

**COMPARATIVE ANALYSIS ON THE EFFECTS OF SOCIAL  
WELFARE FACILITIES ON EMPLOYEE MOTIVATION IN PAN  
AFRICAN PAPERMILLS AND MUMIAS SUGAR COMPANY**

**BY**

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**D 53/ ICE/ 10132/ 04**

A Research Project submitted in partial fulfillment of the requirements for  
the award of Degree of Masters of Business Administration, in the School of  
Business of Kenyatta University.

**NOVEMBER, 2006.**

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*Comparative analysis  
on the effects of*



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**DECLARATION**

This research project is my original work and has not been presented for any degree at Kenyatta University or any other university.

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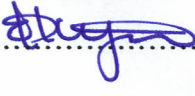
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## **DEDICATION**

This book is dedicated to my entire beloved family. Their prayers, encouragement, patience, moral and financial support contributed immensely to the success of this work.

I would like to thank Mr. Mwangi for his moral support, encouragement, and financial contribution towards this work. I would also like to thank my family for their moral and financial support. I would also like to thank my colleagues for their moral support and encouragement. I would also like to thank my friends for their moral support and encouragement. I would also like to thank my parents for their moral support and encouragement. I would also like to thank my grandparents for their moral support and encouragement. I would also like to thank my uncles and aunts for their moral support and encouragement. I would also like to thank my cousins for their moral support and encouragement. I would also like to thank my nephews and nieces for their moral support and encouragement. I would also like to thank my in-laws for their moral support and encouragement. I would also like to thank my friends-in-law for their moral support and encouragement. I would also like to thank my neighbors for their moral support and encouragement. I would also like to thank my community for their moral support and encouragement. I would also like to thank my country for their moral support and encouragement. I would also like to thank my world for their moral support and encouragement.

I would like to thank and express my appreciation also to my family for their moral support, encouragement and support both, financially and morally. I would also like to thank my friends for their prayers, support, patience, sacrifice and love. I would also like to thank my colleagues for their moral support and encouragement. I would also like to thank my parents for their moral support and encouragement. I would also like to thank my grandparents for their moral support and encouragement. I would also like to thank my uncles and aunts for their moral support and encouragement. I would also like to thank my cousins for their moral support and encouragement. I would also like to thank my nephews and nieces for their moral support and encouragement. I would also like to thank my in-laws for their moral support and encouragement. I would also like to thank my friends-in-law for their moral support and encouragement. I would also like to thank my neighbors for their moral support and encouragement. I would also like to thank my community for their moral support and encouragement. I would also like to thank my country for their moral support and encouragement. I would also like to thank my world for their moral support and encouragement.

I am also personally indebted to all respondents who contributed towards this work and made it possible to complete and responding to the research. I would also like to thank my colleagues for their moral support and encouragement. I would also like to thank my parents for their moral support and encouragement. I would also like to thank my grandparents for their moral support and encouragement. I would also like to thank my uncles and aunts for their moral support and encouragement. I would also like to thank my cousins for their moral support and encouragement. I would also like to thank my nephews and nieces for their moral support and encouragement. I would also like to thank my in-laws for their moral support and encouragement. I would also like to thank my friends-in-law for their moral support and encouragement. I would also like to thank my neighbors for their moral support and encouragement. I would also like to thank my community for their moral support and encouragement. I would also like to thank my country for their moral support and encouragement. I would also like to thank my world for their moral support and encouragement.

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## ***ABSTRACT***

In addition to remuneration and other forms of the employee rewards and packages, provision of social welfare facilities for employees of any given organization is motivation aimed at creating satisfaction among the employees, retaining them in the organization and improving their performance. These social welfare facilities are also referred to as employee service benefits. They are benefits, which employees are entitled to by virtue of their membership to the organization and are not given because of merit.

The study aimed at identifying the effects of provision of social welfare facilities on human resource performance; A comparative study of Pan African Paper mills – Webuye and Mumias Sugar company. The researcher used qualitative data collection methods namely: In-depth Interview and Questionnaire. Systematic sampling was used to get the appropriate representative of the target population who are the workers of Pan African Paper mills Webuye and Mumias Sugar Company.

The study analyzed its findings to come up with conclusions. Summarily the study focused on the effect of provision of social welfare facilities on human resource performance.

The study came up with the following findings; social welfare facilities are provided in the two organizations both as per the factory act and out of the two organizations' own motivational policies. The facilities provided are a strong motivational element that has helped retain employees in the job for a long time and boosting their productivity. The study reveals that Mumias has a higher degree of employee retention compared to Pan paper due to her high class provision of social welfare facilities.

Mumias has a high rating of social welfare provision than Pan paper as the study reveals. Then study also reveals that basic facilities like water, housing and health care need to be increased or subsidized as recommended by respondents.

Majority of the respondents also recommended elimination of facilities that favour only a few selected individuals among the employees e.g. car loans and convenient places.

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## ***DEFINITIONS OF OPERATIONAL TERMS***

**Organization** refers to a company, group or business organization that has been formed for a particular purpose towards a given objective.

**Performance** refers to the degree to which a company, business organization, investment or financial market is profitable. It also refers to how well employees in an organization can do their duties.

**Job satisfaction** refers to the ability to make significant contribution at work

**Work measurement** refers to the knowledge of how long it takes to make a product or perform a service.

**Strategy** refers to planning in advance for gaining strong reason to achieve the organization aims and objective.

**Motivation** refers to eagerness and willingness to do something without willing to be told or forced to do it.

**Market liberalization** refers to a market situation in which limits have been removed to allow open entry and open exit for both local and foreign investors.

**Standards** refer to the level or degree of quality that is considered proper or acceptable.

**Cafeteria** refers to a restaurant where people collect their own food and drinks carrying to the table.

**Recreation** refers to a form of enjoyment, amusement, spending free time.

**Theoretical frame work** refers to the background on which a study is made

**Relocation** refers to movement of employees from one point to another. E.g. transfer between departments in organization

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background to the problem**

According to Dixon (1995), in many countries worldwide where foreign domination of National economies has been experienced, there has been a tendency to neglect the social, educational and health needs of the indigenous population. In these countries there has been a neglect of physical and health needs and educational opportunity, housing and financial support.

One of the reasons for neglect of the indigenous population was the attempt to assimilate them. It is also attributed to resistance of indigenous population to assimilation. This has been experienced in Mexico, United States, Canada and Nordic countries.

All these countries have social welfare services which are available to the indigenous population and they consist of housing, education, employment and social services (family and individual). The adequacy of these services is highly available; for example from inadequate (Brazil and Mexico) to mainly adequate Australia, New Zealand and United states. (Dixon,1995).

In some countries there is dual provision of services through organizations accessible to all citizens and those that focus on the indigenous population e.g. U.S.A. and Nordic countries. In other countries especially in Africa the services provided to the indigenous population are no different from those offered to any citizen, e.g. Sierra Leone and Zimbabwe (Dixon, 1995). In other countries there are special programmes only e.g. Brazil. There is no clear pattern overall for the delivery of social welfare facilities by organizations for its workers.

Motivation is a subject that has attracted many scholars, each giving different views on the processes and effects. Some scholars report that individuals are motivated in order to create sufficient satisfaction with the job to give adequate work, (Fiona, 1985). While other scholars have identified motivation elements broadly put as persons, objects and the environment (Wendel, 1984).

Academicians, however, are at variance with the order of motivation elements, their

application and expected effects on an individual's or group behaviour (Handy, 1985). Interestingly, there seem to be an Academic agreement on the factors that motivate. Issues referred to here as motivational elements. A psychologist, Pavlov performed a series of experiments on dogs and came up with a conclusion that animals too can be motivated by one of the motivational elements to give some specific behavior (Donnelly et al, 1989). The conventionally agreed upon motivation elements to give invariants include; economic rewards, recognition, food safety, security, socialization, sense of belonging, skill or training, Job design, job satisfaction, social welfare to mention just a few (Berkerly, 1983). Employee benefits perform a very important role in human resource management. For these benefits to have a major impact, their determination should be well thought out and information about them should be; as clearly stated as possible to all employees, communicated to all employees regarding intended changes and thoughtful to all employees. (Wood, 1989)

The basic philosophy of employee welfare facilities or employee services is that organizations for and in which people work have some social responsibility to their employees. (Berkerly, 1982)

The provision of employee services shows the extent to which the employer appreciates, in ways other than by salary payment, the employees work skills. This is also necessitated by the fact that employees spent most of their working hours in their place of work. Therefore most of their financial as well as social and welfare needs should be met here. The provision of employee welfare services shows that the employee deserves more than salary payment in return for their most valuable services. It should be noted and understood that employee welfare services provision is a powerful tool to satisfy and retain employees in an organization hence minimizing or avoiding employee turn over (Casio, 1992). They help in preventing workers from experiencing work dissatisfaction as the Herzberg's motivation hygiene theory explains.

According to the factories act cap 514 of the laws of Kenya, business organizations or factories have a legal obligation to provide basic welfare facilities like adequate supply of wholesome drinking water, adequate washing facilities, adequate housing facilities or accommodation for workers and health care facilities.

For health and safety welfare provisions the act provides for all factories to have first aid box or cupboard placed under the charge of a responsible well trained personnel. An ambulance to be provided for, at the factory to ensure immediate treatment of all injuries occurring in the factory and other emergency cases arising.

Other important welfare provisions required to be provided by the organization depends on the size, nature of operation and financial base of the organization. (Okumbe, 2001)

In line again is the need for more research on provision of social welfare services in Kenya's industrial setting. It has been suggested that the existing documents/literature on these types of motivation are not exhaustive and reasonably conclusive. They do not give answers to tell the questions related to these types of motivation. For example, the question as to what extent these motivation factors influencing employee motivation level is especially begging for an answer. This lack of sufficient explanation to how provision of employee welfare services affects the employee motivation in today's Kenya's industrial perspective is the reason that has initiated the study on this topic.

The purpose of the research or the study was to examine the effect of provision of social welfare facilities on employee motivation in the current perspective of Kenya's industrial sector. Pan Africa paper mills Webuye and Mumias Sugar Company were taken as a comparative study.

A Pan Africa paper mill is an industry located in western province in Webuye town. It's the second largest industry to Mumias Sugar Company as far as establishment and operations are concerned in Western province. It has one thousand five hundred established positions with four departments namely; Commercial department, Engineering department, Process department, Agro-forestry department.

The company produces paper and paper products that are sold both locally and internationally (exports). It is the largest paper industry in the East African region. (Pan Paper Manual series, 2005).

On the other hand Mumias Sugar Company is a parastatal inaugurated by an act of parliament and managed by Booker Tate agents. It is located in western province in the Sugar belt region. It's the leading sugar producer in the Kenya for both the local and foreign market. The company is headed by a Managing Director and has six departments; Agriculture, Factory, Human Resource, Finance, Marketing and General Management.

### ***1.2 Statement of the problem.***

The extent or degree to which social welfare facilities impact on employee motivation has not been adequately covered by existing researches conducted in this area. The existing works do not give the answers to tell questions related to this type of motivation in particular the extent to which these facilities have on employee motivation is especially begging for an answer. This leaves a gap which can be filled by conducting more research.

A survey carried on employees in giant organizations like Pan African Paper Mills and Mumias Sugar Company revealed mixed reactions and feelings as far as the provision of social welfare facilities is concerned. Information from suggestion boxes in the two organizations revealed complains by many workers on provision of social welfare facilities. Some demanding an increase on house allowance and others on education loans. Some complained of poor housing, promotion policies, while others demanded introduction of Christmas allowance. These complains and mixed reactions necessitated this study to find out the extent to which the facilities impact on the employee motivation.

