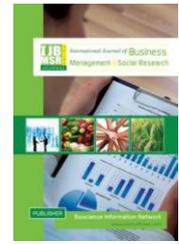




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## Influence of motivation on employee performance: a case of national bank of Kenya

Virginia Gachengo and Susy Wekesa

Dept. of Management, School of Entrepreneurship, Procurement and Management, Jomo Kenyatta University of Agriculture and Technology, Kenya

✉ For any information: [ask.author@journalbinet.com](mailto:ask.author@journalbinet.com)

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### ABSTRACT

*The aim of this study was to find out the effect of motivation on employee performance of National Bank of Kenya. In respect to this, the key factor influencing motivation specifically training, reward systems; performance appraisals and work-life balance were analyzed. The study findings would assist human resource managers, employees of NBK, scholars, policy makers and other relevant decision makers to establish mechanisms of how to deal with the motivation of employees to improve performance and its effects. The study adopted descriptive design. The target population comprised of the management officials and subordinate officials totaling to 124. Stratified random sampling was adopted to select a sample size of 95 respondents. Questionnaires were used as the main data collection instrument with which were personally administered by the researcher. Data analysis was done using descriptive and inferential statistics aided with SPSS Version 21. Descriptive statistics, involved mean, standard deviation, frequency distribution and percentages while for inferential statistics involved bivariate correlation and Multi regression analysis. The study found out that motivation had a statistically significant influence on employee performance at the National Bank of Kenya.*

**Key Words:** Motivation, Employee performance, Rewards, Training and Performance appraisal

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## I. Introduction

Motivation of employees is vital in any organization so as to ensure high productivity, customer satisfaction and also the satisfaction of the employees themselves leading to the growth of an organization as a whole. According to Golembiewski (2003) motivation refers to the degree of readiness of an organization to pursue some designated goal and implies the determination of the nature and locus of the forces inducing the degree of readiness. Kelly (2004) on the other hand says

motivation has to do with the forces that maintain and alter the direction, quality and intensity of behaviour while according to [Hoy and Miskel \(2007\)](#), employee motivation is the complex forces, drivers, needs, tension states, or other mechanisms that start and maintain voluntary activity directed towards the achievement of personal goals. According to [Whetten and Cameron \(2001\)](#) employee performance can be defined as the level of an individual's work achievement after having exerted effort. On the other hand, [Igen \(2001\)](#) performance pertains to all those activities which are related to individual employees in an organization. It is based on a performer's degree of involvement and behavior of employees in work situations to attain outcomes. [Lawler \(2007\)](#) ascertains that employee performance is not only concerned with what employees attain but it also considers the mode of attainment. High level of performance can be achieved through appropriate motivation or with efficient utilization of knowledge, skills, and abilities to compete. The public banking sector is fundamental in Kenya because millions of people depend on the banking services for their daily life operation for example salary processing, attaining loan facilities, mobile banking, safe custody services just to mention but a few. In order for all these services to be provided by employees, it is crucial for the employees to be motivated by the employers so as to enhance great performance ([Coombes, 2010](#)).

### Statement of the Problem

National Bank of Kenya faces challenges which hinder employee performance. A study by [Koech \(2012\)](#) identified that National Bank of Kenya tried introducing performance contracting to improve the performance of employees, but several challenges emerged. These challenges pointed towards the existence of various issues ranging from issues to do with individual attitudes towards change, poor staff morale, resistance to change, inadequate resources, lack of complete understanding of the performance contracting concept and lack of strong leadership necessary to achieve the strategic goals of the bank. Hence this current study was meant to fill the literature gap left by [Koech \(2012\)](#) and other studies as identified in the empirical literature. The study, therefore, investigated the influence of motivation on employee performance at National Bank of Kenya. The study specifically focused on training, reward system, performance appraisal and work-life balance as the independent variables and employee performance as the dependent variable.

### Objective

The general objective of this study was to establish the influence of motivation on employee performance at National Bank of Kenya.

### Hypotheses

- H0<sub>1</sub>:** Training has no significant influence on the performance of employees at National Bank of Kenya.
- H0<sub>2</sub>:** Reward system has no significant influence on the performance of employees at National Bank of Kenya.
- H0<sub>3</sub>:** Performance appraisal has no significant influence on the performance of employees at National Bank of Kenya.
- H0<sub>4</sub>:** Work-life balance has no significant influence on the performance of employees at National Bank of Kenya.

## II. Empirical Review

Training is the process of teaching, informing or educating people so that they become well qualified to do their jobs and perform in positions of greater difficulty and responsibility ([Van Dersal, 2012](#)). According to [Dahama \(2007\)](#), for an organization to achieve its desired goals and objectives, it has to facilitate the employees learning through training so that their modified behaviors enable them to become qualified and proficient to perform a job better. Research conducted by [Choo and Bowler \(2007\)](#) reveals that training was ranked amongst the highest motivation factors mentioned by employees. The research also confirmed that opportunities geared towards training improve employee skills to work with up to date technologies, providing employees with qualified skills will equip them with new knowledge to operate the latest technology or simply an opportunity to refresh existing skills with improves their overall performance.

