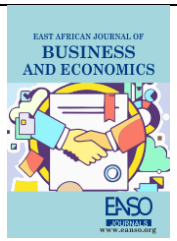

East African Journal of Business and Economics
eajbe.eanso.org
Volume 7, Issue 1, 2024
Print ISSN: 2707-4250 | Online ISSN: 2707-4269
Title DOI: https://doi.org/10.37284/2707-4269

EAST AFRICAN NATURE & SCIENCE ORGANIZATION

Original Article

Mediating Effect of Motivation on the Association between Employee Compensation and Employee Performance in Kenyan Chartered Public Universities

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Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

Date Published:

17 April 2024

Keywords:

Employee Compensation, Motivation, Intrinsic and Extrinsic Motivation, Employee Performance, Chartered Public Universities

ABSTRACT

Compensation plays a vital role in the employee-employer dynamic, impacting satisfaction, turnover, absenteeism, commitment, and trust. Equitable distribution of incentives and supportive supervisors are essential for motivating academic staff and improving performance. This study aimed to investigate the impact of employee motivation on the link between compensation and performance in Kenyan chartered public universities, utilizing Expectancy and Maslow's Theory. Employing a positivist research philosophy, a descriptive cross-sectional design was utilized. A pilot study at one university validated the data collection tool, yielding a Cronbach Alpha value of 0.920 for reliability. Among the 382 questionnaires distributed, 247 were returned, yielding a response rate of 64.7%. The questionnaire collected data on compensation, motivation, and performance. Descriptive and inferential statistics were employed for analysis. The results indicated that motivation serves as a positive and significant mediator in the association between compensation and performance ($R2=0.348$, $F=66.563$, $p<0.05$). In conclusion, this study establishes that motivation serves as a significant mediator between employee compensation and performance. Consequently, it is recommended that well-structured compensation programs be implemented to promote fairness and effectively motivate employees.

APA CITATION

Mitalo, R., & Wanyama, K. W. (2024). Mediating Effect of Motivation on the Association between Employee Compensation and Employee Performance in Kenyan Chartered Public Universities. *East African Journal of Business and Economics*, *7*(1), 107-122. https://doi.org/10.37284/eajbe.7.1.1592

CHICAGO CITATION

Mitalo, Ruth and Kadian Wanyonyi Wanyama. 2024. "Mediating Effect of Motivation on the Association between Employee Compensation and Employee Performance in Kenyan Chartered Public Universities". *East African Journal of Business and Economics* 7 (1), 107-122. https://doi.org/10.37284/eajbe.7.1.1592.

HARVARD CITATION

Mitalo, R., & Wanyama, K. W. (2024) "Mediating Effect of Motivation on the Association between Employee Compensation and Employee Performance in Kenyan Chartered Public Universities", *East African Journal of Business and Economics*, 7(1), pp. 107-122. doi: 10.37284/eajbe.7.1.1592.

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

IEEE CITATION

R., Mitalo & K. W., Wanyama "Mediating Effect of Motivation on the Association between Employee Compensation and Employee Performance in Kenyan Chartered Public Universities", *EAJBE*, vol. 7, no. 1, pp. 107-122, Apr. 2024.

MLA CITATION

Mitalo, Ruth & Kadian Wanyonyi Wanyama. "Mediating Effect of Motivation on the Association between Employee Compensation and Employee Performance in Kenyan Chartered Public Universities". *East African Journal of Business and Economics*, Vol. 7, no. 1, Apr. 2024, pp. 107-122, doi:10.37284/eajbe.7.1.1592.

INTRODUCTION

Employee motivation is a critical aspect of effective human resource management. Anticipation of suitable compensation, comprising financial and non-financial rewards, is crucial for fulfilling employees' needs and aligning with organizational goals (Adeniji & Osibanjo, 2012). Motivation, as described by Latham and Ernst (2006), is a psychological process shaped by the interplay between an individual and their environment, impacting their decisions, level of effort, and perseverance. The level of employee motivation directly impacts their willingness to collaborate with others towards achieving both individual and organizational goals. Motivation is a relative concept, varying in degrees of intensity, ranging from low to high. When employees feel passionate and positive about group activities, they are satisfied with their job and friendly, they are said to be highly motivated. On the other hand, when employees feel dissatisfied and are negative about group activities, they are said to have low motivation towards work (Gupta, 2010). Highly motivated employees enable an organization achieve its objectives (Rizal *et al*, 2014).

Vroom (1964) emphasized that motivation is an internal drive influenced by individual needs, propelling them towards goal attainment. Schulze and Steyn (2003) further emphasized the importance for managers to understand employees' needs and motives to comprehend their behaviors in the workplace. Robbins (2011) stated that when specific factors satisfy a person's needs, it encourages them to exert more effort toward achieving organizational goals. Kanfer (2009) noted that motivation itself cannot be directly observed, but rather understood through analyzing the flow of actions triggered by environmental or intrinsic factors, which affect abilities, knowledge, behavior, and beliefs. Milkovich and Newman (2005) observed that compensation has an impact on employees' motivation, job satisfaction, and performance. Most employees will feel motivated to assist their company to succeed if the employer shares the company's profits with them.