### ***1.3 Justification of the study***

In this era of economic liberalization organizations are forced to operate with a small motivated and performance oriented staff to survive the stiff competition brought in by foreign investors or succumb to economic depression and consequently collapse or close down. More safe ways of motivation that can earn high productivity in organizations need to

be identified and adopted. Also the existing motivation methods need to be studied to ascertain their effect to make decisions on whether to retain, modify or eradicate them.

This study sought to find an answer to address the question. Kenya plans to attain industrialization by the year 2020. This plan can be realized only when workers are motivated especially to give a known standard of performance, critical for the attainment of the goal. In this era of market liberalization, Kenyan local industries are facing a stiff competition from foreign investors. These local industries must brace themselves against this stiff competition. There is a stronger and urgent need therefore to the firms to find away of increasing their performance. This can be achieved through effective motivation tools that will be economically viable to the organization.

#### ***1.4. Significance of the study***

This study is important for the following reasons.

The findings can be a basis for the organizations motivation policy formulation that has good degree of reliability and applicability in any organization. The research can help the organization ascertain the extent of funding of the different types of social welfare facilities according to the level of their effect on employee motivation.

The findings can be a basis for further research on motivation and performance in firms and other organizations. The research findings can be a basis for the human resource department of an organization to modify and adopt motivation practices that are relevant to the organization. The study findings can provide improved insights on survival in light of organization competition for a place in the liberalized economy. It will give significant leads on what to do to the workers in order to produce the desired quality products or services. The study will provide the researcher an opportunity to expand his skills and experience in the field of research.

#### ***1.5 Objectives of the study***

The general objective of the study was to examine how or to what extent provision of social welfare facilities influence motivation of employees in an organization.

***The specific objectives are:***

1. Identify the type of social welfare facilities provided in Pan African Paper mills (Webuye) and Mumias Sugar Company and how they impact on employee motivation.
2. To establish how the employees rate the facilities provided by the organization.
3. Establish the extent to which these (motivation elements) social welfare facilities provided in the organization impact on motivation of employees.
4. Establish how this motivation technique is used as a policy to determine employee performance in the organization.
5. To establish which of these facilities can be retained, improved upon or eliminated.
6. Find out the workers responses to the organization provision of these social welfare facilities.
7. To establish employee economic gains through provision of these facilities.

***1.6 Research questions***

To achieve the above stated objectives the following questions were asked.

1. What types of social welfare facilities does the organization provide to its employees?
2. How do employees rate the facilities provided by the organization?
3. To what extent do these social welfare facilities impact on employee motivation?
4. What is the workers response on the provision of these facilities by the organization?
5. Which of these facilities can be retained, improved upon or eliminated?
6. How is this motivation technique used as a policy to determine employee performance in an organization?
7. What economic gains are realized by employees through provision of these facilities?

***1.7 Scope and limitations***

***1.7.1 Scope***

The study focused on sampled persons/workers at the various levels of staff of the organization namely senior management staff, Junior management staff, supervisory and

middle level staff, e.g. technical staff other general staff and subordinate staff.

### **1.7.2 Limitations**

1. This study limits it self to a comparative study between Pan African Paper mills in Webuye and Mumias Sugar Company which may not be an exact representative sample from which one can draw universal conclusion applicable to all production firms or organizations.
2. Given the large number of employees and limited research time, restrictive and narrow data source methodology like, sampling was used. This may have left out some respondents who may have given critical and resourceful information for the realization of research objectives.
3. Some questionnaires were not returned due to a variety of reasons. This reduces the sampled population and may leave out important information.
4. Some departments gave a limit on the number of questionnaires to be issued to them, and this affected the number of the sample given to the departments

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

Motivation is quite an interesting subject and therefore has attracted a diversity of scholars. Due to the varied interests and contributions the subject remains revealed. One such area is its definition which is quite limited.

Motivation is the state of giving an incentive to someone to activate his performance in work situation as far as human resource is concerned. (Okumbe, 2001).

Motivation as a term is ambiguous and as a process it is complex and particular to an individual and to situation (Handy, 1985). Handy adequately stated this when he wrote "motivation is one of those ambiguous words". The dictionary calls it a transitive verb. It normally has a subject and an object.

Abraham Maslow identified human needs that influence his/her performance at work and put them in hierarchal order. He began with the most basic at the bottom. These identified needs are psychological needs which consist of food, clothing, and shelter. These are satisfied in a work organization by payment of wages, provision of housing, clean water, cafeteria services. (Gill, 2000).

Secondly, safety needs, which includes desire for security and absence of pain. An organization provides for these needs through safety programmes e.g. time drills at the institution, work tools, medical insurances and retirement packages, provision of health services like dispensaries and health centres. (Okumbe, 2001).

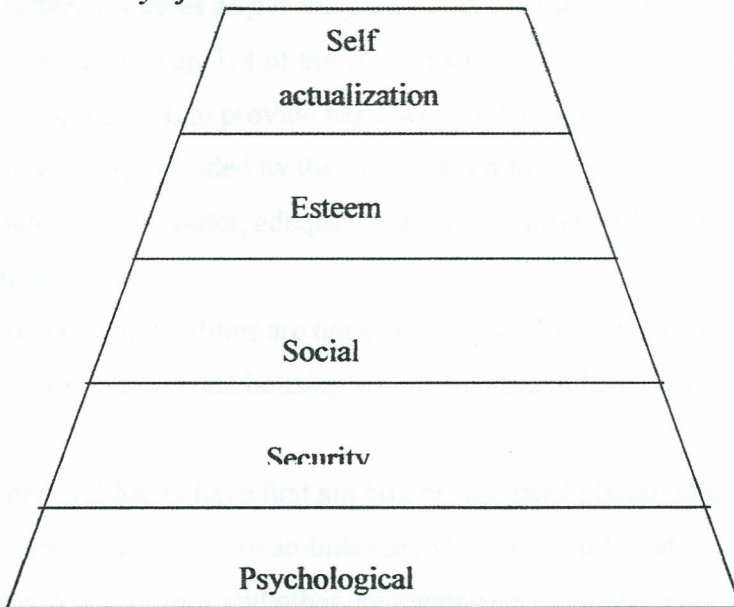
Thirdly are social needs. The needs encompasses desire to interact and feel affiliated with others and wanted by others. The desire of belongingness is catered for in an organization through social interaction within the work groups in which people give and receive friendship. In addition to these, development of informal groups and acquaintanceships has typical functions. (Abong'o, 2001).

Fourth are esteem needs. They involve power and status, Its found common with employees with ranks, promotions, awards, feedback from higher offices satisfy them and position titles lumped together to achieve feelings of self confidence and, prestige and self- importance.

Lastly is self actualization needs, the needs relate closely to the Individual's wishes of his/her full potential. It's the realization of what one has always wanted to be.

Declaration like 'I have made it finally' and my dreams have finally come true' are common testimonial expressions to self actualization. (Wood, 1989).

***The Maslow's hierarchy of need.***



Source. International Management Cots 1987.

This study of social welfare facilities provision has its roots or basis from Maslow's hierarchy of needs. From the five stages or classes of needs in Maslow's theory, we identify the first level which is basic I.e. the psychological needs which are basic Human needs that influence his/her performance at work. These are food, clothing and shelter.

In the work organization these psychological needs are satisfied by payment of wages and salary, provision of welfare services such as housing, cafeteria services, staff meals, clean water etc. (Gill, 2000).

For safety needs which include desire for security and absence of pain, an organization provides for these needs through safety programmes, medical insurance, provision of health facilities e.g. company dispensaries, health centres, and retirement packages.

Maslow's theory however faces challenges to its application in an organization and people on the ground that organizations and people vary in their priorities and settings. These differences are bound to create differences in needs arrangement with Maslow's cultural factors e.g. ones responsibilities to family members orients people to chose one certain need first before others.

### ***2.1 Provision of welfare facilities as per the factory act laws of Kenya***

According to the factories act cap 514 of the laws of Kenya, business organization or factories have a legal obligation to provide basic welfare facilities to their workers. The basic welfare facilities to be provided by the organization to its workers include; adequate supply of wholesome drinking water, adequate washing facilities, adequate housing facilities or accommodation for workers.

N/B where adequate housing facilities are not available, workers should be paid housing allowance to make their own private housing arrangements and health care facilities

For health and safety, welfare to have first aid box or cupboard placed under the charge of responsible well trained personnel. An ambulance to be provided for, at the factory to ensure immediate treatment of all injuries and other emergency cases arising. (Factory Act, 1999).

Where in any factory, workers are employed in processes involving exposure to wet or any injuries, offensive substances, suitable protective clothing and appliances including suitable gloves, footwear and goggles are a requirement. Where in any factory electric work is carried on, effective protection shall be made by screening the worker from any possible injury. (Factory Act, 1999)

## ***2.2 Other important welfare provisions other than the provisions in the factory act to be provided by the organization***

Other important welfare provisions required to be provided by the organization other than provisions in the factory Act depends on the size, nature of operation and financial base of the organization. (Okumbe, 2001)

According to Pan Paper journal ref 02/2006 community development projects carried out by Pan Paper include health Services like company clinics in Webuye, Kaptagat and Timboroa, mobile clinics at Kaptagat and Timboroa Forest stations, HIV/AIDS awareness programme. Training 50 employees and 20 community members as peer educators and malaria based projects for Pan-paper and community around Webuye.

Educational Services include Pan-paper primary and Pan-paper High school, giving awards to two best students in forestry and environmental sciences every year and sponsoring the best K.C.P.E student from Webuye constituency to a government school and financial support for development of education institutions.

Sports and games include Pan-paper F.C. Playing in the National premier league side and company choir.

Recreation includes Pan-paper social hall having indoor games facilities e.g. Drafts, Darts, Chess, Scrabble and Pool games, Pan-paper holds National Soccer and Volleyball games

Community infrastructure include; developed natural stream wells for providing clean drinking water and community infrastructure i.e. repair of roads and construction of bridges to nearby villages.

Economic development includes; contribution to poverty alleviation, providing of bee hives to women groups (75 boxes) provision of sheds for Boda Boda cyclists and providing financial help to needy persons through donations.

Social forestry Includes; providing free seedlings to the community and assuring the

community that the company will harvest the social forests on maturity. (Pan-paper highlights journal, 2005).

### 2.3 Employee welfare services

Employee welfare also known as employee services are benefits which employees of an organization are entitled to by virtue of their membership in the organization and not because of merit. Employee welfare facilities include; recreation and health programmes, cafeteria, child care, relocation assistance, transport, purchase discounts, educational fees and loans etc. (Okumbe, 2001).

- ***Recreation and health.***

Recreation and health Programmes include sports and clubs and a broad base of participation by employees. These programmes are important in assuring employees that their extra work needs are met by their employer. The programmes also help to rehabilitate employees against occupational stress and burn out. Sports and clubs recreational facilities include soccer, handball, swimming, indoor games, tennis, golf, volleyball, netball, hockey, bowling and members clubs. (Abong'o, 2001).

In recent years, it has been compelling for organizations to include health programmes such as fitness and health centers at substantially reduced cost or charges.

- ***Cafeteria.***

Cafeterias are important benefits, which not only help workers to eat, but also helps in improving nutritional value and needs of employees. Indeed employers should ensure that employees replenish their energy expended at work by eating well in order to maintain high productivity. (Pan-paper journal, 2005).

- ***Relocation Assistance.***

This is a service that enables employees to meet their relocation costs, during transfers which include transport and house hold goods and temporary living and traveling expenses. Relocation assistance can also be extended to new employees to attract them in the organization. (Okumbe, 2001).

- ***Child care.***

A child care programme helps to attract and retain employees who have young children with the availability of ayahs, qupairs and house helps fast disappearing, it is compelling for organizations to put in place child care centres within their premises. This takes into account that the fact child rearing can take a greater proportion of an employees work time and which immensely reduces productivity. (Tyson,1994).

