesigned goals. According to Humana Resource Philosophy employees are an important business resource that must be managed carefully in order to maximise return on investment and achieve business objectives. Organisations have to provide various benefits to ensure employees welfare is taken care off. In fact in this age and era it is almost impossible to operate an organisation without offering a basic set of benefits for employees' welfare. Organizations should understand that a healthy and stress free worker is a major asset to the organization and should therefore provide welfare services and programmes.

Welfare is concerned with the total wellbeing of employees both at work and at home. Armstrong (2004) states that employee welfare programs rest mainly on the abstract ground of social responsibility on organisations for those who work for them. Organizations need highly performing employees in order to meet their goals to deliver the products and services they specialize in and hence achieve competitive advantage. According to Gayle and Brock (2004) Organizations provide welfare facilities to their employees to keep their motivation levels high. The employee welfare programs can be classified into two categories viz. statutory and non-statutory welfare schemes. The statutory schemes are those schemes that are compulsory to provide by an

organization as compliance to the laws governing employee health and safety. These include provisions provided in industrial acts like Factories Act, Dock Workers Act (safety, health and welfare), and Mines Act. The non-statutory schemes differ from organization to organization and from industry to industry. The very logic behind providing welfare schemes is to increase a healthy loyal and the productivity of organization, create efficient, satisfied labour force for the organization promote healthy organizational relations thereby maintaining industrial peace.

### **1.1.1 Concept of Perception**

Perception is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli. Fiske and Taylor (1981) describe perception as the process of selecting, organizing and interpreting information. Perception includes the five senses touch, sight, taste, smell and hearing. Perception is the process by which organisms interpret and organize sensation to produce meaningful experience of the world (Lindsay & Norman 1997). Perception is psychological and can be measured by qualitative factors such as people's attitudes, emotions, previous experience and their needs. People attitudes have powerful influence upon what they pay attention to, what they remember and how they interpret information. Through the perceptual processes, we gain information about properties and elements of the environment that are critical to our survival. Perception not only creates our experience of the world around us; it also allows us to act within our environment. Perception has a strong impact on an individual's descriptions, analysis of events and subsequent behavior (Gordon, Mondy, Sharplin & Premeaus 1990). The extent to which an individual's perception of events matches what is truly therefore depends on; one, factors at work in the perceiver such as individual physical health, intelligence, degree of

open minded and general level of emotional wellbeing. Two, is factors in the external situation such as whether this is a new experience or a repeat of past, extent of involvement of others especially those who bring strong or positive messages, that is, encouragement and support , criticism and stress (Cole 2005).

The perception process takes place in two stages; the first is selection and second is organization. In selection, the individual tends to select and attend to only some features present in any situation. After a stimulus has been selected, individuals categorize and organize them so that the new material makes sense. (Arnold and Feldman 1986). Perception leads to decision making and action taking. At the most basic level, the decision is to act or not to act and this depends on how you develop motivation. With every action, there is always a set of alternatives from which to choose, even though often times it might seem as if there are no alternatives. The meaning you give to a stimulus you perceive will fundamentally shape the choices and actions you take in response to it (Lindsay & Norman 1977).

Rhodes and Eisenberger (2002) argue that staff perception in any organization is important as they influence organizational performance and output. Employee perception of fairness and unfairness is determined by how well particular event (s) or incident (s) reflects on widely held beliefs, expectations and norms. Perceptions vary from person to person, different people perceive different things about the same situation but more than that we assign different meanings to what we perceive and the meanings might change for a certain person. One might change one's perspective or simply make things mean something else. Nzuve (2007) articulated the importance of perception by arguing that people behavior is based on their perception of the reality. Perception adds meaning to

information gathered via the five senses of touch, smell, hearing, vision and taste, it's the primary vehicle through which we come to understand ourselves and the surrounding (Nelson & Quick, 2008). Perception is influenced by factors such as physical senses, health differences, general intelligence, nature and effects of past experience, innate abilities and learned skills, individual values and attitudes, personality differences, individual aspirations and goals, status, situation or context ( Cole 2005). The primary purpose of perception is to guide action (Gaulin et al 2003).

### **1.1.2 Employee Welfare Program**

As a total concept of welfare, it is a desirable state of existence involving physical, mental, moral and emotional well-being. Stratton (2005) defines employee welfare programmes as the good fortune, health, happiness, prosperity, etc., of a person, group, or organization; well-being: to look after a child's welfare; the physical or moral welfare of society. This is the financial or other assistance to an individual or family from an organization, city, state, or national government. Employee Welfare is a comprehensive term including various services, benefits and facilities offered to employees by employers. The welfare measure need not be monetary but in any kind /forms. This includes items such as allowances, housing, transport medical insurance and food. Employee welfare also includes monitoring of working conditions, creation of industrial harmony through infrastructure for health industrial relations and insurance against diseases accidents' and unemployment for workers and their families. Through such benefits services and facilities the employer makes life worth living for employees hence improved employee performance.

Friedlander (2006) argue that employee welfare is a very broad area of interest. In the best environments employers will address employee welfare in the workplace itself and

also consider employee welfare in terms of the pressures you will experience outside the workplace. An employer who is genuinely interested in the welfare of employees (and consequently strengthen their productivity) should be concerned about creating a positive work environment where individuals recognize they are valued. The big ticket item here is providing a workplace free of bullying, harassment and discrimination. As an employee (or prospective employee) you might look for; Clear policies and procedures relating to bullying, harassment and discrimination, A commitment to Equal Opportunity regardless of gender, race, marital status, pregnancy, sexuality, disability or age, Grievance procedures that are clear and actively implemented and ongoing training and development opportunities.

According to Hornsby (2004) employee welfare programmes objectives are to provide better life and health to the workers, to make the workers happy and satisfied and to relieve workers from industrial fatigue and to improve intellectual, cultural and material conditions of living of the workers. Armstrong (2004) argues that employees welfare programmes help to improve the images of the firm as a good employer and thus assists in recruitment hence increasing commitment and help the retention of the employees. Labour welfare entails all those activities of employer which are directed towards providing the employees with certain facilities and services in addition to wages or salaries. The very logic behind providing welfare schemes is to create efficient, healthy, loyal and satisfied labour force for the organization. The purpose of providing such facilities is to make their work life better and also to raise their standard of living. Employers get stable labour force by providing welfare facilities. Workers take active interest in their jobs and work with a feeling of involvement and participation.

### **1.1.3 Employee Performance**

Employee performance is a core concept within work and organisational psychology. It is a multidimensional and dynamic concept. Employee performance is a term typical to Human Resources; it is everything about performance of employee in an organisation; the level at which employees perform their work. It comprises the job related activities expected of a worker and how well those activities are executed. According to Dessler (2008), performance management is a process that consolidates goal setting, performance appraisal, and development into a single, common system, the aim of which is to ensure that the employee's performance is supporting the company's strategic aims. Employee performance is an individual measurable behaviour which is relevant for organisational goal achievement. Performance is defined by Hellriegel, Jackson and Slocum (1999) as the level of an individual's work achievement after having exerted effort. Highly performing individuals will be able to assist organisation to achieve its strategic aims thus sustaining the organisation competitive advantage (Dessler, 2011) Performance comprises of both behavioural and the outcome aspect. Many employers assess the employee performance of each staff on annual or quarterly basis in order to help them identify suggested areas of improvements and determine or raise eligibility whether an employee is fit for promotion.

Employee performance is more than just completing the dreaded annual reviews in order to get the annual bonuses or pay increase; it is an on-going activity with the ultimate goal of improving both individual and corporate performance. Organizations success depends on the employee performance for effective utilization of human capital since organizational performance arises from employees who are the movers of organizational resources (Kolay and Sahu, 2005). An employee's performance is determined during job

performance reviews. Contextual performance refers to activities which do not contribute to the technical core but which support the organizational, social, and psychological environment in which organizational goals are pursued. Contextual performance is predicted by other individual variables, not only task performance. Abilities and skills tend to predict task performance while personality and related factors tend to predict contextual performance. Contextual performance includes not only behaviours but also making suggestions about how to improve work procedures.

#### **1.1.4 Kenya Pipeline Company**

The Kenya Pipeline Company is a state corporation under the ministry of Petroleum and Energy with 100% government shareholding. It was incorporated on 6<sup>th</sup> September 1973 under the companies act Cap 486 of the laws of Kenya and started commercial operations in 1978. The company operations are also governed by relevant legislations and regulations such as; the Finance Act, The Public Procurement Regulations, amongst others. Kenya Pipeline Company operates a pipeline system for transportation of refined petroleum products from Mombasa to Nairobi and western Kenya towns of Nakuru, Kisumu and Eldoret. The main objective of setting up the company was to provide the country with the most efficient, reliable, safe and cost effective means of transporting petroleum products from Mombasa to the hinterland.