In the work environment, both extrinsic and intrinsic motivation often coexist due to the prevalence of incentive contingencies and external compensation (Adler & Chen, 2009). Ghazanfar *et al.* (2011) found out that compensation significantly affects workers motivation. They also found that flexible benefits positively but insignificantly affect motivation. Appelbaum *et al*. (2011) observe that employees' expectations to be promoted and get high compensation maybe motivating them. However, according to Woodbury (1983), workers who have become conversant with their jobs are more reliant on intrinsic than extrinsic rewards.

The link between employee motivation and performance is based on Expectancy Theory, which was first introduced by Victor Vroom in 1964 and later expanded upon by Lawler and Porter in 1967. According to this theory, motivation, effort, and performance are interrelated. Furthermore, Maslow's Theory, proposed in 1943, posits that human motivation is influenced by a hierarchical arrangement of needs, where the fulfillment of one need enables the pursuit of the next.

The market pressures that universities have been exposed to require dynamic approaches which include enhancing fair compensation to motivate employees and improve performance. Public universities in Kenya have faced a persistent challenge of inadequate financial support from the government, resulting in a deficit compared to their expenditures. Despite a notable increase in

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

student enrolment, the resources available to universities have not witnessed a proportional growth. The demand for enhanced compensation among academic staff in public universities has frequently sparked conflicts between the academic staff union and the Kenyan government. The equal treatment of academic staff with varying educational qualifications, such as degree holders and certificate holders, in terms of compensation goes against academic principles and fairness standards, which could potentially have adverse effects on their motivation and performance (Mwiria et al., 2007). Consequently, this study sought to examine the impact of employee motivation on employee performance in Kenyan chartered public universities, with the hypothesis that employee motivation significantly influences employee performance. As the equitable compensation of academic staff in public universities in Kenya remains a challenge, this study seeks to explore the role of employee motivation in enhancing employee performance.

Problem of Research

Employees put more effort in their job when it is both intrinsically and extrinsically motivating (Adler & Chen, 2009). Motivation originates from the reciprocal interaction between an individual and their environment, shaping their choices, effort, and persistence. It is a psychological process that drives individuals, arising from this dynamic interplay. When employers share company profits with their employees, it often fosters motivation among the workforce, leading them to contribute to the company's success. In the context of public universities in Kenya, these institutions have consistently received inadequate financial support from the government, resulting in a disparity between their funding and expenditures. Despite a significant increase in student enrolment, the resources available to universities have not kept pace with this growth. This has been further compounded by the disillusionment of academic staff in public universities, as evidenced by the industrial strike initiated by UASU in late 2011, which lasted for more than two weeks. The strike was a demand for improved remuneration and terms of service.

In a 2013 study conducted by the Salaries and Remuneration Commission (SRC), it was discovered that public service pay in Kenya was competitive for state officers, especially those in senior positions and lower job groups consisting of unskilled and semi-skilled workers. However, attracting and retaining a sufficient number of competent technical and professional personnel, particularly in sectors such as public universities, has proven to be challenging. As a result, performance in these sectors has been compromised. Discrepancies in salaries, allowances, and other benefits among employees with similar skills and workloads within state organs exist due to the limited harmonization of salary structures and a lack of coordination in salary and benefits reviews, as outlined in the Public Sector Remuneration and Benefits Policy of 2015.

Mburu et al. (2014) examined motivation strategies aimed at enhancing job satisfaction among academic staff in Kenyan public universities. The study included 95 academic staff members in Nakuru County and utilized quantitative data analysis methods, such as descriptive statistics, correlations, and goodness of fit. The results revealed a positive association between working conditions and job satisfaction among the surveyed university employees. Additionally, there was a strong positive correlation between employee remuneration/compensation and job satisfaction. The study recommended that enhancing motivational factors would ultimately lead to increased job satisfaction. However, it's important to note that this particular study did not directly investigate the impact of employee motivation on employee performance.

In another study by Grant and Berry (2010), which explored intrinsic and prosocial motivation, they found that intrinsic motivation predicted higher levels of performance, persistence, and productivity among fundraisers and firefighters. However, this study did not specifically explore the direct impact of motivation on performance.

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

Ng'ethe et al. (2012) conducted a study on the determinants of academic staff retention in Kenyan public universities. The research adopted a cross-sectional survey research design to gather data. The study's results indicated that factors including remuneration, leadership, promotion, and training did not have a significant influence on staff retention within the university setting. The study recommended that universities should enhance their promotion practices and leadership styles to improve the retention of academic staff. Additionally, addressing critical aspects of compensation and training was suggested to enhance competitiveness within universities.

Research Hypothesis

In Kenyan chartered public universities, there is no mediating effect of motivation on the relationship between employee compensation and employee performance.

THEORETICAL LITERATURE REVIEW

Multiple theories exist to elucidate the connection between employee motivation and performance. This study specifically drew upon Expectancy theory and Maslow's theory of motivation.

Expectancy Theory

Expectancy theory, introduced by Vroom in 1964, centers around the belief that individuals perceive a relationship between their effort, performance, compensation, and rewards. When employees recognize that their efforts lead to positive performance outcomes and subsequent rewards, they are motivated to work diligently. This theory has been further refined by Lawler et al. (1992) and Pinder (1987). Porter and Lawler (1968) proposed that an individual's perception of the fairness and desirability of rewards significantly influences their motivation. Additionally, Lawler et al. (1973) suggested that performance generates both intrinsic and extrinsic rewards, and the combination of these rewards with a sense of fairness contributes to overall job satisfaction. Employers hold a crucial role in ensuring that employees receive adequate compensation to foster motivation and ultimately enhance performance.