- ***Purchase discounts.***

Organizations allow employees to purchase their products or goods at discounted rates. This is to boost employees' morale and motivates them to identify with their products. In addition an employer may purchase consumer goods for its employees from other organizations at discounted prices. (Attwood, 1994).

- ***Transport.***

Transport benefits can be in the form of monthly transport allowance, car allowance, company car or vanpooling. Transport and car allowance are fixed monthly benefits which enables employees to meet their house to office/work transport costs, fairly comfortable. A company car is probably the most valuable of a motive impact since a car is very visible and a prestigious benefit. The financial and social benefits of using the company car are enormous as far as employees are concerned. However deciding on who to get a car and the hierarchical allocation of cars should be solely based on equity.

Vanpooling on the other hand is a situation where an organization buys vans which can be used by a number of employees at the same time. The kind of the methods of transport chosen by an organization should be based on its financial ability and the intended impact of the method on employee motivation and reduced turn over. (Abong'o, 2001).

- ***Canteen facilities.***

Many Organizations provide canteen services due to the following reasons; their costs can be offset against corporation tax and therefore they are relatively cheap to provide, they help improve the image of the organization as a good employer, the provision of adequate catering facilities on the premises may reduce the attraction of nearby restaurants

and pubs. As a result employees will be less likely to take over-long lunch breaks. (Okumbe,2005).

- ***Clean water.***

It's both a legal and social obligation for an organization to provide clean water for its workers. (Pan-paper journal, 2005)

- ***Housing***

It's a legal and social obligation for an organization to provide housing facilities to its employees. Different classes of employees are accommodated in different classes of housing. Where this facility is not provided, a house allowance is given to employees to have them meet their housing needs. Amount of allowance given is determined by the job group or scale. (Pan-paper journal, 2002)

- ***Convenient places.***

It's the obligation of the company or organization to provide convenient places for its employees. Examples of these convenient places are latrines, sewage drainage and garbage disposal points. (Abong'o, 2001)

- ***Education Fees.***

This is a benefit programme, which refunds employees money spent on their tuition fees and enables the employees to gain additional knowledge, skill and expertise for their personal benefits as well as enhanced organization productivity. Education fees are also paid by some organizations for the tuition of employee's children up to a certain academic level and age. This is a major benefit considering the escalating costs of schooling in recent years. (Pan-paper journal, 2005).

- ***Loans.***

Depending on the financial position of an organization, loans maybe given to the employees for short-term obligation such as hardship, house hold purchases and buying a car at favourable interest rate (car loans). Loans may be given on long term basis, such as the case

of house purchase at defined and subsidized interest payment on mortgage. (Abong'o, 2005).

- ***Flexible Benefits.***

A flexible benefit or a cafeteria-style is a scheme that is divided into two parts. The basic benefits from which employees may choose what fits their needs, for instance, a husband may opt out of a benefit which is provided for by his wife's employer and vice versa. An elderly worker may opt out of maternity coverage for an increased pension contribution. (Abong'o, 2005)

#### ***2.4 The philosophy behind employee welfare.***

According to (Abongo, 2001), the basic philosophy of employee welfare is that organizations for and in which people work have some social responsibilities to their employees.

The provision of employee services shows the extent to which the employer appreciates in ways other than by salary payment the employees work related skills. This is also necessitated by the fact that all employees spend most of their working hours in their work place. Therefore, most of their financial as well as social or welfare needs should be met here. The provision of employee, welfare shows that the employer recognizes the fact that the employees deserve more than salary payment in return for their most related services. It should be understood that even if the employees welfare services may not increase work productivity, they may help in preventing workers from experiencing work dissatisfaction as Herzberg's motivation hygiene theory explains. (Abong'o, 2001)

Additionally the provision of employee welfare services helps to improve the image of an organization as people centered employer. And this aids in widening the recruitment net for potential employees with valued skills. It must be stressed that confidentiality must be maintained in the provision of some of the welfare services. This is because some of the welfare services help in alleviating social, psychological and economic needs. (Kibera,1996).

According to (Abongo, 2001), some of the employee services include; sickness counseling visits to the home of absent employees, bereavement management and counseling, marital management services, domestic problems management such as debts and fees, employment problems management and childcare management.

Others include; provision of services and exemptions for the elderly employees in preparation for retirement, provision of services for the retirement of employees by inviting them for social occasions and visiting them at regular intervals, provision of sports and games facilities for relaxation and stimulus variation and provision of social clubs for employees' varied needs.

(Attwood, 1989) maintains that employee services are provided by, for groups rather than for individuals. According to her this category falls into; canteen services, sports and recreational facilities, facilities for purchase of goods in particular those produced or sold by the organization and occupational health facilities.

### ***2.5 The reasons behind provision of employee welfare services.***

The development of welfare services in the industrial organizations began in the UK in the late nineteenth century when there was no welfare state and working conditions could be appalling. Some paternalistic employers, most of them quacks believed that they had a responsibility to look after their employees for both social and economic reasons. (Attwood, 1989).

According to (Tyson, 1995), there are many reasons for the provision of welfare services for employees by management which includes; to ensure that employees productive capacity is not handicapped by personal problems, to fill gaps in the provision of state welfare services for employed people, the social responsibilities of employers and the legal responsibilities of employers e.g. the law requires employers to provide adequate lighting, fume extraction, air conditioning facilities for washing, rest breaks, meals and so on. The desire to be perceived as a good employer is an aid to recruitment, enhancing the image of the organization. (Okumbe, 2000) adds: The basic philosophy of employee welfare provision is that the benefit must make a contribution to the organization at least equal in amount to the cost. The employee's welfare provision programmes should be guided by the following

programmes; the benefit should satisfy the actual perceived personal needs of the employees, the benefit should convince employees that the organization for which they work for, cares for their needs. The employees benefit should provide a tax- efficient mechanism in remuneration and should meet the legal requirements of the nation. The benefits should be consistent with both the strategic plans and compensation objectives of the organization and they should be confined to the activities in which their execution is more efficient for the group than for the individual.

The organization must have a planned and open communication system and the cost benefits must be calculable and provision should be made for sound financing.

### ***2.6 Employee motivation in the workplace***

According to (Abong'o, 2001), the job of a manager in the work place is to get things done through employees. To do this the manager should be able to motivate employees. But that's easier said than done; motivation practice and theory are difficult subjects touching on several disciplines.

In spite of enormous research, basic as well as applied, the subject of motivation is not clearly understood and more often than not poorly practiced. To understand motivation one must understand human nature itself.

Human nature can be very simple, yet very complex too. An understanding and appreciation of this is a prerequisite to effective employee motivation in the work place and therefore effective management and leadership.

### ***2.7 Why study and apply employee motivation principles?***

Quite apart from the benefit and moral value of an altruistic approach to treating colleagues as human beings and respecting human dignity in all forms, research and observation show that well motivated employees are more productive and creative. The inverse also holds true. (Attwood, 1994)

There is an old saying, you can take a horse to the water but you cannot force it to drink. It will drink when it is thirsty – so with people. They will do what they want to do or

otherwise motivated to do. Whether it is to excel on the workshop floor or in the ivory tower, they must be motivated or driven to it, either by themselves or through external stimulus. (Atten, 1989)

Are they born with the self- motivation or drive? Yes and no. If no, they can be motivated for motivation is a skill which can and must be learnt. This is essential for any business to survive and succeed. Performance is considered to be a function of ability and motivation thus.

**Job performance = (ability) (motivation). (Atten, 1989)**

Ability in turn depends on education, experience and training and its improvement is a slow and long process. On the other hand motivation can be improved quickly. There are many options and an uninitiated manager may not even know where to start. As a guideline, there are broadly seven strategies for motivation. I.e. positive reinforcement /high expectations, effective discipline and punishment, treating people fairly, satisfying employees needs, settling work related goals, restructuring jobs and base rewards on job performance (Gill, 2000)

These are the basic strategies though the mix in the final 'recipe' will vary from workplace situation to situation. Essentially there is a gap between an individual's actual state and some desired state and the manager tries to reduce this gap. (Gill, 2000)

Motivation is in effect a means to reduce and manipulate this gap. It is inducing others in a specific way towards goals specifically stated by the motivator. Naturally these goals are also the motivation system which must conform to the corporate policy of the organization. The motivation system must be tailored to the situation and to the organization. (Gill, 2000)

In one of the most elaborate studies on employee motivation, involving 31,000 men and 13,000 women, the Minneapolis gas company sought to determine what their potential employee's desire most from a job. This study was carried out during a 20 year period from 1945 to 1965 and was quite revealing. The ratings for the various factors differed only slightly between men and women, but both groups considered security as the highest rated

factor. The next three factors are advancement, type of work and employees pride to work for a company.

Surprisingly, factors such as pay benefits and working conditions were given a low rating by both groups. So that all and contrary to common belief money is not the prime motivator. (Casio, 1992)

### ***2.8 Creating employees awareness of the benefits.***

According to Casio (1992) employee benefits perform a very vital or important role in human resources management. For those benefits to have a major impact their determination should be well thought out and information about them should be as clearly stated as possible to all employees. Communication should be made to all employees regarding the intended changes and truthful to all employees.

The above literature review reveals significant roles of employee welfare services provision in an organization. However they lack adequate information to reveal to what extent the benefits will improve performance. This study therefore intends to find the extent to which the performance and to what extent the benefits contribute to the performance of the organization.

### ***2.9 Conceptual Framework***

The study is conceptualized on the basis of variables used in the study. The researcher used the variable elements to examine how they apply and impact on the performance of employees of Pan African Paper mills and Mumias Sugar Company.

The study assumes that organization growth and development is brought about by above standard performance of employees, which is influenced by a combination of various variables of motivation.

Their existence is applied and effect is illustrated in the Conceptual framework below. The motivation elements influence conceptual framework in the following manner.

# CONCEPTUAL FRAMEWORK

## Independent variables

The motivation element

- Car loans
- Housing
- School fees loan
- Staff transport
- Clean water
- Convenient places
- Healthcare facilities (e.g. Health centre, Dispensary, Medical allowances (medical insurance cover)
- Recreational facilities (e.g sports ground, Gymnasium, Social hall,
- Swimming pool)
- Cafeteria
- Canteen facilities

## Dependent variables

When applied to

### Management staff

- Human resource Manager
- Sales & marketing Manager
- Production Manager
- Operations Manager

### Subordinate staff

- Casual loader
- Drivers
- Supervisors
- Checkers
- Plant operators
- Technicians
- Machine operators
- Grounds man
- Cleaners

Effect is

Above  
standard  
performance

Organization growth  
and Development

## The motivation elements

### Independent Variables

- Car loans
- Housing
- School fees loan
- Staff transport
- Clean water
- Convenient places
- Healthcare facilities (e.g. health centers, dispensary, medical allowance, medical insurance cover )
- Recreational facilities(eg sports ground, gymnasium , social hall, swimming pool )
- Cafeteria
- Canteen facilities

## When applied to

### Dependent Variables

#### i) Management staff

- The human resource Manager
- Sales and marketing Manager
- Production Manager
- Operations Manager

#### ii) Subordinate staff

- Casual loaders
- Drivers
- Supervisors
- Checkers
- Plant operators
- Technicians
- Machine operators
- Grounds man

When independent variables are applied to dependent variables the effect is;

1. Above standard performance which leads to
2. Organization growth and development.

## **CHAPTER THREE: RESEARCH METHODOLOGY.**

### **3.0 Introduction**

The study investigated the effect of social welfare facilities provision by Pan Africa paper mills Webuye and Mumias Sugar Company, as it impacts on its employee motivation.

