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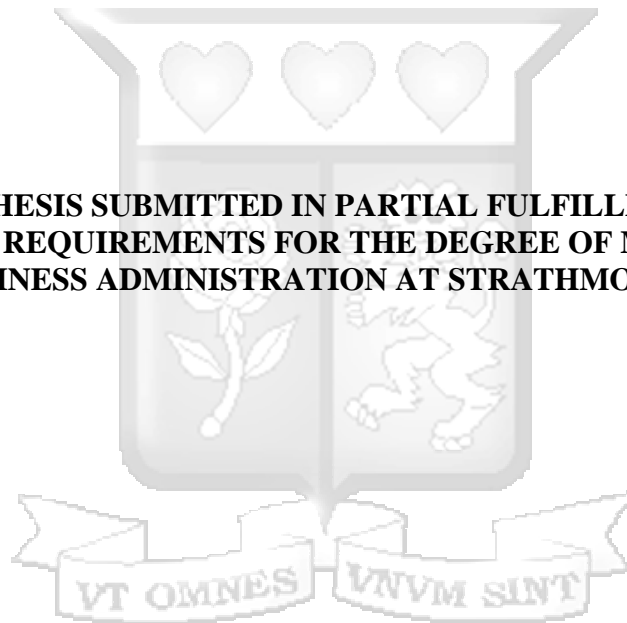
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**FACTORS INFLUENCING SATISFACTION OF MANAGEMENT  
EMPLOYEES IN STATE CORPORATIONS:  
A CASE OF POSTAL CORPORATION OF KENYA**

**JANE FLORENCE OTIENO  
MBA/77987/13**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTERS  
IN BUSINESS ADMINISTRATION AT STRATHMORE UNIVERSITY**



**STRATHMORE BUSINESS SCHOOL  
STRATHMORE UNIVERSITY  
NAIROBI, KENYA**

**JUNE, 2016**

**DECLARATION**

I declare that this research project is my original work and has not been presented for a Degree in any other University.

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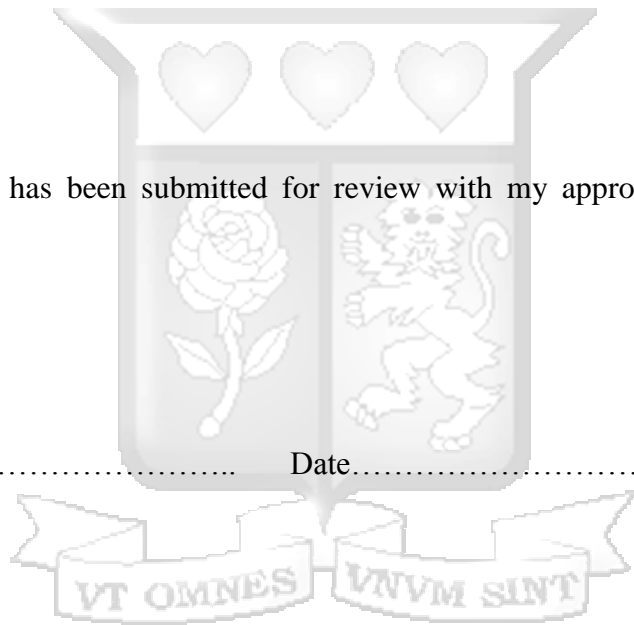
Signature..... Date.....

**SUPERVISOR**

This research project has been submitted for review with my approval as the University supervisor.

Dr. Hellen Otieno

Signature..... Date.....



## DEDICATION

I dedicate this study to my loving family, who have stood by me during this journey and accepted my absence in the many family gatherings with grace.



## **ACKNOWLEDGEMENT**

I would like to express my sincere gratitude and appreciation to the entire department of Strathmore Business School and fellow colleagues who have contributed their time towards the completion of my Research Project Proposal. Secondly, I would like to thank my supervisor, Dr. Hellen Otieno for her cooperation, sacrifice, assistance and valuable contribution that she made in the successful completion of my Proposal. Finally, I would like to thank the panelists for their input, diligence and support.



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## LIST OF ABBREVIATIONS

<b>CCK</b>	- Communication Commission of Kenya
<b>KP&amp;TC</b>	- Kenya Posts and Telecommunications Corporation
<b>OECD</b>	- Organization for Economic Corporation and Development
<b>PCK</b>	- Postal Corporation of Kenya
<b>SPSS</b>	- Statistical Package for Social Science
<b>UPU</b>	- Universal Postal Union



## **ABSTRACT**

State Corporations play an important role in the economic growth and development of a nation. This paper attempted to carry out an evaluation of factors influencing work satisfaction of state corporations' employees. It thus looks at the relative value of work satisfaction elements and how they impact on overall employee job satisfaction. Employee satisfaction is the satisfaction of employees with their jobs. The main objective of this study was to investigate factors influencing management employee satisfaction extent in State Corporations.