KPC has storage facilities in its depots in Nairobi, Nakuru, Kisumu and Eldoret and two jet fuel dedicated depots in Mombasa and Embakasi, Nairobi. KPC provides loading services at its Western Kenya depots of Nakuru, Kisumu and Eldoret. All export products are loaded at Kisumu, Eldoret and Nakuru depots. The refined petroleum products that are handled by the company are Motor Spirit Premium, Motor Spirit Regular, Automotive Gas Oil, Jet A and Illuminating Kerosene. The products are transported for

various oil marketing companies which include Caltex, Shell, Mobil, Kobil, Hashi, Hass, Metro, Petro, Gapco, Fuelex, Kenol, Triton, Engen, National Oil Corporation of Kenya, Dalbit, Mafuta Products and Total Oil.

KPC exports the petroleum products to countries such as Uganda, Rwanda, Burundi, Eastern DRC and northern Tanzania. In collaboration with the Government, KPC facilitates the implementation of Government policies: Acts as a Government agent in specific projects as directed through the Ministry of Energy. To this end, the Company works with the Government in the implementation of key projects such as the extension of the Oil Pipeline to Uganda and the LPG import handling and storage facilities; Assists in the fight against fuel adulteration and dumping; Ensures efficient operation of petroleum sub-sector. Unlike some State Corporations, KPC does not depend on government subsidies, but is a source of revenue to the Government in terms of dividends and taxes.

## **1.2 Research Problem**

Employee welfare is a dynamic concept as new welfare measures are added to the existing ones along with social changes. The modern concept of employee welfare entails all those activities of the employers, which are directed towards providing the employees with certain facilities and services in addition to wages and salaries. Welfare facilities are essential for the health of the organisation since they bear a close connection with the productivities of the labour force. Employee welfare measures increase the productivity of organization and promote motivation, healthy organizational relations thereby maintaining industrial peace and retain the employees for longer duration.

There are arguments against the provision of welfare programs. Human Resource fraternity have spent many years trying to shake off its association with what it and others like to think of as at best peripheral and at worst redundant welfare activities. Welfare is provided by the state services, why industrial, commercial or public sector organizations should duplicate what is already there? However a scholar like Herzberg (1959) believes those welfare schemes are hygiene factors and as a result does not motivate the workers to perform. Armstrong (2004) states that employee welfare program rests mainly on the abstract ground of social responsibility on organizations for those who work for them. However all employers have to provide welfare facilities within the precincts of the organization as they form part of the working conditions. Many organizations are increasingly providing employee welfare depending on its priorities gives varies degrees of importance to employee welfare.

Kenya pipeline Company plays a key role in expansion of the country's economy through the transportation of adequate fuel to meet the demands of its consumers. In meeting its core objectives, the organisation has recognised the critical role played by all the employees irrespective of cadre. The company transports petroleum products which are highly flammable this therefore makes it imperative that the Company adapts effective welfare programs. As such the company has catered for various employee welfare programs for the employees hence efficiency and effectiveness of its operation. The employee welfare programs are important in ensuring employees better performance in Kenya pipeline thus ensuring the organisation meets its set objectives. This study therefore seeks to establish the relationship between employee welfare programs and employee performance at KPC.

Several studies have been carried out locally on the staff welfare programs and employee performance. Kariuki (2006) studied a survey on the perception of staff welfare programs in large manufacturing firms in Nairobi and established that majority of the firms provide employees with staff welfare programmes. Wainaina (2011) studied on the relationship between wellness programs and employee job satisfaction at capital group limited. He established that the programs boosted employees' satisfaction levels. Masinde (2011) studied Comparative analysis on the effects of social welfare facilities on employee motivation in Pan African Papermills and Mumias Sugar Company. The study established that facilities provided are a strong motivational element that has helped retain employees in the job for a long time and boosting their productivity. (Kuria 2012) studied on the effects of employee welfare programmes on job satisfaction of employees within the flower industry in Kenya the researcher established the effects of employee welfare programs on job satisfaction of employees in organizations within the flower industry in Kenya.

From the above review of studies, limited studies have examined the relationship between employee welfare programs and employee performance. This constitutes a knowledge gap which justifies the need for further research. This study will therefore seek to fill this research gap answering the question: What is the relationship between employee welfare programs and employee performance at Kenya pipeline Company?

### **1.3 Research Objective**

In order to address the research questions above, this research will be guided by the following objectives.

- i. To establish employee welfare programs in Kenya Pipeline Company.

- ii. To establish employee performance at KenyaPipeline Company.
- iii. To determine the relationship between employee welfare programmes and Employees' performance at Kenya Pipeline Company.

#### **1.4 Value of the Study**

The findings of the study will be important to management of the Kenya Pipeline Company because it will provide insights about employee welfare programs and employee performance at the organization to ensure high organization productivity and the attainment of organizational objectives. Other state corporations will be able to implement the research recommendations to improve employee commitment and hence reap maximum benefits from their employees' performance.

The government agencies and other organizations will make use of this study, as it provides knowledge useful in formulation of policy and a regulatory framework on human resource management and in particular, welfare programs for better organizational performance and individual employees' wellbeing.

Researchers and scholars can use this information to add to their understanding employee welfare programs practices in Kenya. The study will provide foundation and material for further related research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter summarizes the information from other researchers who have carried out research in the same field of study. The specific areas covered here are employee welfare and employee performance. The chapter is basically concerned with discussing literature by other scholars on the concept of employee welfare programs.

#### **2.2 Theoretical Foundation of the Study**

The study is guided by Functional theory of labour welfare, social exchange theory and expectancy theory.

##### **2.2.1 Functional Theory of labour welfare**

Functional theory of labour is also called the Efficiency Theory. This theory states that a fully mentally and physically satisfied worker is the most efficient. Employee welfare is a means to keep industrial workers content so they may work effectively. In this theory, welfare work is used as a means to secure, preserve and develop the efficiency and productivity of labour. This theory suggests that welfare work can be used as a means of securing, preserving and developing the efficiency and productivity of labor (Manju and Mishra, 2007). The theory states that if an employer takes good care of his work force, they will tend to be more efficient by improving production and that programs for housing, education, training, provision of balanced diet and family planning measures are important for labour welfare as they increase the efficiency of workers in underdeveloped countries. The theory is helpful in understanding the characteristics of labour force as reflected on the contemporary support for labour and it worked well if the employer and

employees have the same goal of achieving higher production through better welfare. The theory is adopted in the study since welfare services affect performance of any labour force. It is obvious that if an employer takes good care of his workers, they will tend to become more efficient.

According to this theory, the employer has an obligation or duty towards its employees to look after their welfare. The constitution of India also emphasizes this aspect of labour welfare. Impact on Efficiency plays an important role in welfare services, and is based on the relationship between welfare and efficiency, though it is difficult to measure this relationship. Programs for housing, education and training, the provision of balanced diet and family planning measures are some of the important programs of labour welfare which increases the efficiency of the workers, especially in underdeveloped or developing countries. The development of the human personality is given here as the goal of industrial welfare, which, according to this principle, should counteract the baneful effects of the industrial system. Therefore, it is necessary to implement labour welfare services. Both inside and outside the factory, that is, provide intra-mural and extra-mural labour welfare services. Totality of Welfare emphasizes that the concept of labour welfare must spread throughout the hierarchy of an organization. Employees at all levels must accept this total concept of labour welfare program will never really get off the ground.

### **2.2.2 Social Exchange Theory**

The theory proposes that employees exhibit positive or negative behaviour as a response to the treatment they receive from their employers. According to Greenberg and Scott (1996), the central aspect of this theory is the norm of reciprocity. A strong social exchange relationship between the employer and employee will help maintain positive

working relationships and would elicit positive sentiments such as satisfaction commitment and trust in employees, which in turn will move employees to engage themselves in employee productivity. Social exchange theory proposes that the relationships we choose to create and maintain are the ones that maximize our rewards and minimize our costs. According to this, we are more self-centered and not necessarily concerned with equality. The basic idea is that relationships that give us the most benefits for the least amount of effort are the ones we value the most and are likely to keep long term. Greenberg and Scott (1996) assert that the social exchange theory is most commonly used by the studies in predicting work behaviour in the field of organizational behaviour. Employers need to treat their employees fairly such that they can reciprocate the good gesture in the form of behaviour such as organizational citizenship behaviour which contributes to organizational influence effectiveness. The social exchange theory also has its fair share of criticism. Miller (2005) argues that the theory reduces human interaction to a purely rational process that arises from economic needs. Miller (2005) further contends that the theory favors openness as it was developed in the 1970s when ideas of freedom and openness were preferred but there may be times when openness is not the best option in a relationship.

Social exchange theory may provide insight into what variables might mediate the distinct effects of procedural and interactional justice on employees' reactions to the organization versus the supervisor. Social exchange relationships are different from those based on purely economic exchange, in that the obligations to one another are often unspecified and the standards for measuring contributions are often unclear. They develop between two parties through a series of mutual, although not necessarily

simultaneous, exchanges that yield a pattern of reciprocal obligation in each party (Blau, 1964). One party makes a contribution or provides a service to the other party and in so doing develops an expectation of a return at some future point in time.