The chapter covers research design, the target population, sampling procedure, the instruments, data collecting procedure, data analysis and presentation.

### **3.1 Research design.**

The study is a descriptive survey of the effect of social welfare services, facilities, provision by Pan African paper mills and Mumias Sugar Company, to their employee motivation as the principal method of primary data collection. Primary data was obtained from the different categories of workers in the organization i.e. following the samples. Secondary data was obtained from both Published and Unpublished books.

The study used both qualitative and quantitative methods in collecting and analyzing data. The qualitative method relied on a question guide and interview schedules. The quantitative method relied on questionnaires and documentary analysis of the data that was collected from the field as articulated in the objectives.

### **3.2 Target population.**

A Pan-African paper mill has a total of one thousand five hundred employees or positions. There are four departments namely:

- i) Commercial which has a work-force of two hundred and twenty employees.
- ii) Processing department with a work-force of five hundred and twenty employees.
- iii) Engineering department with a work-force of five hundred and thirty employees.
- iv) Agro-forestry department with a work-force of one hundred and fifty employees.

The department is divided into sections. The sections determine their own human resource requirements.

### 3.3 Sample and sampling procedure.

The whole population of workers was stratified into the following classes/groups:

- i. Commercial Department – 245
- ii. Processing Department – 545
- iii. Engineering Department – 550
- iv. Agro-forestry Department - 160

For every class a sample of 10 % of the population was generated. Simple random was used/employed to generate the 10% sample of the classes.

|   | <b>Population per Department</b> | <b>Size</b>   | <b>Sample</b> | <b>%</b>  |
|---|----------------------------------|---------------|---------------|-----------|
| 1 | Commercial Department            | 245           | 25            | 10.2      |
| 2 | Processing Department            | 545           | 55            | 10.1      |
| 3 | Engineering Department           | 550           | 55            | 10        |
| 4 | Agro-forestry Department         | 160           | 15            | 9.4       |
|   | <b>Total</b>                     | <b>1, 500</b> | <b>150</b>    | <b>10</b> |

*Table 3.1: Departments and their establishments in Pan Paper*

*Source: (Pan Paper Journal)*

On the other hand Mumias Sugar Company has a total of 1,935 employees or established positions. The sugar company is headed by a managing director and has eight departments namely:

- Agriculture with a workforce of eight hundred and forty one.
- Factory with a workforce of six hundred and thirteen.
- Human resource with a workforce of one hundred and seventy four.
- Finance with workforce of two hundred and eight.
- Sales and marketing with a workforce of fifty five
- General management with a workforce of forty four.

|   | <b>DEPARTMENT</b>   | <b>SIZE</b> | <b>SAMPLE</b> | <b>%</b>  |
|---|---------------------|-------------|---------------|-----------|
| 1 | Agriculture         | 841         | 84            | 10        |
| 2 | Factory             | 613         | 6             | 10        |
| 3 | Human Resource      | 174         | 70            | 10        |
| 4 | Sales and Marketing | 55          | 6             | 10        |
| 5 | General Management  | 44          | 4             | 10        |
| 6 | Finance             | 208         | 21            | 10        |
|   | <b>Total</b>        | <b>1935</b> | <b>193</b>    | <b>10</b> |

*Table 3.2: Departments and their establishments in Mumias Sugar Company*

*Source: (Musco Journal)*

Out of the above, the number that was used was limited to questionnaire as per department as follows:

|   | <b>DEPARTMENT</b>   | <b>SIZE</b> | <b>SAMPLE</b> | <b>%</b>  |
|---|---------------------|-------------|---------------|-----------|
| 1 | Agriculture         | 218         | 22            | 10        |
| 2 | Factory             | 111         | 11            | 10        |
| 3 | Human Resource      | 120         | 12            | 10        |
| 4 | Sales and Marketing | 39          | 4             | 10        |
| 5 | General Management  | 32          | 3             | 10        |
| 6 | Finance             | 171         | 17            | 10        |
|   | <b>Total</b>        | <b>691</b>  | <b>69</b>     | <b>10</b> |

*Table 3.3: Sample size of population utilized in the study*

*Source: (Musco Journal)*

### **3.4 Research instruments.**

The study used questionnaires and interviews schedule.

### **3.4.1 Questionnaire**

The questionnaire was administered to the sampled out classes. The questionnaires were given out and collected after three weeks. The time enabled the respondents to reflect and internalize each question before they gave an answer to it.

### **3.4.2 Nature and sources of data.**

The study used mainly primary data. The primary data was obtained from the field through means of questionnaires and interview schedules. The questionnaire was administered to the employees/workers in the organization, after stratifying the entire population to come up with categories or groups. Interviews were used or carried out where the category of workers had a problem with the language used in the questionnaire. The researcher also organized to meet heads of departments of the organization to conduct interviews. This made use of guiding questions on services provision by the organization. All data collected using various instruments was coded, recorded and analyzed.

### **3.4.3 Interviews.**

This was administered to part of senior management to get more information over what questionnaires could give. Interviews were also used for workers of the lower cadre who were either illiterate or semi-illiterate to understand the information and language in the questionnaire.

Interviews were also used because respondents were to be allowed time to reflect on the question.

### **3.4.4 Pre testing the instruments.**

The instruments used in the data collection were pre - tested before the actual data collection took place.

According to Mugenda and Mugenda, (1999) the purpose of pre testing the instruments is to ensure that the items in the instruments are stated clearly and have the same meaning to all

respondents. They further argue that it is during the pre-testing of the instruments that the researcher is able to assess the clarity of the instruments. They recommend that the information obtained during pre-testing should be used to revise the instruments. The instruments should be tested on the actual area of study by taking some individuals randomly from the target population. Necessary changes to the instruments will be effected to make them reliable in the actual data collection. This will ensure validity.

### **3.5 Method of data analysis.**

All the data was collected by multiple qualitative and quantitative data collection methods as described above. It was consolidated and treated as raw data for the purpose of analyzing. Therefore the data collected using the interview schedules was pre-coded and coded into themes and analyzed through descriptive analysis. The data, which was obtained from questionnaires, was pre-coded, hence, the researcher coded and subjected it to descriptive analysis and interpretation. Using descriptive statistics, data from observation check list was also coded for analysis. Then further analysis was done on the findings with guidance of the research questions and study objectives.

## **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION**

### **4.1.0 Overview**

This chapter reviews the feed back from respondents and analysis of the data collected. It also discusses the findings of the study carried out basing on the following research questions:

1. What types of social welfare facilities does the organization provide to its employees?
2. How do employees rate the facilities provided by the organization?
3. To what extent do these social welfare facilities impact on employee motivation?
4. What is the workers response on the provision of these facilities by the organization?
5. Which of these facilities can be retained, improved upon or eliminated?
6. How is this motivation technique used as a policy to determine employee performance in an organization?
7. What economic gains are realized by employees through provision of these facilities?

The study was divided into two main sections of data analysis namely;

1. Employees – questionnaires
2. Management – questionnaires and interviews

### **SECTION ONE: EMPLOYEES DATA**

#### **4.1.1 An overview of the data collected**

One hundred and sixty questionnaires were issued with the help and guidance of the human resource / personnel department to employees in different departments of the two organizations, Mumias sugar company- sixty (60) questionnaires and Pan African paper mills- one hundred (100) questionnaires, making up the sample study.

Out of these totals forty eight (48) questionnaires were completed and returned by Mumias, making 80% of the total of sixty. Sixty four (64) questionnaires were completed and returned by Pan African paper mills, making 64% of the total.

The two percentages were adequate for researcher, to carry out analysis and draw conclusions that were a good representative of the of the respondents' feelings and the following data was collected. The data analysis was classified according to research questions/questionnaires.

#### 4.1.2 Demographic information of the respondents

| <b>MUMIAS SUGAR COMPANY</b> |                  |                   |                    | <b>PAN AFRICAN PAPER MILLS</b> |                   |                   |
|-----------------------------|------------------|-------------------|--------------------|--------------------------------|-------------------|-------------------|
| <b>Gender</b>               | <b>Frequency</b> | <b>Percentage</b> | <b>Cumulative%</b> | <b>frequency</b>               | <b>percentage</b> | <b>cumulative</b> |
| <b>Male</b>                 | 33               | 68.75             | 68.75              | 42                             | 70                | 70                |
| <b>Female</b>               | 15               | 31.25             | 100                | 18                             | 30                | 100               |
| <b>TOTAL</b>                | <b>48</b>        | <b>100</b>        |                    | <b>60</b>                      | <b>100</b>        |                   |

*Table 4.1: Demographic information on respondents*

In Mumias Sugar Company; 68.75% of the respondents were males and 31.25% were females.

In Pan African paper mills; 70% of the respondents were males and 30% percentage were females.

#### 4.1.3. Types of social welfare facilities provided by the two organizations

From the responses in the two organizations, it is evident that the following social welfare facilities are provided.

| <i>MUMIAS SUGAR COMPANY</i> |                              | <i>PAN PAPER</i> |                              |
|-----------------------------|------------------------------|------------------|------------------------------|
| 1                           | Car Loans                    | 1                | Car Loans                    |
| 2                           | School fees loans            | 2                | Staff housing                |
| 3                           | Staff housing                | 3                | Staff transport              |
| 4                           | Staff transport              | 4                | Healthcare facilities        |
| 5                           | Healthcare facilities        | 5                | Recreational facilities      |
| 6                           | Canteen facilities           | 6                | Canteen facilities           |
| 7                           | Recreational facilities      | 7                | Clean water                  |
| 8                           | Clean water                  | 8                | Educational facilities       |
| 9                           | SACCO societies              | 9                | Employee training programmes |
| 10                          | Protective clothing at work  | 10               | First Aid facilities         |
| 11                          | Educational facilities       |                  |                              |
| 12                          | Employee training programmes |                  |                              |
| 13                          | Bicycle loans                |                  |                              |
| 14                          | First Aid facilities         |                  |                              |

**Table 4.2: types of social welfare facilities provided by the two organizations**

#### 4.1.3 Social welfare facilities provided by the organizations according to the factory Act includes,

| <i>MUMIAS SUGAR COMPANY</i> |                          | <i>PAN PAPER</i> |                      |
|-----------------------------|--------------------------|------------------|----------------------|
| 1                           | Staff housing            | 1                | Staff housing        |
| 2                           | Clean water              | 2                | Clean water          |
| 3                           | Canteen facilities       | 3                | Canteen facilities   |
| 4                           | Protective clothing/gear | 4                | First aid facilities |
| 5                           | First aid facilities     |                  |                      |

**Table 4.3: Facilities provided according to factories Act.**

Table 4.3: Facilities provided according to factories Act.

Health facilities include health centre, dispensaries, medical allowance, health insurance (NHIF)

Recreation facilities include, sports ground, gymnasium, swimming pool, Social hall e.t.c.