This study used descriptive research design to obtain qualitative information on the factors influencing employee satisfaction. PCK's management staff consisted of 49 employees who were part of the actual target population. A total of 48 completed and usable questionnaires out of 49 administered were obtained from the respondents for the study. This represented 97.9% response rate which the study considered adequate for analysis. Questionnaire was the preferred instrument for data collection to extract the demographic profile of the respondents as it was assumed that the respondents' attributes usually influence their behaviors, attitudes and how they respond to the other questions in the questionnaire. Before the real research, the questionnaire was pre-tested to gauge its validity and reliability. The questionnaire acted as a guide for conducting the interviews.

In addition, the data analysis illustrated the relationship between the independent variables which were psychological contract, employee welfare and work motivation on one hand and dependent variable as employee satisfaction on the other. The findings revealed that psychological contract had a greater influence on employee satisfaction at Postal Corporation of Kenya followed by work motivation to a small extent and finally employee welfare to a very little extent. The study therefore recommends that Postal Corporation of Kenya should consider psychological contract factors such as employee involvement, employee commitment and professional contribution when coming up with human resource strategies.



## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

According to Parvin & Kabir (2011), the study of job satisfaction is a topic of wide interest to both people who work in organizations and people who study them. Job satisfaction has been closely related with many organizational phenomena such as motivation, performance, leadership, attitude, conflict, moral etc. Researchers have attempted to identify the various components of job satisfaction, measure the relative importance of each component of job satisfaction and examine what effects these components have on employees' productivity.

Thompson & Phua (2012) define job satisfaction as how content an individual is with his or her job. Scholars and human resource professionals generally make a distinction between affective job satisfaction and cognitive job satisfaction. Against the background of increasing local and global competitiveness, it is crucial for any organization, particularly those in developing countries with limited skills resources to ensure that it consistently develops and retains a loyal, committed and able workforce. From the perspective of employee performance and work productivity, increase in job satisfaction is very important. Job satisfaction therefore positively affects employee behavior and this fact provides additional contribution to an organization's performance. Moynihan & Pandey (2007) further states that apart from the potential impact on an organization, the loyalty and retention of professional, well-trained and optimally productive personnel also have economic implications on both national and increasingly international level. The way people are managed has a powerful impact both on productivity and on profitability.

Spector (2008) states that job satisfaction influences people's attitude towards their jobs and various aspects of their jobs. Job satisfaction is affected by personal and organizational factors, which cause an emotional reaction affecting organizational commitment. According to Morrison (2008), the consequences of job satisfaction include better performance and a reduction in withdrawal and counter-productive behaviours. Job satisfaction involves employees' affection or emotions, it influences an organization's well-being with regard to job productivity and life satisfaction; despite this there has been little comprehensive empirical work on employee satisfaction in state corporations (Spector, 2008).

Nwankwo & Richards (2001) noted that poor performance of state corporations and privatization points to the need for effective leadership within parastatals. It is argued that

effective leadership continuously seeks out to improve its workforce by searching the factors influencing management employee satisfaction (Nwankwo & Richards, 2001). As observed by Spector (2008), job or work satisfaction involves attitudes and feelings towards jobs often dependent on job-related and personal characteristics. Motivation and Job satisfaction are linked to variables related to jobs (job content or activities, context of work and objectives related to specific jobs) including individual characteristics (abilities, knowledge and skills) with rewards playing a major role.

### **1.1.1 Employee Satisfaction**

Employee satisfaction implies the degree to which employees like their jobs (Spector, 2007). Overall job satisfaction and elements of employee satisfaction were traditionally emphasized as important elements of organizational management, behavior and development (Cranny et al., 2002). On the other hand, job satisfaction elements can be considered in relative terms, as proposed in the equity theory by Vecchio (2002) in which employees evaluate the fairness of exchange and base their satisfaction-related elements on the comparison of the ratio of personal outcomes (pay, recognition, job satisfaction, opportunity and advancement) and personal inputs (time, effort, knowledge and skills) with the ratio of reference group outcomes and inputs (Mulej, 2006). Satisfaction with work also involves, employee relationships, consisting of relationships between employees and annual personal interviews with employees (Majcen, 2004). Other elements are remuneration, benefits and organisational culture and salary (Brecko, 2005), remuneration in the form of benefits and praise, promotion (Mozina, 2002), education, permanency of the job (McGregor, 2002) and the organizational climate and culture and employee loyalty (Varona, 2002).

Employee satisfaction can be related to firm performance in terms of growth. The practices of managing human resources show that the possibility of education, adequate pay, benefits, continuity of employment and the right approach to employees encourage a high level of employee motivation and their willingness to invest in their own knowledge and skills. Improving the satisfaction of workers is a central task of management since satisfaction creates confidence, loyalty and consequently improved quality in the output of employees. Top management's commitment to improving employee satisfaction takes into account factors that affect employee satisfaction and can encourage employees to improve the performance of their tasks and boost the level of their work performance, which can in turn contribute to the company's growth (Gerhart & Rynes, 2003).