### **2.2.3 Expectancy Theory**

Armstrong (2006) argues that the concept of expectancy was originally contained in the valence- instrumentality- expectancy theory by Victor Vroom in 1964. According to Armstrong (2006) valence stands for value instrumentality is the belief that if we do one thing it will lead to another and expectancy is the belief that action or effort will lead to an outcome. The theory holds that individuals choose between alternatives which involve uncertain outcomes. The individual's behaviour is not only affected by his preferences amongst these outcomes but also by the degree to which the individual believes the outcomes to be possible. Armstrong (2006) defines expectancy as a monitory belief concerning the likelihood that a particular act will be followed by a particular outcome. According to Armstrong (2006) expectancies may be described in terms of their strength. Maximum strength is indicated by subjective certainty that the act will be followed by the outcome while minimal strength is indicated by subjective certainty that the act will not be followed by the outcome. The strength of expectations may be based on past experiences for example the idea that employees who go beyond the call of duty are rewarded. In these circumstances motivation to perform will be increased. To maintain such employee performance at the workplace managers should reward their employees in accordance with their contribution. This will motivate the employee to continue performing and even go beyond the call of what they are expected to do. The expectancy theory has also made some important contributions to motivation theories. Unlike other theories the expectancy theory takes into account individual perceptions and thus

personal histories allowing a richness of response not obvious in other theories which assume that people are essentially the same. However the expectancy theory has also been criticized. Mitchell (2001) argues that the greatest difficulty in testing the theory stems from the fact that theory is so comprehensive that it is virtually impossible to concurrently test all aspects of the theory.

### **2.3 Employee Welfare Programs**

The International Labour Organization (ILO) broadly classifies welfare services into two; intra-mural activities which are provided within the establishment such as latrines and urinals, drinking water, washing and bathing facilities, crèches, rest shelters and canteen, drinking water, arrangements for prevention of fatigue, health services including occupational safety, uniform and protective clothing and shift allowances. Extra-mural activities which are undertaken outside the establishment such as maternity benefits, social insurance measures like gratuity pension, provident fund and rehabilitation, physical fitness and efficiency, family planning and child welfare, education facilities, housing facilities, recreational facilities including sports, cultural activities, transport to and from the place of work (Manju and Mishra, 2007). They may also be divided into statutory and voluntary welfare services which comprise the legal provision in various pieces of labour legislation and activities which are undertaken by employees for their workers voluntarily respectively (Ankita, 2010).

Armstrong (2006) argues that medical services aim to provide help to employees who get absent from work for long periods because of illness related issues. They should aim to speed the return of employee to work. Visits should be made by the managers or specialized full-or part-time sick visitor with the aim of showing employees that their firm

and colleagues are concerned about their welfare and also to alleviate any loneliness they may feel. It is argued that sickness brought about by HIV and AIDS can affect an employees' performance. The loss of workers and productive time cannot be separated from other impacts such as loss of morale and increased costs. Health care costs, paid sick leave and funeral costs also add to the financial burden in dealing with HIV/AIDS. The workforces may be particularly at risk of these impacts because of the generous provision of such benefits. The obvious impact of these increased costs is that the budget for the workforce will be stretched with less money available for regular training, investment, infrastructure, and equipment (Pearce, 2007). The provision of medical facilities in such cases in any organization could reduce the incidences of HIV/Aids and other illnesses among the employees (Manzini and Gwandure, 2011).

Armstrong (2006) argues that organizations such as the Health and Safety Executive have identified stress, anxiety and depression as among the most commonly reported illness. Stress brought about through work intensification and conflicts between home and work is related to the risks of disease and ill-health. For instance, a study on police suicide in America found out that the some occupations such as police were eight times more likely to commit suicide than to be killed in a homicide and three times more likely to commit suicide than to die in job-related accidents. This shows suicide has become the most dreaded result of employees under stress and other problems associated with the job (Roy, Jack, and Crank, 2007). This reaffirms that the cost of stress is huge if not controlled both to the individual and to the employer. Kibet (2010) argues that the employees in Kenya have the highest suicidal and divorce rates in the country which is a warning signal for unseen problems that are not being addressed and that in the recent past, cases of

employees killing themselves or killing colleaguesunearth the level of stress and anxiety in the workforce. Manzini and Gwandure (2011) point out that employees in the mobile industry like the soldiers and employees experience emotional, social, political,and economic and work related problems for which they need employee welfare programs to cushionthem against such adversity. It has been argued that the employees have the highest suicidal anddivorce rates in the country which is a warning signal for unseen problems that are not being addressed.However, this can further lead to suppressed emotions that later develop other stress related disorders such asfrustration at work which can lead to substance abuse or domestic violence and an employee can comforthimself in drugs and alcohol or vent their hunger on their family. Such behavioural problems could bereduced through the provision of employee welfare services in an organization (Kibet, 2010).

Allender, Colquhoun, and Kelley (2011) found that workplace health leads to job motivation and satisfaction despite providing health benefits to the employees. Eaton, Marx, and Bowie (2007) studied various employee welfare programs in United States institutions and its impacts on health behavior and status of faculty and staff. The data was collected through the application of computer-assisted telephone interviews, self-administered mail questionnaires and computer-assisted personal interviews; 67.2% of the results reflected that health promotions can attract and retain skilled faculty and staff. The study concluded that employee welfare programs have positively impacted on the health and wellbeing of employees increasing on service delivery.Grawitchet *al.* (2007) examined the affiliation between diverse workplace practices which comprised of safety and health practices and satisfaction level in terms of commitment and turnover intention

in universities. A web-based survey was conducted on 152 university faculties and staff through a college distribution list. The results asserted that the health and safety practices are positively related to employee job satisfaction in terms of turnover intentions. As a result, it is significant to identify and understand the needs of human capital in order to enhance performance and service delivery in the form of individual basis and the organization as a whole. Haines, Davis, Rancour, Robinson, Wilson, and Wagner (2007) studied on the effectiveness of the 12-weeks walking program in improving the health of employees. After attending a study orientation, 125 college faculties and staff are requested to complete Godin Leisure Time exercise questionnaires in order to seek their current physical activity status. The results emphasized that the health promotion programs have positively impacted on the welfare of employees and service delivery.

For the establishment of a non-wage reward system, the pension provision scheme is referred to as an instrument of management to offer the incentives in valuing the human capital of organizations (Walker & Foster, 2006). Many academic researchers have found the significant associations between membership of pension scheme and reduction of turnover among human capital (Taylor, 2000). The research of Chen et al. (2006) analyzed the satisfaction level of educators on six quality attributes and the priority of improvements in Taiwan and established that the retirement provision scheme is among the top three concerns of educators which enhance the job motivation level of educators in institutions. According to Ramachandran et al. (2005), the study examined the determinants affecting motivation level and job satisfaction among educators and improvement required in India. The research involved interviews with administrators, teacher union leaders, educators, NGOs, researchers, focus group discussion and surveys

in 10 schools of Tonk District of Rajasthan. The findings reflected almost all the educators felt satisfied to their work when government provided pension scheme. Urwick et al. (2005) aimed to investigate the factors determining motivation level and leading to work satisfaction and means to improve them in Sub-Saharan Africa and South Asia. By using focus groups, they interviewed the head teachers, teachers, community and the Association between Employee Welfare and Job Motivation representatives. As a result, the interviewees agreed that the provision of pension scheme boosted work motivation levels.

According to Conrad (2011) screening and intervention for risk factors are the most common preventive vehicles for enhancing employee health. Medical screening includes tests for potential physiological problems; interventions are preventive or treatment measures for the putative problem. Medical screening at the work site, including chest X-rays, sophisticated serological blood testing, blood pressure and health risk appraisals can identify latent health problems at a pre-symptomatic stage. According to Falkenberg (1987) maintaining physical fitness, proper nutrition and weight control are preventive measures that should also be observed by every individual. According to Quelch (1980) preventive health care programs aim to decrease mortality or the incidence, duration, or severity of disease.