Heneman and Schwab (1972) tested the validity of expectancy approach and found that expectancy approach measures were associated with measures of job performance. Stone et al. (2003) argue that Vroom's expectancy theory does not specifically address the factors that motivate employees. Contrarily, the theory emphasizes cognitive variables that represent variations in individual work motivation. Vroom's model posits that employees are not exclusively motivated by internal desires, unfulfilled needs, or the prospect of rewards. Rather, they are seen as rational individuals whose perceptions, probability estimates, and beliefs influence their behavior. On the other hand, Porter's model emphasizes that individuals typically have preferences among different outcomes when faced with multiple options.

Despite the mentioned conceptual limitations of expectancy theory, numerous researchers have emphasized its strengths in analyzing the connection between compensation and performance. Therefore, due to its perceived suitability and relevance within the study's specific context, expectancy theory was selected as the most appropriate theory for this research. It provides a comprehensive explanation of employee compensation, motivation, and performance.

Maslow's Theory of Motivation

Maslow's motivation theory posits that individuals are driven by a hierarchical arrangement of needs, where each need must be fulfilled before progressing to the next level. Maslow categorized these needs into physiological, safety, love/belonging, esteem, and self-actualization (Maslow, 1943). According to Maslow, individuals, including employees in organizations, are driven by the desire to achieve or maintain conditions that satisfy these fundamental needs. The theory posits that lower-level needs must be met before higher-level needs can serve as motivators; a concept known as

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

prepotency. In society, individuals typically experience a combination of satisfaction and dissatisfaction across their various needs (Maslow, 1943). Managers hold the responsibility of creating an environment that supports employees' development and understanding of their needs. They should implement programs or practices aimed at satisfying emerging or unfulfilled needs. Failure to do so can lead to increased employee frustration, resulting in poor performance and diminished job satisfaction (Steers & Porter, 1983, p. 32).

Despite its limitations, Maslow's theory of motivation holds widespread acceptance. In this study, Maslow's theory was chosen to explain the potential role of compensation in motivating academic staff in Kenyan public universities and fulfilling their self-esteem needs. Maslow's theory proposes a hierarchical structure of needs, where each need must be fulfilled before progressing to the next level. Maslow identified five fundamental needs: physiological, safety, love/belonging, esteem, and self-actualization (Maslow, 1943). According to Maslow, individuals, including employees in organizations, are driven by the desire to attain or maintain conditions that satisfy these basic needs. The theory suggests that lower-level needs must be satisfied first before higher-level needs can serve as motivators, a concept known as prepotency. In society, individuals typically experience a mix of satisfaction and dissatisfaction across their various needs (Maslow, 1943).

In a study conducted by Wanyama, Nassiuma, and Zakayo (2014), the impact of motivation as a human resource bundle on the performance of teachers in public schools in Bungoma County, Kenya was examined. The findings revealed a slightly weak positive and significant association between motivation, as a human resource bundle, and teacher performance in public schools in Bungoma County. The research utilized descriptive and correlational survey designs. The research instruments were validated through content, face, and construct validity. The reliability coefficient, measured by Cronbach's alpha, yielded a value of 0.90. The data analysis involved descriptive statistics, as well as inferential statistics such as regression analysis and ANOVA. The study highlighted that one of the current challenges faced by managers is to maintain staff motivation and ensure optimal performance in the workplace. By understanding the needs of employees, managers can identify appropriate rewards to motivate them. The ultimate objective for most companies is to foster positive employee behavior in the workplace, creating a mutually beneficial situation for both the organization and its employees.

METHODOLOGY OF RESEARCH

The study embraced a positivist research philosophy, which was influenced by its grounding in theory and a conceptual model with formulated hypotheses. The positivist philosophy relies on quantitative data and corresponding analytical techniques, involving the operationalization of concepts for measurement purposes and the utilization of large sample sizes (Saunders et al., 2007). To explore the relationship between compensation and employee performance in Kenyan chartered public universities, a descriptive cross-sectional design was employed. The study focused on academic employees within 23 Kenyan chartered public universities, selected from a total of 54 chartered universities in the country. Among these universities, 23 are publicly funded, 17 are privately chartered, and 14 operate with a letter of interim authority (CUE List of Accredited Universities, 2015). The unit of analysis and the respondents were academic employees within these Kenyan chartered public universities, with a total population of 8,281 academic employees. Chartered universities were chosen for this study due to their well-defined organizational structures and policies, which provide clear lines of responsibility and are likely to exhibit a comprehensive relationship among the variables being investigated.

Sample of Research

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The research utilized a multistage sampling technique to select sampling units at different stages based on the population structure. In the initial stage, academic units including Faculties, Schools, and Institutes were chosen from the 23 public universities. Out of the total of 246 units, 43 units were selected, representing 17.5% of the population. In descriptive research, a sample size ranging from 10% to 50% is considered acceptable (Mugenda & Mugenda, 2003). In the second stage, the sample size was determined from the overall population. The total number of academic staff in Kenyan chartered public universities was approximately 8,281 (Universities' Registrar Administration and Human Resource, 2021). The sample size was calculated using the Slovin formula (Slovin, 1963), which provides a method for determining an appropriate sample size based on the population size and desired level of precision.

$$n = \frac{N}{1+(N \times e^2)}$$

Where: N= the population (8,281); n = sample size and E= Tolerance level of confidence or probability level of e=0.05

n = 8,281/1+ (8,281x0.05) = 381.6 ~382 respondents

After selecting the 43 Faculties/Schools/Institutes from the public universities, the researcher utilized proportionate sampling to derive a sample from each university. This approach involved dividing the total number of academic staff in each university by the overall population from all universities, and then multiplying it by the determined sample size using a simple sample size calculator. To ensure a representative sample, the researcher obtained a list of academic staff from the selected Faculties/Schools/Institutes and employed systematic sampling. This method entails selecting every nth individual from the list to participate in the study. A total of 370 questionnaires were randomly distributed within the faculties of the respective universities. Of these, 247 questionnaires were returned, resulting in a response rate of 69%.