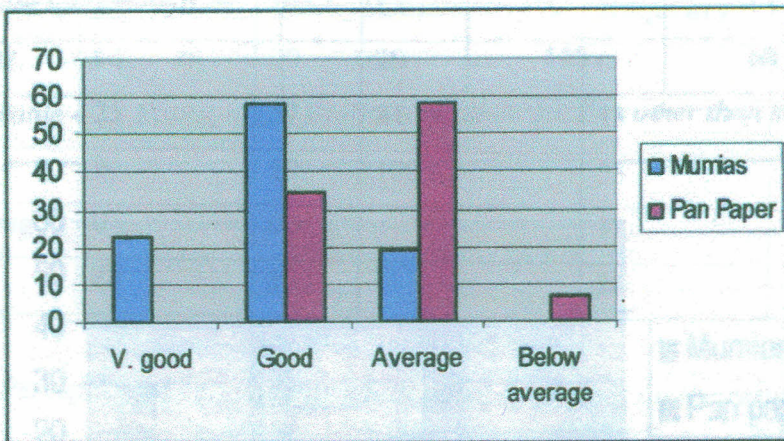
#### 4.5 Rating of the facilities

(Q) In your own view, how do you rate the provision of Social Welfare facilities by your organization?

| <i>MUMIAS SUGAR COMPANY</i> |           |            | <i>PAN PAPER</i> |           |            |            |
|-----------------------------|-----------|------------|------------------|-----------|------------|------------|
|                             | Frequency | %          | Cumulative %     | frequency | %          | cumulative |
| <b>Very good</b>            | 11        | 23         | 23               | -         | -          | -          |
| <b>Good</b>                 | 28        | 58         | 81               | 21        | 35         | 35         |
| <b>Average</b>              | 9         | 19         | 100              | 35        | 58         | 93         |
| <b>Below average</b>        | -         | -          |                  | 4         | 7          | 100        |
| <b>TOTAL</b>                | <b>48</b> | <b>100</b> |                  | <b>60</b> | <b>100</b> |            |

Table 4.4: Rating of social welfare facilities provision

Graph



Graph 4.1 Rating of social welfare facilities provision

The results of the above survey indicates that

In Mumias;

- i. 23% rated the provisions as very good
- ii. 58% rated the provisions as good
- iii. 19% rated the provisions as average

In Pan Paper;

- i. 35% rated the provisions as good
- ii. 58% rated the provisions as average
- iii. 7% rated the provisions as below average

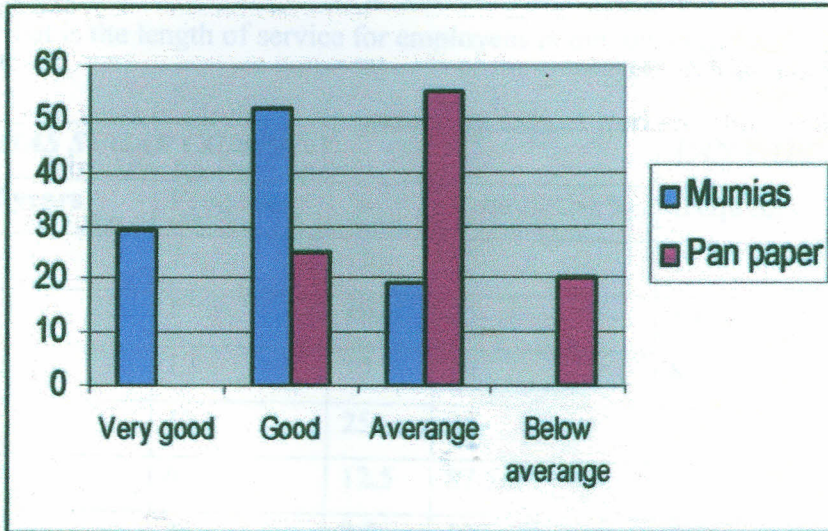
Reasons given for the above response

- i) Local comparison with other organizations.
- ii) Retention of most workers in the organization for a long time.
- iii) Some facilities are not for every one in the organization e.g. Car loans.

**4.1.6 Perception of the respondents about other employees' rating of the facilities provided**

| <b>MUMIAS SUGAR COMPANY</b> |                  |            |                    | <b>PAN PAPER</b> |            |                   |
|-----------------------------|------------------|------------|--------------------|------------------|------------|-------------------|
|                             | <b>Frequency</b> | <b>%</b>   | <b>Cumulative%</b> | <b>frequency</b> | <b>%</b>   | <b>cumulative</b> |
| <b>Very good</b>            | 14               | 29         | 29                 | 0                | 0          | -                 |
| <b>Good</b>                 | 25               | 52         | 81                 | 15               | 25         | 25                |
| <b>Average</b>              | 9                | 19         | 100                | 33               | 55         | 80                |
| <b>Below average</b>        | 0                | 0          |                    | 12               | 20         | 100               |
| <b>TOTAL</b>                | <b>48</b>        | <b>100</b> |                    | <b>16</b>        | <b>100</b> |                   |

**Table 4.5: Perception of respondents about other employees on the rating of the facilities provided.**



**Graph 4.2 showing perception of respondents about other workers rating the provisions**

The results of the above survey indicate that

**In Mumias**

- i. 29% rated the provisions as very good.
  - ii. 52% rated the provisions as good.
  - iii. 19% rated the provisions as average.
- No response for below average

**In Pan paper**

- i. 25% rated the provisions as good
  - ii. 55% rated the provisions as average.
  - iii. 20% rated the provisions as below average
- 12% rated the provision as below average.

#### 4.1.7 Employees length of service.

(Q) What is the length of service for employees in the two organizations?

| <b>MUMIAS SUGAR COMPANY</b> |                  |            |                    | <b>PAN PAPER</b> |            |                   |
|-----------------------------|------------------|------------|--------------------|------------------|------------|-------------------|
| <b>No of years</b>          | <b>Frequency</b> | <b>%</b>   | <b>Cumulative%</b> | <b>frequency</b> | <b>%</b>   | <b>cumulative</b> |
| 1 - 5                       | 7                | 15         | 15                 | 12               | 20         | 20                |
| 6-10                        | 5                | 10         | 25                 | 16               | 27         | 47                |
| 11-15                       | 12               | 25         | 50                 | 8                | 13         | 60                |
| 16-20                       | 12               | 25         | 75                 | 14               | 23         | 83                |
| 21-25                       | 6                | 12.5       | 87.5               | 2                | 3.3        | 86.3              |
| 26-30                       | 4                | 8.3        | 100                | 8                | 13.7       | 100               |
| 31-35                       | -                | -          |                    | -                | -          |                   |
| <b>Total</b>                | <b>48</b>        | <b>100</b> |                    | <b>60</b>        | <b>100</b> |                   |

**Table 4.6: Employee's length of service**

The above survey indicates that

- i. 11 –15 years of service represent 25% of the employees in Mumias and 13% in Pan Paper.
- ii. 16 – 20 years of service is represented by 25% of workers which is the highest for Mumias and by 23% for Pan Paper
- iii. 6– 10 years of service is the highest for Pan Paper.

#### 4.1.8 Facilities that are inevitable in the views of the respondents

(Q) Which of the social welfare facilities provided are inevitable? i.e. can't be avoided.

|    |                         | MUMIAS    |        |      | PAN PAPER |        |      |
|----|-------------------------|-----------|--------|------|-----------|--------|------|
|    |                         | Frequency | Totals | %    | Frequency | Totals | %    |
| 1  | Car loans               | 5         | 48     | 42   | 4         | 60     | 6.6  |
| 2  | Housing                 | 41        | 48     | 85.4 | 44        | 60     | 73   |
| 3  | School fees loan        | 40        | 48     | 83   | 43        | 60     | 72   |
| 4  | Staff transport         | 22        | 48     | 46   | 26        | 60     | 43   |
| 5  | Clean water             | 33        | 48     | 69   | 41        | 60     | 68   |
| 6  | Convenient places       | 22        | 48     | 46   | 18        | 60     | 30   |
| 7  | Health care facilities  | 40        | 48     | 83   | 46        | 60     | 76   |
| 8  | Recreational facilities | 31        | 48     | 65   | 26        | 60     | 44.3 |
| 9  | Cafeteria               | 17        | 48     | 35   | 16        | 60     | 26.6 |
| 10 | Canteen                 | 24        | 48     | 50   | 22        | 60     | 36.6 |

**Table 4.7: Inevitable facilities**

The above survey indicates that:

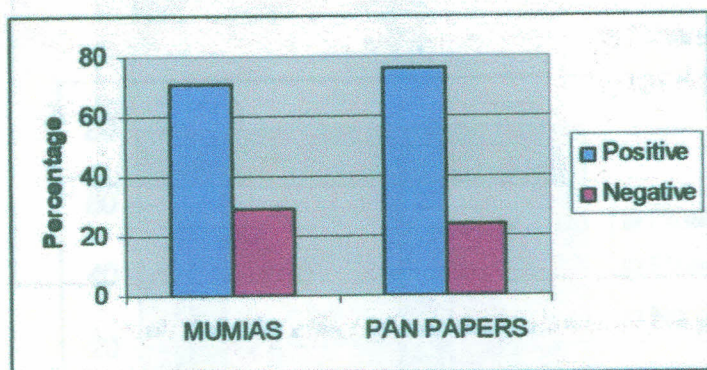
In Mumias company, housing 85.4%, Clean water 69%, Health care facilities 83% school fees loan, 83% and Recreation 65% are considered the most inevitable.

In Pan paper, housing 73%, Clean water 68%, Health care facilities 76% and school fees loan 72% are the most inevitable.

(Q) Do these facilities have a positive or a negative impact on your earnings from the organization?

| <b>MUMIAS SUGAR COMPANY</b> |                  |          | <b>PAN PAPER</b> |          |
|-----------------------------|------------------|----------|------------------|----------|
|                             | <b>Frequency</b> | <b>%</b> | <b>frequency</b> | <b>%</b> |
| <b>Positive</b>             | 34               | 71       | 46               | 76       |
| <b>Negative</b>             | 14               | 29       | 14               | 24       |
| <b>Total</b>                | 48               | 100      | 60               | 100      |

**Table 4.8: Impact of social welfare facilities on employee earnings**



**Graph 4.3: Impact of social welfare facilities on employee earnings.**

In both organizations the facilities have a positive impact on employee's income.

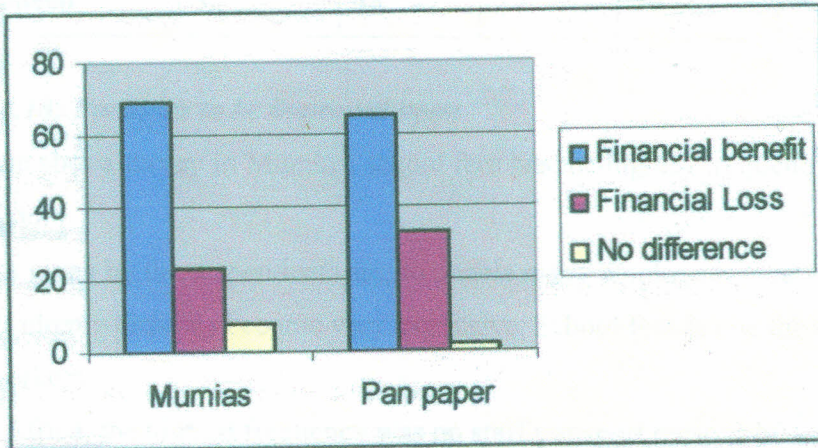
Reasons given;

Money that could have been used to meet these facilities from the employees from the employee's salary can be used for other expenditure or investment.

Q. If you were given monetary allowances to meet these facilities on your own what effect would that have on your earnings

|                          | <i>MUMIAS</i> |     | <i>PANPAPER</i> |     |
|--------------------------|---------------|-----|-----------------|-----|
|                          | Frequency     | %   | frequency       | %   |
| <b>Financial loss</b>    | 33            | 69  | 39              | 65  |
| <b>Financial benefit</b> | 11            | 23  | 20              | 33  |
| <b>No difference</b>     | 4             | 8   | 1               | 2   |
| <b>totals</b>            | 48            | 100 | 60              | 100 |

Table 4.9 : The effect of monetary allowances over provision physical facilities.



Graph 4.4: The effect of monetary allowances over provision physical facilities.

Explanation; Market rates for these facilities could be so high. The company gives free or subsidized rates.