Flexible scheduling is referred to as the working arrangement that allows employees to schedule their working hours respectively (Menezes & Kelliher, 2011). Schedule flexibility is an employee benefit which aids in retaining skilled human capital. It meets the needs and requirements of human capital which boost their efforts, reduce the job absenteeism, and ultimately enhance their job satisfaction (Golden, 2009). Umur (2010)

studied on the determinants of job satisfaction and motivations level as well as factors overcoming demotivation issues among educators. The target respondents were 16 English language academicians in European University of Lefke, English Preparatory. Quantitative and qualitative research was conducted. The result mentioned that flexible working scheduling is a positive motivational factor to the educators in the forms of productivity and job satisfaction. (Morley 2003). Bellamy and Watty (2003) on a study on Malaysian Tertiary Education Institutions, examined how working conditions affect job satisfaction among the academicians. Mail surveys were used to collect the data from the academicians comprising of former tutors, lecturers, senior lecturers, associate professors, and professors in 38 Australian universities. A total of 3161 questionnaires were distributed to the targeted academicians with only 1328 responded. The result emphasized that flexible scheduling is the most important factor to retain academic staff besides the factor of autonomy. With the provision of flexible scheduling benefits, the academicians are motivated to remain in the institutions. Froeschle and Sinkford (2009) determined the influences of positive and negative aspects in the employee's environment on career satisfaction. Online surveys were conducted in 38 institutions and a result of 451 full-time faculty members responded. The result reflected the flexible work schedule and categorized it as a positive aspect contributing to the retention of the junior faculty in academic dentistry field. It concluded that most of the dental faculty members were willing to remain in the institutions with the provision of flexible scheduling practices. Employee assistance program provides information and referrals to appropriate counseling, treatment, and support services, for which the company may pay in whole or in part. Armstrong (2006) says that there are a number of external agencies which

provide employee assistance services. According to Walsh (1982) employee assistance programs are a set of company policies and procedures for identifying and responding to personal or emotional problems of employees which interfere directly or indirectly with job performance. According to Benavides and Haillee (2010) it is a reactive program designed to mitigate existing negative circumstances by addressing core problems including personal, medical, and emotional as they affect an employee's productivity. As a result, some employees see an assistance program as a means to only address performance deficiencies and are reluctant to take advantage of the services for fear of being labeled unproductive.

## **2.4 Employee Performance**

Armstrong and Baron (2000) base the ethos of performance on the assumption that if the performance levels of individuals can be raised somehow, better organizational performance will follow as a direct result. In his book, *The Human Equation*, Pfeffer (1998) describes how companies achieve profitability by putting people first. Numerous business practices have been put forth that suggest management practices can affect performance in positive ways. These include training, performance management, and rewards and incentive systems (Deng, Menguc, and Benson, 2003). Productivity tends to be associated with production-oriented terms (profit and turnover) and performance is linked to efficiency or perception-oriented terms (e.g. supervisory ratings and goal accomplishments). Employees must be able to deliver good results and have a high productivity. Employee performance is based on individual factors: personality, skills, knowledge, experience and abilities. Employee goes beyond the individual factors to include external factors such as reward and motivation, work environment, technology

among others. Mazin (2010) lists four different performance dimensions on which employees are measured: quality, quantity, dependability and job knowledge.

Park, Mitsuhashi, Fey and Bjorkman(2003) stated that employee's performance is measured against the performance standards set by the organization. Performance is the achievement of specified task measured against predetermined or identified standards of accuracy, completeness, cost and speed. Desired performance can only be achieved efficiently and effectively, if employee gets a sense of mutual gain of organization as well as of himself, with the attainment of that defined target or goal. Efficiency and effectiveness are ingredients of performance apart from competitiveness and productivity and training is a way of increasing individual's performance (Tessema and Soeters, 2006). In every organization there are some expectations from the employees with respect to their performance. Functioning and presentation of employees is also termed as employee performance. This means that effective administration and presentation of employees' tasks which reflect the quality desired by the organization can also be termed as performance (Benedictaand Appiah, 2010).Tessema and Soeters (2006) categorizedemployee performance into task and contextual or citizenship performance behaviors. Task performance includes behaviors which an employee performs to accomplish tasks given to him by his supervisor or behaviors associated with core technical activities of the organization. Whereas, contextual or citizenship performance includes behaviors which establishes the organizational social and psychological context and help employees to perform their core technical or task activities (Huczynski and Buchanan, 2007).

## **2.5 Relationship between Employee Welfare and Employee Performance**

Many scholars argue that there exists somewhat relationship between employee performance and employee welfare benefits and services. For instance Onitiri (1983) opines that poor standards of living bad health lack of education bad housing, poor transportation to and from work, bad conditions in the work place reduce worker's productivity and low productivity in then reduces the capacity of the society to improve working conditions. Welfare measures relates to certain additional activities which are provided by an organization like housing facilities, transportation facilities. Medical facilities, recreational and cultural facilities, libraries, gym and health club etc in hope of winning the satisfaction index of an employee. McGuire and McDonnel (2008) suggested that the welfare facilities aids in enhancing the self-confidence and intellectual level of an employee. Torjman 2004 demonstrated that welfare facilities and recreation accounts for healthy individual besides encashing among their happiness and emotional quotient .Kirsch (2009) was of the opinion that welfare facilities should be flexible and continuous innovation needs to be done. Pinder, Mathew (2011) advocated that employee welfare measures serve as oxygen for motivation of the workers and increasing the effectiveness of the workforce.

Historically employee welfare services were meant to reduce absenteeism and time off due to illness. However, today they have taken a broader scope and they include almost all aspects that relate to an employee's wellness and personal development in the work place (Manzini and Gwandure, 2011). Logically, the provision of welfare schemes is to create an efficient, healthy, loyal and satisfied labor force for the organization. The purpose of providing such facilities is to make their work life better and also to raise their

standard of living. Priti (2009) argues that the role of welfare activities is to promote economic development by increasing efficiency and productivity with the underlying principle being making workers give their loyal services ungrudgingly in genuine spirit of co-operation and the general well-being of the employee. Despite this, Mwiti (2007) points out that naturally welfare services may not directly relate to an employee's job but the presence or absence of the services is notable through employee performance, attitude, high or low labour turnover. The workforce provides essential service to the public in Kenya and thus their labour welfare activities need to address the same. Manzini and Gwandure (2011) argues that, welfare services can be used to secure the labour force by providing proper human conditions of work and living through minimizing the hazardous effect on the life of the workers and their family members. Welfare services may be provided by supplementing the income of the workers by providing services such as housing, medical assistance, canteens and recreation facilities (Mishra and Manju (2007)). Further, welfare facilities help in raising employees' standards of living.

The success of these employee welfare activities depend on the approach which has been taken to account in providing such activities to employees and welfare policy should be guided by idealistic morale and human value and such services include the provision of medical facilities, sanitary and the accommodation of workers employed, amenities and industrial social security measures, training and education facilities, HIV and AIDS risk reduction and counseling services (Harika, 2010). Morwabe (2009) argues that work environment should comprise of issues such as the working hours, employment policy, workers' health and welfare, workplace design and the general conduct of workers at the workplace. Employee welfare activities in both developed and developing society have

an impact not only on the workforce but also on the facets of human resources (Manju and Mishra, 2007). These services may be provided by the government, trade unions and non-governmental agencies (Ankita, 2010).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was used to carry out the research. It presents the research design, the target population, sampling procedure data collection procedures instruments and data collection procedures instruments and data analysis.

#### **3.2 Research Design**

The study used descriptive survey research design. A survey research design seeks to obtain information that describes existing phenomenon by asking individuals about their perceptions, attitudes and values (Mugenda and Mugenda, 2003). Descriptive survey research design is the systematic collection of data in standardized form from an identifiable population or representative (Oso and Onen, 2009). Descriptive approach would thus ensure that comprehensive findings and depth information obtained on the subject matter; the effect of employee welfare programs on performance at KPC.

#### **3.3 Study Population**

According to Mugenda and Mugenda (2003), target population is the members of a real or hypothetical set of people, events or objects the researcher wishes to generalize the results of the research. The study targeted a population of 1700 of KPC employees (KPC, 2014).

#### **3.4 Sample**

The study used stratified sampling technique which involves selecting units (people, organizations) from heterogeneous population (Castillo, 2009). The sampling technique

was chosen as the population was heterogeneous (consisting of different management levels). Stratified random sampling technique was used it ensured that all the departments were represented. A representative sample of 170 (10%) of the population was selected using stratified. The target population was stratified into the 3 management levels: senior, middle and lower management levels, and other/unionisable employees as shown in the Table below. Out of this population, a sample of 170 respondents was obtained through stratified random sampling. Mugenda and Mugenda (2003) observe that 10% of the target population is a good representation of the study.

**Table 3.1: Population and Sample**

<b>Level</b>	<b>Population</b>	<b>Sample</b>
Senior Level Management	20	2
Middle Level Management	280	28
Lower Level Management	200	20
Other/Unionisable Employees	1200	120
<b>Total</b>	<b>1700</b>	<b>170</b>

**Source: Researcher (2014)**

### **3.5 Data Collection**

The study used primary data that was collected using questionnaire. Questionnaires are appropriate as they collect information that is not directly observable as they inquire about feelings, motivations; attitudes, accomplishments as well as experiences of individuals (Sutrisna, 2009). Close-ended questions guided the respondents' answers within the choices given while the open-ended were useful in obtaining a more detailed response. The questionnaires were administered through pick and drop and use of email.

### **3.6 Data Analysis and Presentation**

The collected data was coded and entries made into Statistical Package for Social Sciences (SPSS version 20). Descriptive statistics included: mean, standard deviation, percentages and frequency distribution. Inferential statistics was also be conducted using product moment correlation technique. The study used Pearson correlation coefficient to test the significance of the linear relationship between employee welfare programs and employee performance.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter presents the analysis, findings and discussions. The findings were presented in four sections: response rate demographic profile of the respondents, employee welfare programs and employee performance. The findings of the study were presented in form of tables and graphs.