Instrument and Procedures

In this study, primary data was gathered through the use of a questionnaire utilizing a 5-point Likert-type scale. The Likert scale is a widely employed tool in academic research for assessing attitudes, opinions, and perceptions. Participants were asked to indicate their degree of agreement or disagreement with a series of statements on motivation, compensation, and employee performance. The scale ranged from 1 (strongly disagree) to 5 (strongly agree), allowing respondents to express their level of agreement or disagreement with each statement. This method provided a structured and quantifiable approach to measure the participants' perspectives on the variables under investigation.

In this study, primary data was collected through the administration of a questionnaire using a 5-point Likert-type scale to measure motivation, compensation, and employee performance. The Likert scale is widely employed in scholarly research to assess attitudes, opinions, and perceptions. Participants were asked to indicate their level of agreement or disagreement with a series of statements on a scale ranging from 1 (strongly disagree) to 5 (strongly agree). This allowed for a quantifiable measurement of participants' perspectives on the variables under investigation. Furthermore, secondary data was also collected on employee performance in public universities. This secondary data captured information on the historical performance of academic staff in carrying out various tasks over a three-year period. Secondary data refers to information that has been previously collected by another entity for a different purpose. In this study, the secondary data on employee performance provided additional insights into the performance patterns and trends of academic staff within the public universities. Secondary data refers to information that has been collected by someone else for a different purpose, and in this case, it was used to provide insights into the historical performance of academic staff in the universities. Employee performance focused on actions directly related to the main tasks of academic staff and that relate to the formal reward

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system. Both primary and secondary data was collected on task performance. Primary data was collected using 5-point Likert type scale questionnaire. Secondary data on class attendance, the number of publications, students supervised, performance from students' evaluation reports, number of research grants won, number of consultancies engaged in by academic staff was collected over a period of three years (that is, from 2014/15-2016/17) and grouped according to the following scales. A scale of 1-5 was used where 1 = very poor, 2 = poor, 3 = average, 4 = good and 5 = very good. Data collected on publications in refereed journals and number of students supervised for three years was grouped as follows: 1 = (0-5), 2 = (6-10), 3 = (11-15), 4 = (16-20) and 5 = Above 20 respectively. Data collected on evaluation reports and class attendance for a period of three years was averaged and grouped as follows: 1 = below 60%, 2 = 61-70%, 3 = 71- 80%, 4 = 81- 90% and 5 = 91-100% respectively. Data collected on the number of research grants won and number of consultancies engaged in by academic staff for three years was grouped as follows: 1 = (0 - 2), 2 = (3 - 4), 3 = (5 - 6), 4 = (7 - 8) and 5 = 9 and above respectively.

Employee performance is measured through completion of work on time, number of complaints, class attendance, quality of work, number of research grants won, time spend in time teaching, researching, publishing, sourcing for grants and regular feedback. Employee compensation is measured through salaries, bonuses, incentives, benefits, allowances, recognition and rewards and performance appraisals. The metrics of employee motivation include personal fulfilment, a sense of accomplishment, and enjoyment derived from the work itself, rewards, recognition, promotions, and financial incentives that encourage employees to perform well.

Data Analysis

The collected data was analysed using descriptive statistics (means, ANOVA) and inferential statistics. Simple regression analysis examined the relationship between variables. In a study involving three study constructs, multiple regression analysis, specifically stepwise or hierarchical regression, would be appropriate to explore the relationships among the variables. To achieve the research objective, the data was presented in tables, and path analysis by Baron and Kenny (1986) was employed to test for mediation. The analysis involved four steps. First, the researcher examined the zero-order relationships between the variables to determine their significance. If any of these relationships were non-significant, mediation was concluded to be not possible. If significant relationships were observed, the analysis proceeded to the next step. In step 4, the researcher tested for mediation by examining if the effect of employee motivation (EM) remained significant even after controlling for compensation. The following is the model of the regression analysis adopted:

Employee Performance = β_1 * Employee Compensation + β_2 * Motivation

In this equation: employee performance represents the outcome variable, which is the level of performance exhibited by employees. Employee compensation is the independent variable, representing the level of compensation provided to employees. Motivation is the mediating variable, reflecting the level of motivation experienced by employees. β_1 and β_2 are the regression coefficients that represent the respective weights or effect of employee compensation and motivation on employee performance.

RESULTS AND DISCUSSIONS

The results obtained are summarized in *Table 1* and *Table 2*.