**4.1.10 Facilities to be improved upon.**

(Q) In your own words which facilities would you like to be improved upon?

|   |                   | MUMIAS    |        |       | PAN PAPER |        |      |
|---|-------------------|-----------|--------|-------|-----------|--------|------|
|   |                   | Frequency | Totals | %     | Frequency | Totals | %    |
| 1 | Car loans         | 18        | 48     | 37.5  | 10        | 60     | 16.6 |
| 2 | School fee loan   | 32        | 48     | 68.75 | 18        | 60     | 30   |
| 3 | Staff transport   | 14        | 48     | 29    | 31        | 60     | 56   |
| 4 | Clean water       | 24        | 48     | 50    | 28        | 60     | 46.6 |
| 5 | Convenient places | 25        | 48     | 52    | 14        | 60     | 23.3 |
| 6 | Recreation        | 32        | 48     | 66    | 28        | 60     | 46.6 |
| 7 | canteen           | 35        | 48     | 52    | 30        | 60     | 50   |

**Table 4.10: Facilities to be improved upon**

From the above survey In Mumias, school fees has the highest frequency 68.7% followed by recreation.

Reasons given by the respondents are; to enable many employees meet the education cost of their children which has become very expensive. School fees is one the biggest burdens for most workers

In Pan Africa, the highest frequency was on staff transport reasons by the respondents were improvement should be made for the facility to be enjoyed at all levels and not selectively.

Most staff employees are in need of this facility because it is very expensive and it is

In Pan Paper, the facility is provided for employees by the company. The facility is

loan 34.8% and recreation 24.7%

Reasons for recreation are; all other facilities are very expensive and it is

car loans and staff transport. Management only provides it for some employees. The facility is not available for all employees.

**4.1.11 Financial benefits/Economic relief**

#### 4.1.11 Facilities to be eliminated

(Q) In your opinion which facilities would you like to be eliminated?

| <i>MUMIAS</i> |                            |           |      |            | <i>PAN PAPER</i> |      |            |
|---------------|----------------------------|-----------|------|------------|------------------|------|------------|
|               |                            | Frequency | %    | cumulative | Frequency        | %    | cumulative |
| 1             | Car loans                  | 20        | 23   | 23         | 22               | 15.6 | 15.6       |
| 2             | School fees<br>loan        | 16        | 18.3 | 41.3       | 2                | 3.1  | 18.7       |
| 3             | Staff<br>transport         | 24        | 27.5 | 68.8       | 14               | 22   | 40.7       |
| 4             | Clean water                | 04        | 4.6  | 73.4       | 8                | 12.5 | 53.2       |
| 5             | Convenient<br>places       | -         | -    | -          | 22               | 34.3 | 87.5       |
| 6             | Recreational<br>facilities | 11        | 12.6 | 86.2       | 8                | 12.5 | 100        |
| 7             | Canteen                    | 12        | 13.8 | 100        | 25               | 38   | -          |
|               | Totals                     | 87        | 100  |            | 64               | 100  |            |

**Table 4.11: Facilities to be eliminated**

From the above survey the facilities recommended for elimination is the staff transport 27.5 % followed by car loan 23% in Mumias.

Reasons given

Car loans is a preserve of only a few (management), not all categories of staff enjoy

Most staff members are housed within the company hence does not require staff transport

In Pan Paper; the facilities recommended for elimination by majority of workers is the car loan 34.6% and convenient places 34.3%.

Reasons for the responses were; all other facilities are inevitable, cannot be avoided.

Car loan is selectively given to management only. majority of the workers have no business to do with it

#### 4.1.12 Financial benefits/Economic relief.

(Q) Do you get any financial economic relief or gains/ benefits out of the facilities produced by your organization?

|              | <b>MUMIAS</b>    |          |                   | <b>PAN PAPER</b> |          |                   |
|--------------|------------------|----------|-------------------|------------------|----------|-------------------|
|              | <b>Frequency</b> | <b>%</b> | <b>cumulative</b> | <b>Frequency</b> | <b>%</b> | <b>cumulative</b> |
| <b>Yes</b>   | 30               | 62.5     | 45                | 45               | 75       | 75                |
| <b>48</b>    | 18               | 37.5     | 15                | 15               | 25       | 100               |
| <b>TOTAL</b> | 48               | 100      | 60                | 60               | 100      |                   |

**Table 4.12: Impact of the facilities on financial relief**

*General reasons given for both Pan Paper and Mumias*

The provision relieves workers the financial burden they would have spent on the same, therefore helping them save on their earnings.

Housing is very expensive as per the market rates but the companies provide them free or at a subsidized rate, this is a financial benefit to the workers

#### **4.1.13 Impact of the facilities on employee earnings**

**(Q) Which facilities could have a heavy economic impact on employee's earnings if withdrawn?**

**Response;** Health care facilities and housing are basic requirements.

**Reasons;** The cost of both facilities outside the companies is very expensive, since they are offered at the market rates. The company provides them free or at subsidized rates.

**4.1.14 Effects of the facilities on employee attitudes towards work.**

**(Q) According to you what effects do these facilities have on your attitude towards work in your organization?**

|   | <b>MUMIAS</b>    |          | <b>PAN PAPER</b> |          |
|---|------------------|----------|------------------|----------|
|   | <b>Frequency</b> | <b>%</b> | <b>Frequency</b> | <b>%</b> |
| <b>Makes you very motivated to work</b> | 32               | 66.6     | 40               | 66.6     |
| <b>Makes you less motivated to work</b> | 05               | 10.4     | 0.4              | 6.6      |
| <b>Makes no difference</b>              | 11               | 23       | 16               | 26.6     |
| <b>Totals</b>                           | 48               | 100      | 60               | 100      |

**Table 4.13: Effects of the provision on employee attitude**

In Mumias, the above survey reveals that 67% of the workers are very positively inspired to work due to provision of the facilities, 10% are less inspired while 23% experience no difference.

In Pan Paper, the above survey reveals that; 67% are positively inspired to work, 6% are less inspired, 27% experience no difference

**4.1.15 The perception of respondents about other employees on the effects of the facilities towards their attitude to work.**

**(Q) What do other employees other than the respondents say about the effect of these facilities on their attitudes?**

|                                 | <b>MUMIAS</b>    |          |                   | <b>PAN PAPER</b> |          |                   |
|---------------------------------|------------------|----------|-------------------|------------------|----------|-------------------|
|                                 | <b>Frequency</b> | <b>%</b> | <b>cumulative</b> | <b>Frequency</b> | <b>%</b> | <b>cumulative</b> |
| <b>Makes them inspired</b>      | 30               | 62.5     | 62.5              | 34               | 57       | 57                |
| <b>Makes them less inspired</b> | 04               | 8.3      | 70.8              | 14               | 23       | 80                |
| <b>Makes no difference</b>      | 14               | 29.2     | 100               | 12               | 20       | 100               |
|                                 | 48               | 100      |                   | 60               | 100      |                   |

**Table 4.14: Perception of respondents about other employees on the effects of the**

### ***facilities towards their attitude to work***

In Mumias the above survey reveals that 63% of the employees other than the respondents are very positively inspired by the provision of the facilities 8% are less inspired and 29% experience no difference.

In Pan Paper, 57% are positively inspired, 23% are less inspired and 20% Experience no difference

#### ***4.1.16 Changes or improvement to be made by the organization on the provisions.***

***(Q) Are there any changes or improvements you suggest to be done by other organizations providing the same facilities?***

Responses in Pan Paper reveal that water, canteen facilities and health care facilities are uniform for all workers, but in other provisions like housing, school fees loans, car loans are given according to employee job groups.

Facilities affecting majority of workers should be improved or increased in supply and further subsidized that is housing, school fees loans, water and health facilities.

In Mumias facilities affecting majority workers should be improved or increased in supply they include housing, school fees loan, water and health facilities.

#### ***4.1.17 Terms of Provision.***

***(Q) Are the provisions according to job groups or flat rate?***

In both Mumias and pan paper facilities are provided according to job groups.

Medical care, Water and Canteen facilities are uniform for both management and union is able employees.

(Q) If according to job groups is the provision fair in your own opinion are the employees receiving a fair share of the provision as per the level or grade of the job group?

|              | <b>MUMIAS</b>    |          |                   | <b>PAN PAPER</b> |          |                   |
|--------------|------------------|----------|-------------------|------------------|----------|-------------------|
|              | <b>Frequency</b> | <b>%</b> | <b>cumulative</b> | <b>Frequency</b> | <b>%</b> | <b>cumulative</b> |
| <b>Yes</b>   | 33               | 69       | 69                | 28               | 47       | 47                |
| <b>48</b>    | 15               | 31       | 100               | 32               | 53       | 100               |
| <b>TOTAL</b> | 48               | 100      |                   | 60               | 100      |                   |

**Table 4.15: Rating of the provisions**

In Mumias provisions are determined by the structure of the organization. From this context, for unionisable workers, issues are progressed as per the collective bargaining CBA while management issues are negotiated mostly on one to one basis (terms and conditions of employment)

The higher you go the more the improved benefits you receive. This follows the structure of any organization.

Gaps between unionisable employees and management are very large.

Most workers in Mumias are happy with their levels in terms of provisions and the provisions should not be pegged on job groups alone. Extreme differences should be harmonized.

In pan paper the provisions are not fair. As magnitude increases with seniority.

Lower cadre employees meet most costs on their own e.g. housing

Promotion is a dream in pan paper as some of them say.

Management category has by far better provisions than unionisable staff.

## **SECTION TWO : MANAGEMENT DATA**

### **DATA ANALYSIS FOR INTERVIEWS CONDUCTED ON MANAGEMENT.**

#### **4.2.0 Management policies on facility provision.**

The following were the responses and results of the interview carried out on the management.

#### **4.2.1 (Q) What policies are put in place for the provision of social welfare facilities by the organization?**

##### **Pan Paper**

Welfare policies cover both requirements from the factory Act and from the organizations own policies on housing, health care, clean water and car loans for management.

##### **Mumias**

Organizational policies clearly define that, welfare facilities are provided according to job groups. Essential basic facilities like clean water, health services, housing are provided on flat rate i.e. not according to job group.

#### **4.2.2 (Q) If the facilities are given according to groups, which category takes the largest share of the organization finances?**

##### **Response: Pan Paper**

Department of Management

Senior management

Junior management

##### **Response: Mumias**

Senior management

middle management

**4.2.3 (Q) Roughly what percentage of the organization finance is used to finance these facilities?**

Response; (a) Pan paper- 0-25%

(b) Mumias - 0-25%

**4.2.4(Q) What are the organizations objectives in providing these social welfare facilities?**

Response; Pan paper

Employee motivation to achieve job satisfaction

To ensure employees are comfortably satisfied and have a piece of mind to enhance production.

Attract and retain high motivated staff.

Mumias

To help the employee meet company objectives by support on basic wants.

To help retain employees in the organisation by having them satisfied.

To enhance employee motivation aimed at steering their productivity.

**4.2.5(Q) Is it economical for the company to spend on providing these facilities?**

**Response; Pan paper**

Yes

Explanation

Retains employees on employment

Company benefits on long term experience of employee

Motivates and enhance employee productivity

Socially acceptable – citizen should give his employees packs that enhance corporate image.

Mumias

Yes

Explanation

Retention of staff is critical to achievement of organization objectives.

Retention enables a company or organization to benefit from long experienced staff.

A well motivated employee enhances his productivity.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1.0 Overview.**

The chapter mainly gives a summary of the findings of the study in light of the objectives set forth in chapter one. In addition, this chapter discusses the recommendations and limitations of the study and suggested areas of further research.

### **5.1.1 Objectives of the study**

This study sought to achieve the following objectives.