#### **4.2 Response Rate**

The data collection instruments, which were questionnaires, were distributed to respondents through pick and drop and use of email, however, out of 170 questionnaires distributed, 137 questionnaires were returned fully filled-in making a response rate of 80.6%. This response rate is acceptable and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

#### **4.3 Demographic Profile**

The section presents the data findings on the respondents' general information. The demographic information included gender of respondents, their level of education, level in the organization, number of years served in the organization and department.

##### **4.3.1 Respondents Gender**

The respondents were asked to indicate their gender in order to ensure that the results obtained captured views of both gender. The results are presented in Table 4.1. The results indicate that 76.6% of the respondents were male while 23.4% were female. The findings

indicate that majority of the respondents were male but the difference is not significant. This implies that the study was not influenced by gender imbalance.

**Table 4.1: Respondents Gender**

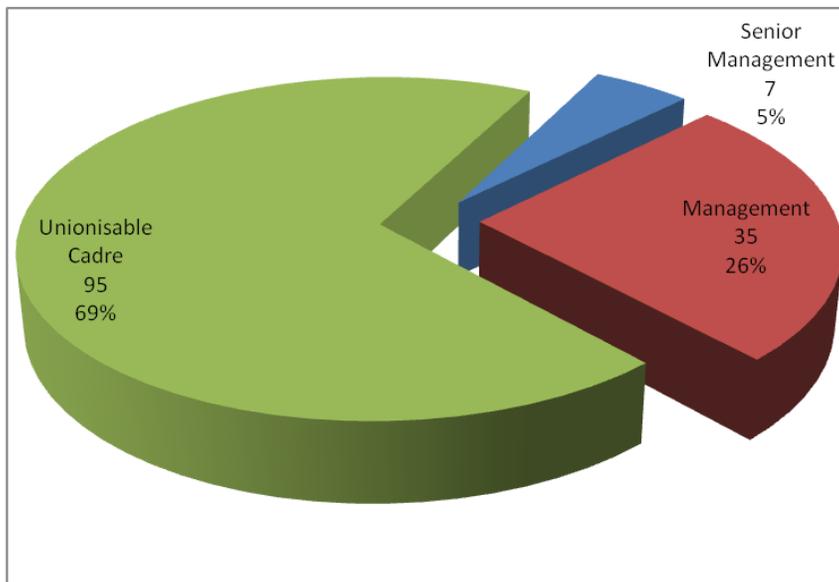
	<b>Frequency</b>	<b>Percentage</b>
Male	85	76.6
Female	52	23.4
<b>Total</b>	<b>137</b>	<b>100.0</b>

Source: Research Data (2014)

### 4.3.2 Level of the respondents in the Organisation

The study sought to establish the level of respondents in the organization. The results are shown in Figure 4.1. The results indicate that 69% were in the unionisable cadre, 26% were management staff while 5% were senior management. From the analysis it can be concluded that all levels were represented as different levels have different staff welfare programs, which may have significant effects on the study findings.

**Figure 4. 1: Respondents Level in the Organization**

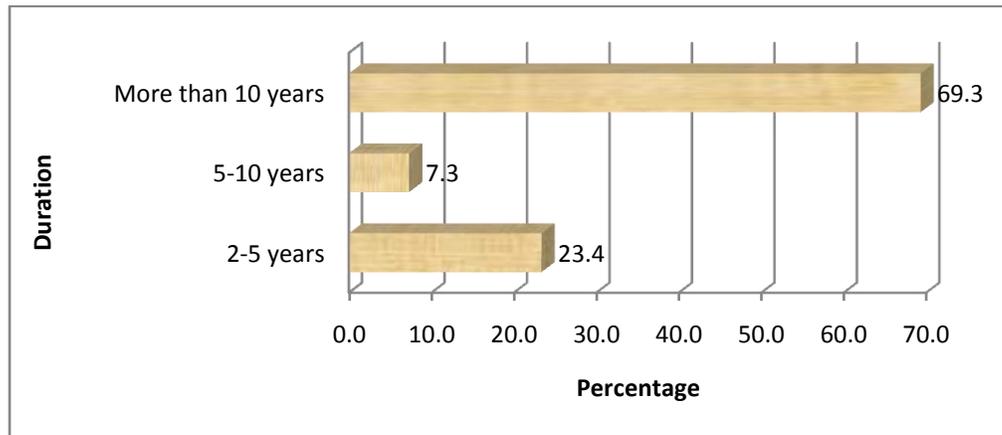


Source: Research Data (2014)

### 4.3.3 Length of Service of respondents

The study sought to establish the length of period the respondents had served in the Company. The outcomes were summarized in Figure 4.2. It was established that 69.3% of the respondents had worked for more than 10 years; 23.4% had worked for 2-3 years; and, 7.3% had worked for 5 – 10 years. These findings show that most of the respondents had worked at the company for more than 10 years. It can be concluded that most of the respondents had enough experience hence provided most reliable information on welfare programs in the Company.

**Figure 4. 2: Length of Service of respondents**

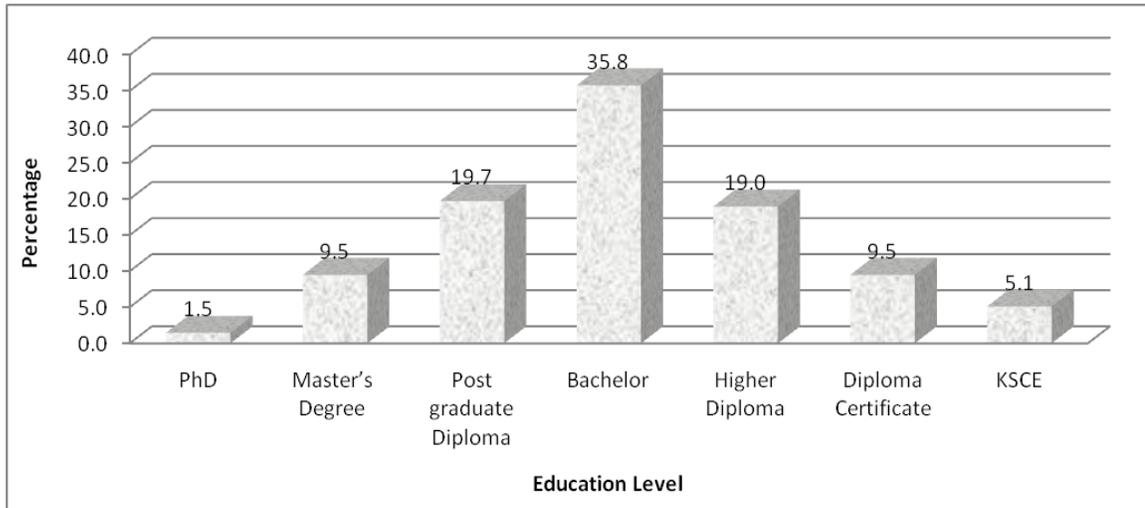


**Source: Research Data (2014)**

### 4.3.4 Level of education of the respondents

The study sought to establish the level of education attained by the respondents. The results were as summarized in Figure 4.3.

**Figure 4. 3: Level of education of the respondents**



**Source: Research Data (2014)**

The results indicate that 35.8% of the respondents had bachelor's degree; 19.7% of the respondents were post-graduate diploma holders; 19% had higher diplomas; and, 9.5% were masters holders or had ordinary diploma. The results indicate that a majority of the respondents have at least a Bachelor's degree and therefore they were knowledgeable on the employee welfare programs.

#### **4.3.5 Departments of the respondents**

The researcher sought to find out the departments of the respondents. Table 4.2 presents the findings on the department from which the respondent worked at the Company. The findings shows that 23.4% of the respondents worked in operations department; 16.8% worked in administration departments; 15.3% and 11.7% worked in engineering and internal audit departments respectively. From the findings it can be concluded that all the departments were captured.

**Table 4.2: Department of the Respondents**

<b>Department</b>	<b>Frequency</b>	<b>Percentage</b>
Administration	23	16.8
Finance	8	5.8
Engineering	21	15.3
Security	11	8.0
Human Resources	10	7.3
Legal	3	2.2
Internal Audit	16	11.7
Corporate Planning	2	1.5
Communication	3	2.2
Operations	32	23.4
Business Development	8	5.8
<b>Total</b>	<b>137</b>	<b>100.0</b>

**Source: Research Data (2014)**

#### **4.4 Employee welfare programs**

The objectives of the study was establish employee welfare programs, employee performance and to establish the perceived relationship between employee welfare programs and employee performance at Kenya Pipeline Company. This section therefore deals with the perception of welfare programs at Kenya Pipeline Company. The respondents were asked to indicate the perceived welfare programs provided by KPC in a 5-point Likert Scale in collecting the data so the factors were ranked based on their weighted mean. According to the scale, 1 point was accorded to not at all; 2 point = less extent; 3 points = moderate extent; 4 points = high extent; and, 5 points = a very high extent. Means for the factors were established in order to provide a generalized feeling of all the respondents. Means greater than 4.5 implied that the respondents agreed to very high extent means of between 3.5-4.5 implied that the respondents agreed to high extent with the statements on provision of welfare programs, means of between 2.5-3.5 implied

that the respondents moderately agreed, a mean between 1.5-2.5 implied that respondents agreed to less extent and mean less than 1 implied that the respondents did not agree at all. A standard variation  $>1$  implies a significant variance meaning there is no consensus in the responses while  $<1$  shows there was no significance variance hence consensus in responses.