Intrinsic Motivation

Table 1 presents the results obtained for intrinsic motivation, which encompasses workplace factors that contribute to job satisfaction, including opportunities for personal growth, promotional prospects, staff recognition, responsibility, and achievement. Table 1 indicates

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

the presence of intrinsic motivation in Public Universities in Kenya (*M* = 3.84, *SD* = 0.995, CV = 26.867 percent). Respondents agreed on being responsible and accountable for their work, that is, working under minimum supervision (mean = 4.3, *SD* = 0.883, CV = 20.5 percent), having a positive feeling towards work (*M* = 4.26, *SD* = 0.865, CV = 20.3 percent), having interesting and challenging work to perform (mean = 3.95, *SD* = 0.87, CV = 22 percent), having promotional opportunities (*M* = 3.85, *SD* = 1.028, CV =26.7 percent) and having a clear career growth path (*M* = 3.78, *SD* = 1.071, CV = 28.3 percent). The respondents were however neutral on universities praising and recognizing academic staff for performing their work well (*M* = 2.89, *SD* = 1.254, CV = 43.4 percent). The respondents were of similar opinion on positive feeling towards their work (CV =20.3 percent) and had varied opinion on universities praising and recognizing academic staff for performing their work well (CV = 43.4 percent). Academic staff agreed that they were intrinsically motivated to perform their work, that is, they were responsible for their work, worked under minimum supervision, had a positive feeling towards their work, their work was interesting and challenging to perform, there were promotional opportunities for them and that universities had a clear career path for academic staff. However, respondents were undecided on universities praising and recognizing them on work well done.

Table 1: Descriptive statistics for intrinsic motivation

Intrinsic Motivation	N	Mean	Std. Dev.	Coefficient of Variation (%)
Meaningful, interesting, and challenging work to perform	247	3.95	0.87	22
Praised and recognized for performing work	246	2.89	1.254	43.4
Responsible and accountable for my work	247	4.3	0.883	20.5
Positive feeling towards my work	246	4.26	0.865	20.3
Clear career growth part for academic staff in the University	247	3.78	1.071	28.3
Promotional opportunities for academic staff in the University	247	3.85	1.028	26.7
Average		3.84	0.995	26.867

The findings from *Table 1* suggest that academic staff in public universities in Kenya exhibit intrinsic motivation, as they feel responsible and accountable for their work, have a positive attitude towards their job, find their work interesting and challenging, and perceive opportunities for promotion and career growth. However, there is a need for improvement in the practice of praising and recognizing academic staff for their work, as respondents expressed a neutral stance on this aspect. To enhance intrinsic motivation, it is crucial for universities to foster a culture of recognition and appreciation, ensuring that academic staff feel valued and acknowledged for their contributions. Through doing so, universities can further strengthen intrinsic motivation, job satisfaction, and overall performance among the academic staff.

Extrinsic Motivation

Extrinsic motivation focused on factors at the workplace that prevent dissatisfaction such as company policies, job security, quality of supervision, physical working conditions and relationship with others. The results on the perception of academic staff on extrinsic motivation obtained are illustrated in *Table 2*:

Table 2 indicates that extrinsic motivation was evident in Kenyan chartered public universities (*M* = 3.52, *SD* =0.99, *CV* =28.41). Respondents agreed to existence of clear organizational structures (*M* = 3.87, *SD* = 0.86, *CV* = 22.2 percent), having good working relationship between academic staff and their peers, supervisors and subordinates (*M* = 3.77, *SD* = 0.925, *CV* = 24.5 percent) and presence of job security (*M* = 3.64, *SD* = 0.969, *CV* = 26.6

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

percent). However, respondents were undecided on universities policies being fair and clear (*M* = 3.39, *SD* = 1.046, *CV* = 30.9 percent), universities having reasonable and competitive pay structure (*M* = 3.36, *SD* = 1.002, *CV* = 29.8 percent), universities providing competitive benefits (*M* = 3.33, *SD* = 1.075, *CV* = 32.3 percent) and a conducive working environment for academic staff (*M* = 3.25, *SD* = 1.06, *CV* = 32.6 percent). There was low variability by respondents on existence of clear organizational structures in universities (*CV* = 22.2 percent) and high variability on conducive working environment for academic staff (*CV* = 32.6 percent).

On extrinsic motivation, respondents agreed that public universities had a clear organizational structure, there was good working relationship with their peers, supervisors, and subordinates and that there was job security in public universities. However, they were undecided on universities' policies being fair and clear, reasonable, and competitive pay structure in universities, universities providing competitive benefits such as medical, transport, training opportunities and having a conducive working environment.

Table 2: Descriptive statistics for extrinsic motivation

Extrinsic Motivation	N	Mean	Std. Dev.	Coefficient of Variation (%)
The University has a reasonable and competitive pay structure for academic staff	247	3.36	1.002	29.8
The University policies are fair and clear (includes flexible working hours, breaks, dress code)	247	3.39	1.046	30.9
The University provides competitive benefits for academic staff (medical, transport, training opportunities, staff children and spouse training)	247	3.33	1.075	32.3
The University provides a conducive working environment for academic staff (safe, clean, hygienic and well-maintained equipment)	247	3.25	1.06	32.6
The University has a clear organizational structure	247	3.87	0.86	22.2
Academic staff in the University are assured of job security	247	3.64	0.969	26.6
There is good working relationship between academic staff and their peers, supervisors, and subordinates	247	3.77	0.925	24.5
Average		3.52	0.99	28.41
Overall (Employee Motivation)		3.66	0.99	27.70

The descriptive statistics revealed (aggregate mean score = 3.66, *SD* = 0.99, *CV* = 27.7 percent) for motivation practices in the universities (both intrinsic and extrinsic) implying that the respondents to some good extent there were intrinsic and extrinsic motivations in chartered public universities in Kenya. Respondents agreed that intrinsic motivation in public universities was high (*M* = 3.84, *SD* =0.995, *CV* = 26.7 percent) compared to extrinsic motivation (*M* = 3.52, *SD* =0.99, *CV* = 28.41 percent).