- i. To identify the type of social welfare facilities provided by Pan African Paper Mills – Webuye and Mumias Sugar Company and how they impact on employee motivation.
- ii. To establish how employees rate the facilities provided by the organization.
- iii. To establish the extent to which these (motivation elements) social welfare facilities provided by the organizations impact on motivation of employees.
- iv. Find out workers' responses to the organization's provision of these social welfare facilities.
- v. To establish which facilities can be retained, improved upon or eliminated.
- vi. To establish employee economic gains through provision of these facilities.
- vii. To establish how this motivation technique is used as a policy to determine employee performance in the organization.

### **5.1.2 Types of social welfare facilities provided by the two organizations.**

From the responses in the two organizations, it is evident that the social welfare facilities provided by the organization according to the factories act include staff housing, clean water, health care, canteen facilities, protective clothing and first aid facilities. Those provided by the organization out of its own motivation policies include car loans, school fees loans. SACCO Societies, educational facilities, staff transport, employee training programmes, recreation facilities for example sports ground, gymnasium, swimming pool, social halls e.t.c. health facilities include health centres, dispensaries, medical allowance, health insurance schemes (NHIF).

The findings of the study show that Mumias sugar company has better and a wider variety of social welfare provisions than Pan African paper mills and that workers/employees of Mumias sugar company give a higher rating to the provisions of the facilities provided by their company (81% cumulative rating as either very good or good) as compared to the rating of workers in Pan African paper mills (35% good and 58% average.).

In addition, survey on other workers/employees through the perception of respondents revealed that 29-52% of workers in Mumias rate the facilities as very good or good where as workers in Pan Paper 0-25% rates the facilities as good.

In Pan Paper 20% rated the facilities as below average while in Mumias no response was made for below average. This implies that Pan Paper scores far much below Mumias in provision of social welfare facilities. Mumias has higher rating.

Reasons given for the above responses included local comparison with other organizations, retention of most workers in the organization for a long time and some facilities are not entitled to every one in the organization for example car loans.

### ***5.1.3 Employees length of service/employee retention***

Employees' length of service is a clear indicator or yardstick to job satisfaction.

- 11 – 15 years of service is represented by 25% of workers in Mumias and 13% in Pan paper
- 16-20 years of service is represented by 25% in Mumias and 23% in Pan African Paper Mills.
- 21 – 25 years of service is represented by 12.5% in Mumias and 3.3 for Pan Paper.
- The highest frequency for Pan Paper is 6-10 represented by 27%.

The above survey reveals that Mumias has a higher degree of employee retention compared to Pan African paper. This indicates that job satisfaction is higher in Mumias compared to pan paper. This is backed by the earlier revelation that rating of provisions of welfare facilities is higher in Mumias than Pan Paper.

Employee retention is a big asset to the organization. This concludes that Mumias Sugar Company has a higher rate of employee retention compared to Pan Paper. However, the margin is not so big and that Pan Paper also shows long service for employees e.g. 26-30 13.7% compared to 8.3% for Mumias. One of the major factors behind employee retention is the motivation element which achieves job satisfaction.

Employee retention enables the organization to benefit from long experienced staff. This enhances efficiency and hence productivity. In addition a satisfied employee is more productive than an unsatisfied employee.

#### ***5.1.4 Inevitable facilities***

The study shows that employees in the two organizations observe that inevitable facilities which can't be avoided in the two organizations are; housing represented by 85.4% for Mumias and 73% for Pan Paper. Clean water 69% for Mumias and 68% for Pan paper. Health care facilities 83% for Mumias and 76% for Pan paper.

These are basic provisions or facilities which are a necessity. Health care facilities include dispensaries, health centres, medical allowances, and medical health insurance scheme (NHIF).

Housing includes both company houses or house allowance given on monthly basis. Inevitable facilities are used by every employee regardless of status or grade.

#### ***5.1.5 The impact of social welfare facilities on employees' earnings from the organization.***

The study investigated whether the facilities provided have a positive or negative impact on their earnings. The survey revealed that positive responses represented 71% for Mumias and 76% for pan paper. Hence in both organizations the facilities have a positive impact on employee's income.

Reasons given by respondents were:

- Money that could have been used to meet these facilities from employees' salary can be used for other expenditure or investment.
- Since the provisions are provided free or subsidized, it would be very expensive for employees to meet them on market rates which are very expensive.
- The provisions relieve workers the financial burden they would have spent on the same facilities, therefore helping them save on their earnings. For example, housing and healthcare facilities are very expensive on market rates but the companies provide them free or at subsidized rates.

#### ***5.1.6 Comparisons between provision of social welfare facilities and monetary allowances***

The survey investigated the effect of monetary allowance over physical facilities provision on employee earnings. According to the survey 69% in Mumias and 65% in pan paper state that monetary allowance in place of the provision of the facilities is a financial loss.

Reasons given were: market rates for these facilities could be so high. The organizations give free or subsidized rates.

#### ***5.1.7 Effects of the facilities on employee attitudes towards work***

The study reveals that the provisions arouse positive attitude towards work among the employees in the two organizations (67% frequency for both) Positive altitude towards work is a strong motivation element that enhances productivity among workers.

The study also reveals that employees in Pan Paper are dissatisfied with promotion policies. Most employees remain on the same grade for years or even retire on the same grade. Promotion is a dream as some of them say. This demoralizes the employee attitude towards work. Positive attitude towards work enhances job satisfaction and employee retention.

#### ***5.1.8 Facilities to be eliminated***

The study also shows that majority employees from the two organizations recommend the elimination of the following;

In Mumias

- Car loans - 23%, which is a preserve of only a few (management). Not all categories enjoy the facility.
- Staff transport - 27.7%, majority of workers are housed within the company hence do not require staff transport.

#### In Pan Paper

- Car loans - 34.6%, a preserve for few (management few). Majority of workers have no business with it.
- Convenient places - 34.3%, not very necessary as majority of workers are men as compared to women. The facilities take a major share of the company's resources as they are expensive.

#### ***5.1.9 Facilities to be improved upon***

The study in both organizations reveals that facilities affecting majority of employees like housing, school fees loans, water and Health facilities should b improved upon or increased in supply and further subsidized.

Reasons given include;

- Housing is the most basic requirement for all employees.
- School fees ranging from primary, secondary, college to university education is increasingly rising as much as employee's children need more education. Many employees are also furthering their education and they need the loans.
- Health care is equally a basic necessity as it ensures good health of employees and their families. A healthy worker is more productive.

The study also reveals that employees in pan paper are dissatisfied with promotion policies. Most employees remain on the same grade for years or even retire on the same grade they were employed. Promotion is a dream as some of them say. Hence pan paper should improve on its promotion policies.

### ***5.1.10 Management policies and techniques of motivation in provision of social welfare facilities in the two organization***

Interviews conducted on management revealed the following in both organizations.

- Welfare policies cover both requirements from the factory Act and from the organization's own policies on Housing, Health Care, Clean Water and Car Loans for Management.
- Organization policies clearly define that welfare facilities are provided according to job groups.
- Essential basic facilities like Clean water, Health Services, Housing are provided on flat rating as a motivation to all staff members.
- The largest share of the organization finances in provision of these facilities is allocated to management staff both senior and junior as they are charged with the responsibilities of steering or enhancing productivity of workers.
- The percentage of organization finances used to finance these facilities is approximately 25% for both organizations.

### ***5.1.11 Organization objectives in providing these social welfare facilities***

***Response from management was as follows;***

In Pan Paper

- To ensure employee motivation to achieve job satisfaction
- To ensure employees are comfortably satisfied and have a piece of mind to enhance production.
- To attract and retain high motivated staff.

In Mumias

- To help the employee meet company objectives by support on basic wants.
- To help retain employees in the organization by having them satisfied.
- To enhance employee motivation aimed at steering their productivity.

**5.1.12 Economical impact on providing these social welfare facilities by the organization according to response from management;**

In Pan paper Provision of social welfare facilities;

- Retains employees longer in the organization.
- The company benefits on long term experience of employee
- Motivates and enhance employee productivity
- Socially acceptable – citizen should give his employees packs that enhance corporate image.

In Mumias

- Retention of staff is critical to achievement of organization objectives.
- Retention enables a company or organization to benefit from long experienced staff.
- A well motivated employee enhances his productivity.

**5.2 Recommendations.**

On the basis of the above findings a number of recommendations can be made.

1 Both Pan Africa paper mills and Mumias Sugar company provide social welfare facilities according to both factory Act and out of the organization's own motivation policies. Pan paper mills should step up and improve on provision of its social, welfare facilities as its rating fall below that of Mumias which is clearly shown by the responses in the two organizations. More so, responses from Pan Paper indicated wide gaps between categories of employees in terms of the provisions. Complains of the lower (unionisable workers) cadre receiving low quality provisions and management receiving high quality and high cost provisions is unfair. Pan paper should address this issue.

The provisions should be harmonized so that each category to receive fair provisions as per their categories like in the sister organization.

The wide gaps should be drastically reduced and extreme differences to be harmonized.

2. On the rating of the facilities, employees in Mumias give a higher rating of the facilities provided by the organization. 81% as very good and good compared to Pan paper

35% as good. 7% in Pan paper, rated the facilities as below average. Rating of the facilities by other workers other than respondents through the respondents perception, revealed that 81% rated very good and good. In Mumias 25% rated good. For Pan paper 20% rated the facilities as below average. This implies that provisions for Pan paper are poor and appalling compared to Mumias. This can likely cause industrial action hence a strong recommendation is made for Pan paper to improve drastically on its provisions.

3 Employees length of service is a clear indicator of job satisfaction and employee retention. Mumias scores highly in this area than Pan paper as responses reveal. To retain employees longer on the job, It is recommend that Pan paper should restructure its motivation policy by borrowing a leaf from Mumias. Its promotion policy should also be restructured as employee retention is a big asset to the organization as it enables the organization benefit from known experience staff.

4. The two organizations should reduce or avoid monetary provisions like allowances as they become more expensive in the long run. Physical facilities like housing, health centres may cost more to put up but in the long run prove to be economical.

5 Facilities affecting majority if not all the workers should be improved upon. These include health care facilities, housing, and clean water. Majority of the employees suggested improvement on them or increase in their supply as they are basic facilities. Improvement on them will be a way of harmonizing employee satisfaction. Educational facilities like school fee loans should be broadened as suggested by majority of respondents in the two organizations 68% for Mumias as education is becoming very expensive yet it is a basic necessity. It is the biggest burden for most workers.

6. Elimination of staff transport as recommended by Mumias Sugar Company employees should be implemented, since it is unnecessary cost to the company. Most, if not all workers are housed by the company.

Elimination of car loans as recommended by employees of Pan Paper should be given a

second thought. The argument given is that they are selectively given to management only. The researcher recommends that lower cadres should be given loans for motorbikes, bicycles, and home improvement depending on their grades.

7 A Complain by majority of workers in Pan Paper of poor policies on promotion should be clearly addressed and amended. Comprehensive promotion policy for all workers should be adopted. The idea of promotion is a dream by most workers should not arise again. Restructuring promotion policies would help avert this problem.

8. Percentage of organization finances used by the two organizations that is 25% should be reduced by eliminating the facilities recommended.

9. An increase in school fee loans is highly recommended as it brings about a multiplier effect to the company's / organization resources through interests earned on loan repayments and its benefit to all category of workers.

10. The survey reveals that 53% of the respondents in Pan paper declare that provision of welfare facilities according to job groups is not fair compared to 31% response in Mumias. Reason given is that gaps between unionisable employees and management is very large. Recommendation is made for the management of the two organizations to restructure their policies on this provisions to reduce extreme differences between job groups.

11. Subsidizing facilities like health services and housing will also enhance productivity and in the long run it will bring about a multiplier effect hence organization growth.