#### 4.4.1 Extent of adoption of Employee Welfare Programs at KPC

The purpose was to determine the extent of the adoption of employee welfare programs at KPC. The researcher sought to determine the various welfare programs available in KPC. To measure the extent of adoption of welfare programs in the organization the employees were provided with a number of statements and asked to indicate to what extent they agreed with them. The results are indicated in Table 4.3.

**Table 4.3: Extent of adoption of Employee Welfare Programs**

<b>Employee Welfare Programs</b>	<b>Mean</b>	<b>STDEV</b>
The company work environment is conducive with proper work space, ventilation, air conditioning	3.92	0.617
The Company allows for lenient sick and maternity leave	4.39	0.489
We have social clubs in our company	4.10	1.055
Our company provides sports facilities	4.55	0.627
We have pension scheme	4.54	0.498
The company conducts safety procedure and drill including programs on occupational health	3.92	0.617
The company provide safety garments and equipment: fire extinguishers, gloves, sanitary effects, gas masks, first aid kits	4.15	0.668
Our Company has canteens for eating	4.31	0.902
Our Company provide meals (tea and lunch) free of charge	2.85	1.417
There are rooms for meetings	4.39	0.727
The company provides libraries	3.70	1.076
The company provides gymnasium	4.07	1.085
The company provides sports clubs	3.69	1.487
The Company has partnered with health insurance companies or hospitals for healthcare	4.15	0.763

**Table 4.3 Extent of adoption of Employee Welfare Programs continues from page 35**

There are financial management programs meant for preparing employees for retirement and dealing with any problems they experience	3.76	0.978
There is provision of advisory services	3.38	0.921
The employer has designed and implemented a policy for flexible scheduling to accommodate classes and other commitments	3.09	0.992
The employees are given days off during exam days.	4.23	0.882
The company provides counseling programs on work-life balance and stress	3.61	1.222
When we work from remote stations on need basis we are paid hardship allowance	4.01	1.097
We are allowed to access our vacation or other paid time off to go to school	3.07	1.215
The company provides airtime and mobile phone for my communication	2.23	1.374
Employees are allowed to access part of their monthly salary to cater for financial emergencies	3.08	1.340
The Company has made arrangement with financial institutions (banks) to provide cheap loans or credit facilities	3.41	1.150
The organization conduct training programs that teach teamwork and cooperation or the importance of taking initiative and exceeding one's formally prescribed job duties.	3.78	1.305
The company has commuter allowance subsidies and car loans to facilitate staff transportation	4.01	1.414
<b>Average of Mean /Standard Deviation</b>	<b>3.784</b>	<b>0.997</b>

**Source: Research Data (2014)**

From the research findings as shown in Table 4.3 the results indicate that respondents agreed to a very high extent on the provision of sports, provision of pension scheme, with a mean score of 4.55 and 4.54 respectively. The respondents also agreed to a high extent that KPC provides rooms for meetings and lenient sick and maternity leave, that there is provision of canteens for eating and employees are given days off during exam days at a mean score of 4.39, 4.39, 4.31 and 4.23 respectively. The respondents further agreed to a high extent on the partnering with health insurance companies or hospitals for healthcare, provision of safety garments and equipment such as fire extinguishers, gloves, sanitary

effects, gas masks, first aid kits and availability of social clubs at a mean of 4.15, 4.15 and 4.10, respectively. The respondents agreed to a high extent that KPC provides gymnasium, employees are provided with commuter allowance subsidies and car loans to facilitate staff transportation at a mean of 4.07 and 4.01 respectively. The respondents also agreed to a high extent that KPC allowed staff to work from remote stations on need basis and pay hardship allowance 4.01.

Additionally from the findings it was revealed that respondents agreed to a high extent that KPC conducts safety procedure and drill including programs on occupational health, its work environment is conducive with proper work space, ventilation, air conditioning and conduct training programs that teach teamwork and cooperation or the importance of taking initiative and exceeding one's formally prescribed job duties at a mean of 3.92, 3.92 and 3.78 respectively. The respondents also agreed to a high extent that there is also financial management programs meant for preparing employees for retirement and dealing with any problems they experience, KPC provides counseling programs on work-life balance and stress at a mean of 3.78, 3.76, 3.7 and 3.61, respectively. The respondents further agreed to a moderate extent on the provision of libraries, provision of sports clubs, provision of advisory services and that KPC has also made arrangements with financial institutions (banks) to provide cheap loans or credit facilities at a mean of 3.70, 3.69, 3.41 and 3.38 respectively.

The respondents agreed to a moderate extent on the Company designing and implementing a policy for flexible scheduling to accommodate classes and other commitments, employees being allowed to access part of their monthly salary to cater for financial emergencies at a mean of 3.09 and 3.08. The respondents also agreed to a less

extent that they were allowed to access vacation or other paid time off to go to school, provision of meals (tea and lunch) free of charge at a mean of 3.07 and 2.85 respectively. The respondents also agreed to a low extent that KPC does not provide airtime and mobile phone for communication by a mean of 2.23.

The analysis above implies that highly implemented welfare programs at KPC included provision of sports facilities, provision of pension scheme, rooms for meetings, lenient sick and maternity leave, canteens for eating, employees being given days off during exam days, partnering with health insurance companies or hospitals for healthcare, provision of safety garments and equipment such as fire extinguishers, gloves, sanitary effects, gas masks, first aid kits, availability of social clubs, gymnasium, and sports clubs in the Company; and, commuter allowance subsidies and car loans to facilitate staff transportation. The company also allowed staff to work from remote stations on need basis and pay hardship allowance.

Additionally, the analysis implies moderately implemented welfare programs included conducting of safety procedure and drill including programs on occupational health, its work environment is conducive with proper work space, ventilation, air conditioning conduct training programs that teach teamwork and cooperation or the importance of taking initiative and exceeding one's formally prescribed job duties. There are also financial management programs meant for preparing employees for retirement and dealing with any problems they experience. The Company provides counseling programs on work-life balance and stress, libraries and provision of advisory services. It has also made arrangement with financial institutions to provide cheap loans or credit facilities.

However, there is noted that rarely or infrequently implemented welfare programs included the Company designing and implementing a policy for flexible scheduling to accommodate classes and other commitments employees being allowed to access part of their monthly salary to cater for financial emergencies accessing vacation or other paid time off to go to school, provision of meals (tea and lunch) free of charge, provision of airtime and mobile phone for employees' communication.

In conclusion there were proper provision of employee welfare services which imply that employee welfare programs were highly provided by Kenya Pipeline Company which could be instrumental in delivery of services and high performance due to their good health hence high performance.

#### **4.4.2 Extent of employee satisfaction on welfare programs**

The study further sought to establish the extent to which employees were satisfied with the welfare programs in the Company. The results were summarized in Table 4.4.

**Table 4.4: Satisfaction with Employees Welfare Programs**

	<b>Frequency</b>	<b>Percentage</b>
Very satisfied	52	38.0
Satisfied	75	54.7
Unsatisfied	10	7.3
<b>Total</b>	<b>137</b>	<b>100.0</b>

**Source: Research Data (2014)**

From the findings it was established that 54.7% of the respondents were satisfied with the welfare programs; 38.0% were very satisfied and 7.3% were unsatisfied. It can be concluded that majority of the respondents were satisfied with the employee welfare programs at KPC.

## **4.5 Employee Performance**

The study aimed at establishing the employee performance at KPC. The respondents were asked to indicate the extent to which they agree on the changes towards their personal attributes to performance owing to welfare programs. To analyze this data, 6-point Likert Scale was used in collecting the data so the factors could be ranked based on their weighted mean. From the scale, 1 point was accorded to highly decreased; 2 point = a decreased; 3 points = remained constant; 4 points = increased; and, 5 points = moderately increased; and, 6 points = highly increased. Means less than 1.5 implied that the respondents' performance had highly decreased means greater than 1.5 and less than 2.5 implied that the respondents' performance had decreased. Means greater than 2.5 and less than 3.5 implied that the respondents performance remained constant Means greater than 3.5 and less than 4.5 implied that the respondents' performance had moderately increased while means greater than 4.5 implied that the respondents' performance had highly increased. A standard deviation of 1 indicates that the responses are further spread out, greater than 0.5 and less than 1, indicates that the responses are moderately distributed, while less than 0.5 indicates that they are concentrated around the mean. A standard deviation of more than 1 indicates that there is no consensus on the responses obtained. The results are indicated in Table 4.5.