The findings from Table 2 indicate that while extrinsic motivation is evident in Kenyan chartered public universities, there are areas that require attention and improvement. Respondents agreed on the presence of clear organizational structures, good working relationships, and job security, but were undecided on the fairness of university policies, pay structure, provision of competitive benefits, and the conducive working environment. On the other hand, intrinsic motivation was perceived to be high compared to extrinsic motivation. To enhance motivation practices, universities should focus on addressing the areas of uncertainty, such as policy clarity, competitive compensation, attractive benefits, and a supportive working environment. By doing so, universities can foster a more motivated and engaged academic staff, leading to improved performance and organizational effectiveness.

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

Employee Performance

Table 3 shows the results obtained. Table 3 indicates employee performance is average in chartered public universities in Kenya (mean = 3.06, *SD* = 1.11, CV =41.39 percent). Respondents were in agreement that the percentage of class attendance for the last three years had improved (*M* = 4.17, *SD* = 1.016, CV = 24.4). Respondents agreed that academic staff completed their work on time – teaching, setting and marking examinations and students supervision (*M* = 3.86, *SD* = 0.87, CV = 22.5), students had few complaints regarding academic staff work (*M* = 3.79, *SD* = 0.847, CV = 22.3 percent),

the quality of work for academic staff in the department had improved in the last three years (*M* = 3.73, *SD* = 0.871, *CV* = 23.4 percent) and that class attendance for academic staff was beyond standard (*M* = 3.61, *SD* = 0.844, *CV* = 23.4 percent). The number of undergraduate students supervised had also increased over three years ((*M* = 3.53, *SD* = 1.688, *CV* = 47.8).

However, respondents were indifferent on academic staff spending most of their time teaching, researching, publishing, sourcing for grants other than on private issues (*M* = 3.49, *SD* = 0.979, *CV* = 28.1 percent), performance as per students evaluation reports (*M* = 3.31, *SD* = 1.21, *CV* =36.6), increase in number of research grants won in the last three years (*M* = 3.14, *SD* = 1.073, *CV* = 34.2 percent) and regular feedback on their performance (*M* = 3.07, *SD* = 1.163, *CV* = 37.9 percent). The average number of postgraduate students supervised had not increased over three years (*M* = 2.04, *SD* = 1.508, *CV* =73.9), the average number of publications in referred journals had not increased over three years (*M* = 1.88, *SD* = 1.194, *CV* =63.5). The average number of consultancies engaged in by academic staff for the last three years had not increased (*M* = 1.76, *SD* = 1.246, *CV* =70.8) and the average number of research grants won had not increased over three years (*M* = 1.41, *SD* = 0.996, *CV* =70.6). From the coefficient of variation, the responses with least variability were students having few complaints regarding academic staff work (*CV* = 22.3 percent) and high variability was on the number of postgraduate students supervised by academic staff for the last three years (*CV* = 73.9 percent).

From the secondary data collected, respondents agreed that class attendance of academic staff for the last three years (*M* = 4.17, *SD* = 1.016, *CV* = 24.4) and number of undergraduate students supervised (*M* = 3.53, *SD* = 1.688, *CV* = 47.8) was above average. Respondents felt that performance of academic staff as per students' evaluation reports was average (*M* = 3.31, *SD* =1.21, *CV* =36.6 percent). However, respondents felt that supervision of postgraduate students (*M* = 2.04, *SD* =1.508, *CV* =73.9 percent), the number of publications by academic staff in refereed journals (*M* = 1.88, *SD* =1.194, *CV* =63.5 percent), number of consultancies engaged in (*M* = 1.76, *SD* =1.246, *CV* =70.8 percent) and number of research grants won (*M* = 1.41, *SD* =0.996, *CV* =70.6 percent) was very poor. From the coefficient of variation and standard deviation, the responses varied least on class attendance (*CV* = 24.4 percent) and varied the most on number of postgraduate students supervised (*CV* = 73.9 percent). This is an indication that academic staff in Kenyan chartered public universities highly regard class attendance. This could be due to incentives or sanctions imposed by the supervisors when they attend or fail to attend classes.

The results presented in Table 3 have several implications for the chartered public universities in Kenya. Firstly, the findings indicate that overall employee performance in these universities is average, suggesting that there is room for improvement. The respondents agreed that class attendance for the past three years has improved, indicating a positive trend in this aspect. It is noteworthy that academic staff were perceived to complete their work on time, and students had relatively few complaints about their performance, indicating a satisfactory level of work quality. However, there were areas of concern. Respondents were indifferent towards academic staff spending most of their time on

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

teaching, research, publishing, and sourcing grants, rather than on private issues. Furthermore, the number of postgraduate students supervised, publications in referred journals, engagement in consultancies, and research grants won did not show significant improvement over the three-year period, indicating areas of weakness. The high variability in the number of postgraduate students supervised suggests a need for better supervision practices. Overall, the results highlight the importance of class attendance and the need for further enhancements in research productivity and postgraduate student supervision in Kenyan chartered public universities.