12. Interview schedule with management revealed a harmonious and cordial relationship between the organization trade union and management for unionisable workers' issues are progressed as per collective bargaining (C.B.A.) which has full support of the management. Recommendations are made for Pan paper to adopt the same procedure as such co-operations enhances a firm's productivity.

### **5.3 Limitations of the study.**

1 When carrying out the study the researcher encountered some limitations;

The major limitation was poor response from some respondents. This was either as a result of either the potential respondents being too busy with their office work or misplacing the questionnaires or simply having no interest in giving any response. Some took it as unnecessary bother to take part in an exercise that was outside their immediate area of work and responsibility.

2, some of the human resource personnel who acted as contact persons of the researcher in the organization preferred to receive a limited number of questionnaires in order to avoid involving many employees lest they interfered with the routine, operations of the organization. This had an effect on the sample size and hence the degree of generalization. An example Mumias accepted only 60 questionnaires out of 100 prepared. Pan Paper accepted 100 out of 130.

3, **The time element.** The researcher could not get adequate time to cover all the aspects, like interviewing respondents who had not returned the questionnaires considering other issues at hand. Given the large number of employees and limited research time, restrictive and narrow data source methodology like sampling was used. This may have left out some respondents who may have given critical and resourceful information for realization of the research objectives.

4, there are many different types of industrial organizations in Kenya. Different organizations provide different and diversified types of social welfare facilities depending on their financial base. This study limited itself to a comparative study between Pan African Paper Mills Webuye and Mumias Sugar Company which may not be an exact representative sample from which one can draw universal conclusion applicable to all production firms or organizations in the country.

#### ***5.4. Suggested Area of Further Research***

The study focused on the analysis of the effects of social welfare facilities on employee motivation.

1. There is a need to carry out further research on financial analysis of the effects and results of financing of the social welfare facilities by an organization
2. Further research should be conducted on other motivational elements other than social welfare facilities to find out how they impact on employee performance in an organization
3. Another area of further research could be carrying out research on the demerits of an organization, financing social welfare facilities and how it impacts on its finances.

#### ***5.5. Time schedule***

After the questionnaires had been issued to the respondents, a duration of 3 – 4 weeks was allowed for them to respond appropriately to the questionnaires.

Within the same period, the questionnaires were collected from those respondents who had completed filling them.

In the same period interviews and interview schedules were conducted to the management and illiterate respondents.

Duration of two weeks was needed to analyze the data collected. Two weeks period was needed for the research report writing. Another two weeks was needed for compiling the work. Therefore 3 months was required to complete the research.

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## **APPENDIX I**

### ***SPECIMEN LETTER TO THE RESPONDENTS***

Dear respondent

I am a postgraduate student at Kenyatta University pursuing a masters degree in Business Administration.

I am carrying out a research on analysis of the effect of social welfare facilities on employee motivation. A case study of Pan African Paper Mills Webuye.

The questionnaire is aimed eliciting information which will be useful to the above mentioned research as part of the masters of Business Administration requirements.

You have been selected as one of the respondents in the study. The information supplied by you will be used strictly for academic purposes only and will be treated with utmost confidentiality. Your cooperation will be highly appreciated.

Thank you.

CHRISTOPHER INDIATSY.

QUESTIONNAIRE

Background information

- a) Name of the organization  
.....
- b) Year of incorporation.....
- c) Title/position of the respondent.....
- d) Number of years employed in the organization.....

Please answer the following questions by placing a tick in the boxes provided or by filling the blank spaces provided.

Social Welfare Facilities Provision

1. Does your organization provide social welfare facilities to employees of your organization?

- Yes
- No

2. Which of the facilities below are provided by your organization?

- a) Car loans
- b) School fees loan
- c) Staff housing
- d) Healthcare facilities
- e) Recreation facilities
- f) Cafeteria facilities
- g) Canteen facilities

3. Other than the facilities stated above state any other that is provided by your organization.

.....  
.....  
.....

4. If health care is provided by your organization, specify the areas of health care ]  
provided.

- a) Medical allowance
- b) Health centers
- c) Medical insurance schemes
- d) Others

Specify.....

5. If recreation facilities are given specify the areas.

- a) Sports ground
- b) gymnasium
- c) Swimming pool
- d) Others/ specify .....

**Rating of the facilities**

5. In your own view rate the provision of social welfare facilities by your organization  
Using the following rating scale.

- a) Very good
- b) good
- c) average
- d) below average

7. Give reasons for your response above.  
.....

8. How do other workers or colleagues at the workplace rate the facilities?

- a) Very good
- b) good
- c) average
- d) below average

9. Give reasons for the response in question eight above.  
.....

10. Which of the social welfare facilities provided are inevitable.-That is, can't be avoided. [Place a tick in the appropriate box].

- a) Car loans
- b) Housing
- c) School fees loan
- d) Staff transport
- e) Clean water
- f) Convenient places
- g) Healthcare facilities
- h) Recreation facilities
- i) Cafeteria
- j) canteen facilities

Others/specify .....

**The Impact of Social Welfare Facilities on Employee Earnings from the Organization.**

11. Do these Facilities have a positive or negative impact on your earnings from the organization?

(Tick the appropriate box)

- a) Positive impact
- b) Negative impact

Briefly give reasons for your answer

.....

12. If you were given monetary allowances to meet these facilities on your own, what effect would that have on your finances?

- a) Financial benefit
- b) Financial loss

c) No difference

Briefly give reasons for your answer

.....

13. In your own opinion which facilities would you like to be improved upon

- a) Car loans
- b) School fees loan
- c) Staff transport
- d) Clean water
- e) Convenient places
- f) Recreation facilities
- g) Canteen facilities

Any others/specify .....

Briefly explain the improvement .....

14. In your own opinion which facilities would you like to be eliminated

- a) Car loans
- b) School fees loan
- c) Staff transport
- d) Clean water
- e) Convenient places
- f) Recreation facilities
- g) canteen facilities

h) Any others/specify .....

Briefly give reasons for your answer

.....

15. In your own opinion, which ones could be added to the already existing ones?

.....  
.....

16. Do you get any economic relief or gains/benefits out of these facilities provided by your organization?

Yes

No

Briefly explain your answer

.....

17. In your own opinion which facilitate or facilities above could have a heavy economic impact on the earnings if it was withdrawn?

.....  
.....

Briefly explain

.....  
.....

18. According to you, what effect do these facilities have on your attitudes towards work in the organization?

a) Make you very inspired to your work

b) Make you less inspired to your work

c) Makes no difference at all

19. What do other employees say about the effect of these facilities on their attitude towards work?

a) Make you very inspired to your work

b) Make you less inspired to your work

c) Makes no difference at all

20. Are there any changes in form of improvement you will suggest to be done by other organizations providing the same facilities?

.....  
.....

21. Are social welfare facilities in your organization provided according to job groups or flat rate?

a) Job groups

b) Flat rate

Briefly explain

.....

.....

22. If it is according to job groups, is the provision fair in your own opinion? i.e. are the employees in each category receiving a fair share of the provision as per the level or grade of their job?

a) Yes

b) No

Briefly explain.....

**APPENDIX III**

**QUESTIONNAIRE TO MANAGEMENT**

Background information

- a) Name of organization.....
- b) Year of incorporation/establishment.....
- c) Title/ position of respondent.....
- d) Number of years employed in the organization.....

1. Which of the following facilities are provided by your organization?

- a) Car loans
- b) School fees loan
- c) Staff housing
- d) Staff transport
- e) Clean water
- f) Convenient places
- g) Recreation facilities
- h) Canteen facilities

2. Which of the facilities mentioned in question one above are:

- a) Provided according to the factories Act?
- b) Provided by the organization out of its own motivation policies?

Answer by filling the table below

- a) Senior management
- b) Middle management
- c) Junior management
- d) Supervisory staff
- e) Technical staff

3. How do your employees respond to the provision of these facilities?

- a) They respond positively
- b) They respond negatively
- c) The provision has no effect

|   | Provided according to the factories Act. |   | Provided by the organization not according to factory Act |
|---|--|---|---|
| 1 |  | 1 |   |
| 2 |  | 2 |   |
| 3 |  | 3 |   |
| 4 |  | 4 |   |

3. What policies are put in place for the provision of these facilities by the organization?.

.....  
 .....

4. Does the organization provide these facilities basing on classification or categories in employee job groups or they are given on flat rate basis?

- a) According to job groups
- b) On flat rate basis

5. If they are given according to categories, which category takes the largest share of the organization finances?

- a) Senior management
- b) Middle management
- c) Junior management
- d) Supervisory staff
- e) Technical staff

6. How do your employees respond to the provision of these facilities?

- a) They respond positively
- b) They respond negatively.
- c) The provision have no effect

7. Roughly what percentage of the organization finance is used to finance these social Welfare facilities?

.....  
.....

8. What are the organization objectives in providing these social welfare facilities?

.....  
.....

9. Are the provisions of these facilities made by other organization of your calibre?

Yes  No

Give any examples. ....

.....  
.....

10. In your opinion, supposing the facilities were withdrawn, could it enhance or encourage employee turn over?

Yes  No

11. Roughly what percentage of the company's income is spent on giving employee welfare facilities? .....

12. Is it economical for the company to spend on providing these facilities?

Yes  No

Briefly explain your response above.....



APPENDIX V

INTRODUCTION LETTER TO THE FIELD



**KENYATTA UNIVERSITY**  
**SCHOOL OF BUSINESS**

TEL: 810901-19 EXT 57215  
FAX: 811455/811575

P.O. BOX 43844,  
NAIROBI,  
KENYA.

Website: [ku.ac.ke](http://ku.ac.ke), E-mail: [kuvvc@nbnet.co.ke](mailto:kuvvc@nbnet.co.ke)

11/10/ 2006

TO WHOM IT MAY CONCERN:

Dear Sir/Madam,

RE: **RESEARCH PROJECT: DATA COLLECTION**

*INDIATSY CHRISTOPHER MASINDA*

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This is to confirm that the above named is an M.BA student in the School of Business, Kenyatta University, and he is embarking on his project this semester before he completes his degree programme.

Any assistance you may accord him will be highly appreciated.



## APPENDIX VI

### BUDGET AND COSTING

|   |               |
|---|---------------|
| 1) Proposal writing   | Kshs          |
| a) Travel Expenses  | 9,500         |
| b) Typing and printing 48 pages @ sh30 per page)            | 1, 840        |
| c) Corrections and printing                                 | 2,000         |
| d) Photocopies 5 copies @ 3/= per page                      | 1, 420        |
| e) Binding 5 copes @ sh50                                   | 2,500         |
| f) Internet search  | 2,200         |
| g) Miscellaneous  | 7,500         |
| h) Subtotal   | 23,870        |
| 2. Cost of the research project.                            |               |
| a) Data collection and analysis                             |               |
| a) Typing and printing of 10 pages of questionnaires @ sh30 | 300           |
| b) Photocopying 220 pages of 5 copies @ 3/=                 | 660.00        |
| c) Traveling Expenses                                       | 8,000         |
| d) Computer entry analysis                                  | 2,500         |
| e) Research   | 10,000        |
| i. Stationery   | 7,000         |
| ii. Typing and printing Chapter 4 and 5 @ 30 shs per page   | 900           |
| iii. Binding  | 400           |
| Subtotal  | <u>35,060</u> |
| b) Production and final document                            |               |
| i. i. Typing and printing 50 pages @ 30/=                   | 2,400         |
| ii. ii. Photocopying 5 copies @ 3/=                         | 1,200         |
| iii. iii. Binding 6 copies @ 300/=                          | 1,800         |
| iv. iv. Miscellaneous                                       | 12,000        |
| Subtotal  | <u>17,400</u> |
| GRAND TOTAL   | <u>76,338</u> |