**Table 4.5: Employee Performance**

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
Ability to plan and be able to undertake work in an organized manner while identifying priorities	4.64	1.478
Ability to communicate effectively with customers, superiors peers and others	4.50	1.262
Ability to suggest viable new ideas to enhance performance (innovation)	3.85	0.940
Self drive to undertake agreed tasks (initiative)	4.45	1.220
Ability to manage people, inspires others, delegate duties, direct, co-ordinate and develop (mentor) others (leadership)	4.37	1.220
Meeting Performance Targets	4.68	0.724
Adherence to moral principles, moral uprightness, honesty, decency, trustworthiness	4.69	1.360
Accountability	4.69	1.365
Carefulness in carrying out tasks or duties with proper attention (diligence)	4.62	1.319
Willingness to act as a member of a group rather than as an individual	4.71	1.362
having or showing continuing allegiance, faithful to KPC	4.71	1.362
<b>Average of Mean /Standard Deviation</b>	<b>4.537</b>	<b>1.237</b>

**Source: Research Data (2014)**

The findings reveal that the respondents agreed that their attributes to performance had highly increased on the willingness to act as a member of a group rather than as an individual and having or showing continuing allegiance and faithfulness to KPC and adherence to moral principles, moral uprightness, honesty, decency and trustworthiness at a mean of 4.71, 4.71 and 4.69 respectively. The respondents also agreed that their attributes to performance had highly increased on their accountability, meeting performance targets, ability to plan and be able to undertake work in an organized manner while identifying priorities at a mean of 4.69, 4.68, and 4.64 respectively. The

respondents also agreed their performance attributes had highly increased in Carefulness in carrying out tasks or duties with proper attention (diligence) and ability to communicate effectively with customers, superiors' peers and others at a mean of 4.62, and 4.50 respectively. The respondents agreed their performance attributes had moderately increased in ability to Self drive to undertake agreed tasks (initiative), ability to manage people, inspires others, delegate duties, direct, co-ordinate and develop (mentor) others (leadership) and, ability to suggest viable new ideas to enhance performance (innovation) at a mean of 4.45, 4.37 and 3.85 respectively .

The findings reveal that, on average, certain attributed of the employee performance highly increased which include: willingness to act as a member of a group rather than as an individual and having or showing continuing allegiance, faithfulness to KPC accountability, meeting performance targets, ability to plan and be able to undertake work in an organized manner while identifying priorities, carefulness in carrying out tasks or duties with proper attention (diligence), (ability to communicate effectively with customers, superiors peers and others and, self drive to undertake agreed tasks (initiative) Slight increase was exhibited in: ability to manage people, inspires others, delegate duties, direct, co-ordinate and develop (mentor) others (leadership) and, ability to suggest viable new ideas to enhance performance (innovation).

It can be concluded from the findings that there was an overall high increase in employees' performance which could be attributed to the high satisfaction on welfare programs.

#### 4.5.1 Employee Performance - Rating of Performance in the Last Year

This section presents the findings on employee performance and how it is influenced by the welfare programs as shown in Table 4.6. The respondents were asked to indicate whether they have met the agreed performance targets as agreed in the beginning of the year.

**Table 4.6: Rating of Performance in the Last Financial Year**

	Frequency	Percentage
Excellent Performance	9	6.6
Very Good Performance	84	61.3
Good Performance	32	23.4
Fair	11	8.0
Poor	1	0.7
<b>Total</b>	<b>137</b>	<b>100.0</b>

**Source: Research Data 2014**

From the findings in Table 4.6, 59.1% of the respondents stated that they had met their performance targets; 24.1% partially agreed; and, 16.8% had not met their performance targets. Thus, majority of the respondents rated their performance as at least good.

#### 4.6 Relationship between Welfare Programs and Employee Performance

The study sought to establish the relationship between the employee welfare programs and employee performance. Pearson Correlation analysis was used to achieve this end at 95% confidence level ( $\alpha = 0.05$ ). The results are indicated in the table 4.7 below.

**Table 4.7: Welfare Programs and Employee Performance**

R	R Square	Adjusted R Square	Std. Error of the Estimate
.8569 <sup>a</sup>	.7343	.6916	1.30321

Predictors: Employee Welfare Programme

Dependent Variable: Employee Performance

**Source: Research Data (2014)**

From the findings it was established that very good and positive correlation coefficients was established between employee welfare programs and employee performance. This is given R value of 0.8569 with a corresponding R square of 0.7343. Thus, employee welfare programme accounts for 73.4% of the changes in employee performance.

#### **4.7 Discussion of Findings**

The findings in this study indicate that employee welfare is a major concern at KPC. From the findings it can be revealed that there are various systems of employee welfare services as KPC the results are consistent with Friedlander (2006) who argues that employee welfare is a very broad area of interest. From the findings KPC also partners with health insurance companies or hospitals for healthcare. Similarly, this agrees with Armstrong (2006) who argues that medical services aim to provide help to employees who get absent from work for long periods because of illness related issues this also agrees with Stratton (2005) who states that employee welfare programs include those that brings good health, happiness and insures their future to the employees such as sports facilities and pension scheme. Employees are also given days off during exam days. To ensure safety, KPC provide safety garments and equipment such as fire extinguishers, gloves, sanitary effects, gas masks, first aid kits. There are also availability of social clubs and gymnasium. KPC promote the well-being of employees since the employee welfare programs adopted by KPC are effective as they are aligned to employees' wants and wishes this is consistent to Priti (2009) who argues that the role of welfare activities is to promote economic development by increasing efficiency and productivity with the underlying principle being making workers give their loyal services ungrudgingly in genuine spirit of co-operation and the general well-being of the employee.

The findings also indicate that the primary concern of employee welfare promotion is to create happy employees. At KPC, they do this by providing social amenities such as sports stadium, social clubs, and gymnasiums among others. However, this type of objective has a greater purpose and is not always due to the benevolence of the employer this confirms the earlier study by Kirsch (2009), who stated that good employers both genuinely care for their employees and do so because they know that a happy employee is one that will be productive and do his job correctly. The findings also revealed that Health promotion is another major objective of KPC's employee welfare programs. The health of an employee is integral to the success of a company. As pointed out by Mwit (2007), employees who are happy and healthy show up to work every day and do their jobs correctly, whereas those that are in poor health and have no means to change the situation will miss work and slow production. KPC provide safety garments and equipment such as fire extinguishers, gloves, sanitary effects, gas masks, first aid kits.

The findings also indicated that majority of employees' performance was rated as at least high this concurs with Allender, Colquhoun, and Kelley (2011) provide that a welfare program that's good for employees' welfare, show them that they are valued. This help make them feel welcome and happy, motivating them to work harder and increase their performance and productivity.

The findings indicated a significant linear relationships established between welfare programs and employee performance this concurs with earlier studies done by McGuire and McDonnel (2008) who established that welfare programs is highly correlated by employee performance as it aids in enhancing the self-confidence, intellectual level of an employee and boost their motivation to be productive. The findings are also in consistent

with Pinder (2011) who advocated that employee welfare measures serve as oxygen for motivation of the workers and increasing the effectiveness of the workforce. The findings also established a good linear relationship between employee welfare programs and employee performance this conforms to Mwit's (2007) findings who established a good linear relationship between welfare programs and employee performance. Similarly, Priti (2009) elucidates that employee welfare programs fosters employee performance by increasing employees' efficiency and productivity with the underlying principle of making workers give their loyal services ungrudgingly in genuine spirit of co-operation.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter gives an overview of findings, conclusions and recommendations drawn based on such findings and recommendations. The conclusions are made from the objectives of the study.

#### **5.2 Summary of Findings**

The purpose of the study was to establish employee welfare programs, employee performance and determine the relationship between employee welfare programs and Employees' performance at Kenya Pipeline Company. Data was collected using questionnaires. All departments were captured. The findings indicate that majority of the respondents were male but the difference was not significant. This implied that the study was not influenced by gender imbalance. All the levels were captured during the study, with a high response rate seen in unionisable level. The researcher also found out that most of the employees had worked at the company for more than 10 years and therefore had enough experience hence provided most reliable information on welfare programs in the Company. Majority of the respondents were degree holders which meant that the respondents were knowledgeable on the employee welfare programs in the company.

The results clearly indicated that to a high extent the respondents agreed that there were proper systems of provision of employee welfare services at KPC. which included provision of sports facilities, provision of pension scheme, rooms for meetings, lenient sick and maternity leave, canteens for eating, employees being given days off during exam days, partnering with health insurance companies or hospitals for healthcare,

provision of safety garments and equipment such as fire extinguishers, gloves, sanitary effects, gas masks, first aid kits, availability of social clubs, gymnasium, and sports clubs in the Company; and, commuter allowance subsidies and car loans to facilitate staff transportation. The company also allowed staff to work from remote stations on need basis and pay hardship allowance.