Table 3: Descriptive Statistics for Measures of Employee Performance

Task Performance	Mean	Std. Dev.	Coefficient of Variation (%)
The academic staff in my department complete their work on time (teaching, setting examination, marking, students' supervision)	3.86	0.87	22.5
Students have few complaints regarding academic staff work in my department	3.79	0.847	22.3
Class attendance for academic staff in my department is beyond standard	3.61	0.844	23.4
The quality of work for academic staff in my department has improved in the last three years (publications, consultancies)	3.73	0.871	23.4
The number of research grants won by academic staff have increased in the last three years	3.14	1.073	34.2
Academic staff in my department spend most of their time teaching, researching, publishing, sourcing for grants other than on private issues	3.49	0.979	28.1
There is regular feedback from the University to academic staff in my department on their performance	3.07	1.163	37.9
Secondary Data			
Percentage of Class Attendance	4.17	1.016	24.4
Number of Undergraduate students supervised	3.53	1.688	47.8
Performance as per student evaluation reports (in percent)	3.31	1.21	36.6
Number of Postgraduate students supervised	2.04	1.508	73.9
Number of Publications in Refereed Journal	1.88	1.194	63.5
Number of Consultancies engaged in	1.76	1.246	70.8
Number of Research Grants won	1.41	0.996	70.6
Average	3.06	1.11	41.39

Effect of Employee Motivation on Employee Performance

Table 4 displays the results of the regression analysis conducted in **Step One**, where employee compensation was regressed with employee performance. The analysis reveals a coefficient of determination (R^2) of 0.203, indicating that 20.3 percent of the variability in employee performance can be explained by employee compensation. The F-ratio of 62.448, with a significance level of $p < 0.05$, signifies a significant goodness of fit for the model. Furthermore, the Beta coefficient (B) for employee compensation is 0.47, with a corresponding t-value of 7.902 ($p < 0.05$). This significant Beta coefficient suggests a positive relationship between employee compensation and employee performance. It implies that a unit change in employee compensation is associated with a 0.47 change in employee performance. Thus, the formulated regression equation is EP = 2.239 + 0.47EC. These findings confirm the hypothesis that employee compensation influences employee performance.

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

Table 4: Regression analysis for the effect of employee compensation on employee performance

Model Summary					
R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
.451a	0.203	0.20	0.57489		
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.639	1	20.639	62.448	.000a
Residual	80.972	245	0.33		
Total	101.61	246			
Beta Coefficients					
	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	2.239	0.185		12.117	0.000
Compensation	0.47	0.059	0.451	7.902	0.000

a. Predictors: (Constant), Employee Compensation
b. Dependent Variable: Employee Performance

In the **Second Step** of the analysis, the researcher conducted a regression analysis to evaluate how employee motivation and employee compensation are related. Please refer to Table 5 for detailed information and findings regarding the conducted analysis.

Table 5: Regression results for the influence of employee compensation on employee motivation

Model Summary					
R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
.640a	0.409	0.407	0.48789		
ANOVA					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	40.356	1	40.356	169.54	.000a
Residual	58.318	245	0.238		
Total	98.675	246			
Beta Coefficients					
	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	1.675	0.157		10.685	0.000
Employee Compensation	0.657	0.05	0.64	13.021	0.000

a. Predictors: (Constant), Employee Compensation
b. Dependent Variable: Employee Motivation

Table 5 displays the results of the analysis, demonstrating a moderate coefficient of determination ($R^2 = 0.409$, $F = 169.54$, $p < 0.05$), indicating a moderate effect of employee compensation on employee motivation. The R2 value of 40.9 percent suggests that 40.9 percent of the variability in employee motivation can be attributed to employee compensation, while the remaining 59.1 percent is influenced by other factors not included in the regression model. The model exhibits a good fit, evident from the significant F-value of 169.54 (1,245).

Moreover, the Beta coefficient is significant ($B = 0.657$, $t = 13.021$, $p < 0.05$) for employee compensation concerning employee motivation, indicating that a unit change in employee compensation is associated with a 0.657 variance in employee motivation. Hence, the regression equation can be formulated as follows: employee motivation = 1.675 + 0.657 * employee compensation.

In summary, the results confirm a significant effect between employee compensation and employee motivation. Moving on to the **Third**

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

Step of the analysis, a regression analysis was conducted to explore the relationship between employee performance and employee motivation. The outcomes of this analysis are presented in Table 6.

Table 6: Regression results for the influence of employee motivation on employee performance

Model Summary					
R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
.586a	0.343	0.341	0.52191		
ANOVA					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	34.875	1	34.875	128.033	.000a
Residual	66.736	245	0.272		
Total	101.61	246			
Beta Coefficients					
	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	1.484	0.196		7.573	0.000
Employee Motivation	0.595	0.053	0.586	11.315	0.000

a. Independent variable, Employee Motivation
b. Dependent Variable: Employee Performance

The analysis results provided in Table 6 indicate a moderate coefficient of determination (R^2 = 0.341, F = 128.033, p < 0.05). These findings suggest a moderate effect of employee motivation on employee performance. Specifically, 34.1 percent of the variability in performance can be explained by employee motivation, while the remaining 65.9 percent is influenced by factors not included in the regression model. The model demonstrates a significant goodness of fit, as indicated by the significant F-ratio. Furthermore, the Beta coefficient is significant (B = 0.595, t = 11.315, p < 0.05) for employee motivation in relation to employee performance. This implies that a unit change in employee motivation is associated with a 0.595 increase in employee performance. Hence, the formulated regression model is EP = 1.484 + 0.595 * EM. In conclusion, the findings highlight the significant effect of employee motivation on employee performance.