According to [Hollman \(2000\)](#), lack of a well-established reward system could explain why employees perform poorly in an organization. Compensation, remuneration, and pay are all related to the rewards that employees receive in exchange for their contribution to the organization. They may also relate to the payment of salaries and benefits, wages, incentives, allowances, bonuses and other rewards that workers receive as a result of their physical and mental effort put into the organization. This HR practice tries to balance the work –employee relation by giving non-monetary and monetary benefits to the workers with an aim of motivating the employees and in the long-run retaining them to improve the company's effectiveness thus achieving improved performance. It must also be noted that a reward system does not only consist of financial rewards but also non-financial rewards for instance subsidized refreshments at a company's cafeteria, travel allowances, medical and health care allowances among others ([Vance, 2006](#)). Furthermore, [Lawler \(2007\)](#) noted that an effective reward system is a very powerful instrument since it affects everyone in an organization. In most cases, workers tend to value pay as compared to other motivators because if they consider themselves to be underpaid they will be frustrated thus affecting performance. According to [Heyel \(2002\)](#), performance appraisal is a systematic periodic and impartial rating of employee's excellence in matters pertaining to his present job and to his potentialities for a better job. It will differentiate satisfactory performers from unsatisfactory ones. The performance appraisal will help the management to perform functions relating to selection, development, salary, and promotion that influence employee performance. Performance appraisal rates the employees in terms of their performance criteria and takes into account the performance of one year, looks critically into the strength, weaknesses, and deficiencies in the performance given. The focus is on improvement in future performance of the employees. Performance Appraisal shows the relative worth of an employee. The focus of the performance appraisal is measuring, analyzing and improving the actual performance of the employee and also to find out the potentials of the employees for future assignments. When this is done, employees are motivated to work much harder ([Heyel, 2002](#)). Work-life balance refers to that environment that an organization creates to enable workers balance between their family responsibilities and their job demands at the workplace ([De Cenzo and Robbins, 2006](#)). It is evident that workplace flexibility is paramount for the modern day employee. According to [Gover and Crooker \(1995\)](#), there is a greater organizational commitment if employees have access to work-life policies which in turn lower their intent to quit working. Employees need to be able to balance their family life and the number of hours they spent at work. Moreover, distress and fatigue from excessive time spent at work may easily culminate to decline in the overall performance of the workers. It is also important to observe that spending a lot of time at the work place cannot necessarily be used to determine productivity. On the contrary, that time spent away at work can be extremely beneficial to the quality of work delivered by the workers. [Maduka and Okafor \(2014\)](#) carried out a study on Career Success Means Work Life Balance. The study clearly shows that the majority of employees believe having a positive work-life balance is attainable. More than two-thirds of the employees surveyed in the study believe they can "have it all" when it comes to a having both a successful career and a full life outside of work.

### III. Materials and Methods

This study used a descriptive research design. A descriptive research design aims at determining and reporting the way things are ([Mugenda and Mugenda, 2003](#)). This type of research design was used to describe the influence of motivation on employee performance at National Bank of Kenya (NBK). The targeted population comprised of 124 permanent staff of National Bank of Kenya at the head office in Nairobi. The researcher used stratified random sampling to select the sample size. This enabled the researcher to easily control the sample size in strata. In this case, there were two strata managers and subordinate staff. The study arrived at the sample size using Slovin's formula (1960) to determine the sample size. In this case, for the given population of 124 (26 Senior and Middle-level managers and 98 non-management staff); a sample size of 95 respondents generated was used to represent the population. The illustration below shows how the sample size was arrived at:

$$n = N / (1 + N (e^2))$$

Where, n = the desired sample size, e = probability of error (0.05 for 95% confidence level), N=the estimate of the population size.

Researcher used a questionnaire as the main data collection instrument to collect data from employees at NBK. The use of questionnaires was justified because they are cost effective and gives adequate time to the respondent to fill in and return to the researcher (Mugenda and Mugenda, 2003). The questionnaire had two sections, section one on background data and section two on specific questions on motivation and performance of employees. Questionnaires were distributed among the board of directors, managers and the non-management staff in NBK. Questionnaires were collected back after one week for analysis. A pilot test was conducted among 10 employees of Equity Bank head office to determine the reliability of the research. This done one week before actual data collection. The information generated during pilot study was be used for Testing Reliability and Validity of research instrument used in the study. To establish the validity of questionnaire items; the researcher got the opinions of scholars and experts of human resource. According to Kothari (2004), validity can be assessed using expert opinion and informed judgment. The researcher used Cronbach Alpha measure of internal consistency. Cronbach Alpha value was greater than 0.7 for all independents variables. The questionnaires were then updated based on the findings of the pilot test and the final version of questionnaires was developed thereafter for use in the actual study. After the data was collected using the questionnaires the completed questionnaires were assembled, edited for completeness and consistency, coded and entered into SPSS version 21. Data was analyzed using descriptive statistics such as means, standard deviation, and frequencies. For inferential statistical analysis, bivariate Pearson Correlation and Multi regression analysis was carried out.