The respondents stated that they were highly satisfied with the employee welfare programs at KPC. The study also revealed that majority the respondents stated that they had met their performance targets, majority of the respondents rated their performance as at least good hence the employees' performance had highly increased positively.

The study also established that there was significant linear relationship established between welfare programs and employee performance at KPC. From the findings there exists a strong correlation between employee welfare programs and employee performance with a correlation coefficient of 0.857.

### **5.3 Conclusion**

Employees are an important business resource that must be managed carefully in order to maximize return on investment and achieve business objectives. Employees' welfare has acquired an important place in the modern commercial world. The modern industrial welfare covers the entire gamut of activities undertaken to secure to the industrial worker an essentially human status, to make him a better citizen and to improve his efficiency and economic position.

Based on the results from data analysis and findings of the research, it can be concluded that in order to maintain most efficient employees they should be mentally and physically satisfied through provision of employee welfare programs this is consistent with the

functional theory of labor which states that a fully mentally and physically satisfied worker is the most efficient. It can also be concluded that provision of welfare programs improve firms' productivity and promote a healthy work environment. Productivity is a key issue and a small increase in productivity can result in strong financial returns. So a healthy work environment should always be a first step towards improving firms' productivity. Organizations should therefore provide welfare programs to motivate employees hence attain its objectives this agrees with Pinder, Mathew (2011) who advocated that employee welfare measures serve as oxygen for motivation of the workers and increasing the effectiveness of the workforce.

It can also be concluded that employees should be given satisfactory conditions of employment, and also provided fairly for their requirement for positive results on their performance this concurs with the social exchange theory which proposes that employees exhibit positive or negative behaviour as a response to the treatment they receive from their employers.

It can be concluded that employee welfare programs have a significant positive correlation with perceived employee performance. The dimensions of employee welfare especially provision of pension schemes education/training and others are indicative of influences of welfare programs satisfaction which leads to improved employee performance. There is evidence that wages and working conditions and also other policy elements, such as retirement schemes, flexible scheduling and safety health services contributes to a great deal to service delivery. If this are catered for it will lead to service delivery of an organization. Variety of welfare services flexible scheduling, safety and health in the workplace, and retirement plans is a great contributor to performance.

In conclusion Organizations should provide welfare programs in order to motivate and retain employees, to improve employees' performance, health, social status and economic condition. The logic behind welfare programs is to prepare efficient, loyal, healthy and satisfied workers for the organizations. Services such as medical facilities, education for employees families and help in improving their life living standard and makes employees to concentrate on their job. According to Berman (2006) Competitive salaries, benefits that meet the needs of employees for economic and non-work needs, opportunity for learning and development and friendly work relationship provide a significant amount of motivation for employees. Retention is key issue in today's competitive business world and organizations should offer something more than wage and salary in order to keep key employees.

#### **5.4 Recommendations for policy and Practice**

The study established that there is high extent of provision of welfare programs in KPC which have a significant positive correlation with perceived job performance in KPC. Welfare programs are of paramount importance to the organization this is necessitated by the fact that when employees are provided with welfare programs they become satisfied and motivated and view themselves as an integral of the organization. It is therefore recommended that KPC should encourage the formation of staff welfare programs owing to its antecedent effect on performance. KPC should consider employee welfare programs as a strategy to motivate employees, and improve efficiency in the organization, for instance, should pay attention to staff benefits fund because this fund is mainly utilized for education of staff and their children, grant for scholarships for technical and higher

education, recreational and amusement of the staff and their children, sports and other tournaments, and relief distress among the employees.

There is a need to further improve these facilities and work environment within KPC by way of having modern equipment for improved work performance. It is recommended that all organizations should put in place proper welfare program policies practices and have an authority to oversee the best implementation of welfare programs. Human resource managers should be properly equipped with knowledge on implementation and utilization of welfare program practices and work life balance in order to enhance organizational efficiency.

### **5.5 Suggestions for Further Research**

It is recommended that further study can be extended to other state corporations to evaluate the perceived influence of staff welfare programs on performance. Future researchers should also target non-government corporations, which would bring about a holistic picture of how welfare programs affect performance. A wider cross-sections can be looked at during these future studies and different statistical tool used to evaluate the relationship. These studies can also assess the levels of staff welfare implementation that enhances their employees' performance as these programs have financial implications that can be counterproductive. Besides, future research should explore the effects of staff welfare programs on performance outcomes needs to test more complex models of this relationship, and examine more closely how use of welfare practices translates into increased productivity.

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## Appendix I: Questionnaire

**INSTRUCTION:** Please answer all the questions honestly and exhaustively by putting a tick (✓) or numbers in the appropriate box that closely matches your view or alternatively writing in the spaces provided where necessary.

### SECTION A: BACKGROUND INFORMATION

1. Kindly indicate your gender  
Female [ ]                      Male [ ]
2. Which of the following describes your level in the organization?  
Senior Management [ ]      Management [ ]      Unionisable Cadre [ ]
3. For how long have you worked in the organization?  
Less than 2 years [ ]                      2-5 years [ ]  
5-10 years [ ]                      More than 10 years [ ]
4. What is your highest level of education attained  
PhD [ ]      Master's Degree [ ]                      Post graduate Diploma [ ]  
Bachelor's degree [ ]      Higher Diploma [ ]      Diploma Certificate [ ]  
KSCE [ ]      Others [ ]
5. Which Department are you in?  
Administration [ ]                      Finance [ ]  
Engineering [ ]                      Security [ ]  
Human Resources [ ]                      Procurement [ ]  
Internal Audit [ ]                      Corporate Planning [ ]  
Legal [ ]                      Communication [ ]  
Business Development [ ]      Operations [ ]

### SECTION B: EMPLOYEE WELFARE PROGRAMS

6. Below are employee welfare programs that companies provide for their employees. Kindly rate the extent to which KPC has made the following programs available to you as an employee. Use the key: 1 = not at all, 2 = to a less extent, 3 = moderately, 4 = to a high extent, and 5 = to a very high extent.

	<b>Not at All</b>	<b>Less Extent</b>	<b>Moderately</b>	<b>High Extent</b>	<b>Very High Extent</b>
The company work environment is conducive with proper work space, ventilation, air conditioning					
The company provide uniforms safety garments and equipment: fire extinguishers, gloves, sanitary effects, gas masks, first aid kits					
The company conducts safety procedure and drill including programs on occupational health					
The Company provides health services to staff and has partnered with health insurance companies or hospitals for healthcare					
The Company allows for lenient sick and maternity leave					
The company provides housing facilities to staff.					
The company provides drinking water and tea to staff					
The company has pension scheme					
The company has a training facility for staff					
The company provides sports facilities clubs and gym for physical fitness					
Our company has canteens					
The company has rooms for meetings					
The company offers company loans					
The company provides libraries					
The company provides financial management programs meant for preparing employees for retirement and dealing with any problems they experience					
There is provision of advisory services					
The employer has designed and implemented a policy for flexible scheduling to accommodate classes and other commitments					
The employees are given days off during exam days.					
The company provides counseling programs on work-life balance and stress					
When we work from remote stations on					

need basis we are paid hardship allowance					
We are allowed to access our vacation or other paid time off to go to school					
The company provides airtime and mobile phone for my communication					
Employees are allowed to access part of their monthly salary to cater for financial emergencies					
The Company has made arrangement with financial institutions (banks) to provide cheap loans or credit facilities					
The organization conduct training programs that teach teamwork and cooperation or the importance of taking initiative and exceeding one's formally prescribed job duties.					
The company has commuter allowance subsidies and car loans to facilitate staff transportation					

7. How satisfied are you with the welfare programs in the organization?

Very satisfied                  Satisfied                      
 Un-satisfied                    Very un-satisfied

**SECTION C: EMPLOYEE PERFORMANCE**

8. Have you met the agreed performance targets as agreed in the beginning of the year?

Yes                          No                          Partially

9. Kindly indicate to what extent you agree to the statements below towards your personal attributes to performance.

	<b>Highly Decreased</b>	<b>Decreased</b>	<b>Remained Constant</b>	<b>Increased</b>	<b>Moderately Increased</b>	<b>Highly Increased</b>
Ability to plan and be able to undertake work in an organized manner while identifying priorities						
Ability to communicate effectively with customers, superiors peers and others						
Ability to suggest viable new ideas to enhance performance (innovation)						
Self-drive to undertake agreed tasks (initiative)						
Ability to manage people, inspires others, delegate duties, direct, co-ordinate and develop (mentor) others (leadership)						
Meeting Performance Targets						
Adherence to moral principles, moral uprightness, honesty, decency, trustworthiness						
Accountability						
Carefulness in carrying out tasks or duties with proper attention (diligence)						
Willingness to act as a member of a group rather than as an individual						
having or showing continuing allegiance, faithful to KPC						

10. How do you rate your performance in the last financial year?

Excellent performance [ ] Very Good Performance [ ]

Good Performance [ ] Fair [ ] Poor [ ]

**THANK YOU FOR YOUR TIME**