Moving to **Step Four**, a multiple regression analysis was conducted to examine the combined effects of employee compensation and employee motivation on employee performance. Please refer to Table 7 for the findings of this analysis.

The results of the multiple regression analysis, presented in Table 7, reveal a coefficient of determination (R2) of 0.348, indicating that 34.8 percent of the variation in employee performance can be explained by employee compensation and motivation. The remaining 65.2 percent of the variation is attributed to other factors not included in the regression model. The model demonstrates a significant goodness of fit, as evidenced by the significant F-value of 66.563 (2,244).

Furthermore, it is important to note that Beta coefficient for employee compensation (B = 0.134, t = 1.92, p > 0.05) is not significant. However, the Beta coefficient for employee motivation (B = 0.511, t = 7.518, p < 0.05) is significant. This suggests that a unit variation in the compensation of employees is associated with a small 0.134 change in employee performance, while a unit change in employee motivation is linked to a larger 0.511 variation in employee performance.

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

Table 7: Regression Results for the Effect of Employee Compensation and Motivation on Employee Performance

Model Summary					
R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
.594a	0.353	0.348	0.51907		
ANOVA					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	35.869	2	17.934	66.563	.000a
Residual	65.742	244	0.269		
Total	101.61	246			
Beta Coefficients					
	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**T**	**Sig.**
(Constant)	1.383	0.202		6.846	0.000
Employee Compensation	0.134	0.07	0.129	1.92	0.056
Employee Motivation	0.511	0.068	0.504	7.518	0.000

a. Predictors: (Constant), Employee Motivation, Employee Compensation
b. Dependent Variable: Employee Performance

As a result, the regression equation can be formulated as follows:

EP = 1.383 + 0.134EC + 0.511EM, *where EP represents employee performance, EC represents employee compensation, and EM represents employee motivation.*

Moreover, the regression results in steps 1, 2, and 3 were all significant at $p < 0.05$. Based on the results and conditions described, it can be concluded that all the conditions for full mediation are satisfied. This indicates that the relationship between employee compensation and employee performance is indeed mediated by employee motivation. This means that the influence of employee compensation on employee performance is preceded by a change in employee motivation. The study establishes the existence of mediation in steps 1, 2, 3, and 4, where the mediating effect of employee motivation on employee compensation and performance was tested through path analysis.

The findings of the study highlight the importance of employee motivation in influencing employee performance. However, the statistical significance of the association between employee compensation and performance may not be supported by the study's context (Mburu et al., 2014; Grant and Berry, 2010; Ng'ethe et al., 2012).

CONCLUSIONS

The study aim was to examine the influence of employee motivation on the relationship between employee compensation and employee performance in Kenyan chartered public universities. The findings indicate that employee motivation plays a crucial role as a mediator, positively influencing the association between employee compensation and employee performance. It was observed that when employees perceive that their employer shares the benefits of achieving performance, they are more likely to feel motivated and actively contribute to the success of the organization. These results highlight the importance of considering not only the monetary aspects of compensation but also the motivational factors that drive employee engagement and performance. Organizations should strive to create a work environment that fosters a sense of shared benefits and recognizes the contribution of employees, as it can significantly enhance overall performance and productivity.

RECOMMENDATIONS

Employers should ensure that compensation programs are designed in a manner that promotes fairness and motivates employees. This involves establishing clear and transparent guidelines for financial compensation, such as salary scales,

Article DOI: https://doi.org/10.37284/eajbe.7.1.1592

bonuses, and incentives, to recognize and reward employees' contributions effectively.

In order to effectively motivate academic staff, compensation strategies in Kenyan chartered public universities should include both financial and non-financial elements. Besides monetary compensation, it is vital to prioritize non-financial rewards and benefits. These non-monetary incentives, such as recognition, career development opportunities, flexible work arrangements, and fostering a positive work environment, have a substantial impact on academic staff motivation.

Chartered public universities in Kenya should frequently assess and review their existing motivation programs. This entails conducting regular human resource surveys to gauge employee satisfaction with workplace practices, identify areas for improvement, and address any concerns or challenges that may hinder motivation and performance. Creating an environment that encourages employee engagement is crucial. Employers should encourage open communication, engage employees in decision-making processes, and offer avenues for professional growth and development. To boost motivation and performance, implementing employee engagement initiatives is crucial. These initiatives encompass team-building activities, mentorship programs, and recognition schemes. In addition, employers and university administrators should prioritize investing in training programs aimed at equipping managers and supervisors with the essential skills to effectively motivate their teams. This training should emphasize understanding individual needs, providing constructive feedback, establishing realistic goals, and cultivating a supportive work environment. Furthermore, fostering collaboration and knowledge sharing among employees plays a pivotal role in creating a sense of belonging and purpose. Employers should facilitate platforms for interdisciplinary collaboration, promote teamwork, and instill a culture of continuous learning and innovation.

ACKNOWLEDGEMENT

My appreciation goes to Dr. Kadian Wanyama for his valued input in this research paper, Dr. Florence Muindi, Prof. Peter K'Obonyo for their wise counsel, valued assistance, and guidance and to Dr. Raphael Nyonje and Moses Wanyoike for reviewing this research work.

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