The statistical model shows the mathematical relationship between the independent variable motivation and dependent variable employee performance. The model was useful to the study as it enabled the researcher to estimate the coefficients of the independent variables and to establish the causal effect relationship between motivation and employee performance.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$$

Where, Y is dependent variable (employee performance), X<sub>1</sub>: Training, X<sub>2</sub>: Reward system, X<sub>3</sub>: Performance appraisal, X<sub>4</sub>: Work- life balance, β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub>, and β<sub>4</sub>: are the coefficients of independent variable, β<sub>0</sub>: intercept term and e: Error term

#### IV. Results and Discussion

Out of the 95 questionnaires that were issued among the various respondents at National Bank of Kenya, 66 were returned and were useable for the study accounting for 70 % response rate. This percentage response rate is adequate for data analysis. The findings were analyzed beginning with the Descriptive statistical analysis and followed with inferential statistical analysis. Correlation analysis using the Pearson Product Moment Correlation was made to determine the degree of bivariate correlation between the variables of the study and also show the degree of their association with the dependent variable separately and the resulting correlation matrix given in Table 01.

**Table 01. Summary of correlation analysis**

		Training	RS	PA	WLB	EP
<b>Training</b>	Pearson Correlation	1	.598**	.519**	.540**	.456**
	Sig. (2-tailed)		.000	.000	.000	.000
<b>RS</b>	Pearson Correlation	.598**	1	.386**	.460**	.609**
	Sig. (2-tailed)	.000		.001	.000	.001
<b>PA</b>	Pearson Correlation	.519**	.386**	1	.455**	.308*
	Sig. (2-tailed)	.000	.001		.000	.012
<b>WLB</b>	Pearson Correlation	.540**	.460**	.455**	1	.143
	Sig. (2-tailed)	.000	.000	.000		.210
<b>EP</b>	Pearson Correlation	.456**	.609**	.308*	.143	1
	Sig. (2-tailed)	.000	.001	.012	.210	

\*\* Correlation is significant at the 0.01 level (2-tailed).Independent variables: Training, Reward System (RS), Performance Appraisal (PA) and Work-life balance (WLB), Dependent variable: Employee Performance(EP).

Results in [Table 01](#) show the person correlation between motivation and employee performance at NBK. Training was significant and positively correlated with employee performance at National Bank of Kenya ( $r=0.456$ ,  $p= 0.000$ ,  $\alpha = 0.01$ ). This positive correlation means that when NBK management improved the Training of employees, the performance of the employees improved in terms of indicators like employee efficiency, high commitment, loyalty and confidence in the performance of duties. Rewards system was significant and positively correlated with employee performance at NBK ( $r= 0.609$ ,  $p=0.001$ ,  $\alpha = 0.01$ ). The positive relationship means that when the management of NBK improved the level of reward, for instance, additional pay, the level of employee performance also improved greatly. Performance appraisal was positively correlated with employee performance at NBK ( $r = 0.308$ ,  $p= 0.012$ ,  $\alpha = 0.01$ ) but the relationship was not significant at (1%).The positive correlation between performance appraisal and employee performance means that when management of NBK improved its performance appraisal system, Employee performance improved in terms of performance indicators like high employee commitment, greater output and high level of job satisfaction. Finally, Work-Life balance was positively correlated with employee performance at NBK ( $r =0.143$ ,  $p=0.210$ ,  $\alpha= 0.01$ ). However, the correlation was too not significant at 0.01 level of significance. The positive correlation between work life balance and employee means that when NBK management improved access to Work-Life balance for the benefit of employees, employee performance increased by a small proportion. The correlation between work-life balance employee performance was weaker compared to other methods of motivation (training, rewards system and performance appraisal).This means that work-life balance was the least motivation method of improving employees performance.

Regression analysis was multiple in natures as there were four independent variables. The independent variables were training, reward system, performance appraisal and work-life balance. The dependent variable was employee performance. Multiple regression analysis involved calculation of coefficient of determination ( $R^2$ ), Analysis of Variances (ANOVA) and regression coefficients.

**Table 02. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 <sup>a</sup>	.458	.447	2.20620

a. Predictors: (Constant), Training, RS, PA, and WLB

The [table 02](#) indicated that the model explains only 45.8 % of the variations in employee performance as shown by the coefficient of determination ( $R^2$ ) value of 0.458 %. Hence 54.2% Variations in employee performance is explained by other factors not included in the model.

**Table 03. ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	127.440	5	25.488	5.237	.001 <sup>b</sup>
	Residual	150.887	31	4.867		
	Total	278.327	36			

a. Dependent Variable: employee performance (EP ) b. Predictors: (Constant), Training, RS, PA, and WLB

According to [Table 03](#), the overall significance of model 1 was 0. 001 with an F value of 5.237. The level of significance was lower than 0.05 and this means that motivation show statistically significant influence on employee performance.

**Table 04. Coefficients of independent variables**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	14.871	5.410		2.749	.010
	Training	2.042	.688	.157	2.968	.002
	RS	3.437	.900	1.66	3.818	.001
	PA	1.907	.944	.249	2.020	.034
	WLB	.468	1.145	.060	.409	.073

a. Dependent Variable: Employee performance

Table 04 shows the coefficients of independent variables, values of  $\beta$  and values of  $t$ . The model was thus estimated as

$$Y = 14.871 + 2.042 X_1 + 3.437 X_2 + 1.907 X_3 + 0.468 X_4$$

**Influence of Training on Employee Performance:** The study wanted to test the null hypothesis that training has no significant influence on employee performance at National Bank of Kenya using regression analysis, Table 04 shows that training had a statistically significant influence on employee performance ( $\beta_1 = 2.042$ ,  $t = 2.968$ ,  $p = .002$  and  $\text{Sig.} = .05$ ). The null hypothesis was thus rejected. The value  $\beta_1$  was positive showing that training has a positive effect on employee performance at NBK. The sensitivity of employee performance to changes in training magnitude was 2.042.

**Influence of reward system on Employee Performance:** The researcher also tested the null hypothesis that reward system has no significant influence on employee performance at NBK, it was established that reward system had a statistically significant influence on employee performance ( $\beta_2 = 3.437$ ,  $t = 3.818$ ,  $p = .001$  and  $\text{Sig.} = .05$ ). The null hypothesis was thus rejected. The value  $\beta_2$  was positive showing that reward system has a positive influence on employee performance at the National Bank of Kenya hence when rewards magnitude are changed by one unit, employee performance changes by 3.437 in the same direction.

**Influence of Performance Appraisal on Employee Performance:** the Null hypothesis that performance appraisal has no significant Influence on employee performance at NBK was also tested, it was established that Performance appraisal had a statistically significant influence on employee performance ( $\beta_3 = 1.907$ ,  $t = 2.020$ ,  $p = .034$  and  $\text{Sig.} = .05$ ). The null hypothesis was thus rejected. The value  $\beta_3$  was positive showing that performance appraisal has a positive effect on employee performance at NBK. The sensitivity of employee performance to changes in performance appraisal magnitude was 1.907.

**Influence of Work-Life balance on employee performance:** Finally, the researcher sought to test the null hypothesis that work-life balance has no significant influence on employee performance at NBK. It was established that work-life balance had a statistically insignificant influence on employee performance ( $\beta_4 = 0.468$ ,  $t = 0.409$ ,  $p = .073$  and  $\text{Sig.} = .05$ ). The null hypothesis was thus accepted. The value  $\beta_4$  was positive showing that work-life balance has a positive influence on employee performance at NBK hence when the work-life balance programs magnitude is changed by one unit, employee performance changes by .468 units in the same direction.

## V. Conclusion

Given the positive significant influence of training on employee performance at NBK, it was concluded that improving training both on the job and off job improves employee performance of employees at NBK. Secondly, given the positive significant influence of rewards system on employee performance at NBK, It was concluded that improving the rewards system improves the employee performance at NBK. The positive influence of performance appraisal on employee performance at NBK shows that objective performance appraisal programs are very essential for improving the performance of employees at NBK. Finally given the insignificant influence of work-life balance programs on employee performance, is an indication that employee performance at NBK does not hinge much on their ability

to access work-life balance programs. Based on the findings the study suggests that management of NBK should introduce a variety of training programs and opportunities to ensure they improve the performance of employees. Management of NBK should also place more resources in coming up with a good and effective reward having both monetary and non-monetary components. Management of NBK should ensure they use a variety of objective performance appraisal techniques while evaluating the performance level of employees. Performance appraisal should not just end at evaluation but information generated should be used positive decision making such as promotion, salary increments, and training needs assessments. Management of NBK should also provide a variety of work-life balance programs for its employees to improve their performance level. The current study was confined to the influence of motivation on employee performance at National Bank of Kenya. The current study was a case study hence it has limited application in the industry at National Bank of Kenya only. Another study should be carried out that involves all commercial banks to enable industry application of the findings. Additionally, future researchers can carry out similar studies in other industries apart from the banking sector to see if the results hold in such industries.

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