The role of employee training and the top management leadership of employees can be essential for the quality and performance of firms (Demirbag *et al.*, 2006). Employee job satisfaction and performance can be moderately related (Judge *et al.*, 2001). Practices which increase employee satisfaction tend to increase the quality of employees and the level of their performance Gerhart & Rynes (2003) and may impact the growth of the firm (Antonicic, 2008). Investing in employee development is crucial for the organisation and its business results (Merkac, 2008). Researchers have attempted to identify the various components of job satisfaction, measure the relative importance of each component of job satisfaction and examine what effects these components have on employees' productivity. Spector (1997) refers to job satisfaction in terms of how people feel about their jobs and different aspects of their jobs. Ellickson & Logsdon (2002) support this view by defining job satisfaction as the extent to which employees like their work.

Barriball *et al.*, (2005) contends that job satisfaction is the harmonizing of people's understanding of needs and what they receive from their jobs and is recognized as one of the most important research variables belonging to organisational behavior and also as a crucial variable in the organisation's researches and theories. The factors that impact job satisfaction are often categorized into extrinsic and intrinsic ones (Sibbald *et al.*, 2011).

Intrinsic factors are related to the work itself (such as the ability to develop one's skills, sense of autonomy, success, achievement and control); whereas extrinsic factors are not directly related to work itself (such as, salary, relationships with colleagues) (Dogan, 2009). Autonomy and cohesion with colleagues, factors such as task variety, feedback, promotional opportunities, task identity (professional status), working conditions, collaboration with the staff and strength of the organisational culture have been associated with job satisfaction (Qian & Lim, 2008) demographic variables, job characteristics and organisational environmental factors contribute to job satisfaction (Dogan, 2009). Organisations cannot exist without their employees; they are the main reason in instituting perpetuity. Similarly, in State Corporations, employees play a major role and make significant contribution at all times. Hence, due attention to them should exist in order to retain the workforce. This will in turn influence the productivity of the organisation which eventually will lead to achieving the organisation vision, mission and goals.

### **1.1.2 Historical Background of Postal Corporation**

Postal history in Kenya dates from the 17th century when letters from the interior, around 1848 were sent by the missionaries using native runners (Khator, 2013). Today due to emerging market and economic trends and spearheaded by the Universal Postal Union (UPU) - the international regulatory body of all Postal entities, efforts to separate postal services from those of Telecommunications were initiated in the late 1980s (UPU, 2015; Khator, 2013). This bore fruit in Kenya and in July 1999, the Kenya Posts and Telecommunications Corporation (KP&TC) was split to create Telkom Kenya and the Postal Corporation of Kenya (PCK). The mandate of PCK is as spelt out in the Postal Corporation of Kenya Act 1998 - to provide and operate postal services, postal financial services, and performs other functions and duties as the Minister of communications may assign (Communication Authority of Kenya [CAK], 2015).

Postal Corporation of Kenya (PCK) is mandated to offer postal services which include mail, financial, agency and courier services in the domestic and international market. Postal mail revenues have been declining in the recent past mainly due to increased competition as a result of liberalization of the market, in addition to sophisticated customers exposed to variety of choices (PCK, 2013). In relation to the study, the recent past has seen the public sector in Kenya frequently hit by various challenges emanating from employees concerning their dissatisfaction with the key issue of poor salary which has led to demonization. Postal Corporation is not an exception. Besides the salary issue other challenges include poor working conditions, lack of medical services, delayed salaries and unfair treatment amongst employees within the same organization where some receive better treatment and undeserved promotion (Karimi, 2011; PCK Annual Report, 2012). These problems have seen most of the organization's employee's march in the streets to demand for better pay and Postal Corporation of Kenya has not been an exception.

On various occasions, Postal services in most parts of the country have been delayed or paralyzed after workers boycotted work in pursuit of a better pay and improvement of working conditions (Karimi, 2011). The major issue is the way the management handles the issue which includes honoring the promises set earlier of increasing the salaries by a certain percentage in anticipation that problem will end only for it to emerge in less than a year with the same problem. Sometimes management terms the strikes illegal, warning those participating as 'doing so at their own risk' a case in hand of Postal Corporation Kenya where

most of the workers were threatened with sacking if they fail to return to work within the given span of 24hours (PCK Annual Report, 2012). In a bid to improve staff morale PCK has come up with strategies to improve the performance of its workforce, such as enhancing employee satisfaction through training, aligning job cadres, employee incentive policies; this is expected to improve efficiency and effectiveness in service delivery to all stakeholders (PCK, 2013).



## 1.2 Statement of the Problem

The study of job satisfaction is a topic of wide interest to both people who work in organizations and people who study them. Job satisfaction has been closely related with many organizational phenomena such as motivation, performance, leadership, moral among others.

Currently there is a big debate on the efficiency of Parastatal/State Corporations in Kenya; indeed as evidenced by the recent formation in October 2013 of the task force on Parastatal reforms, (Presidential Report on Parastatal Reforms, 2013). The taskforce has since completed its work and made several recommendations on the role and structure of State Corporations. Job satisfaction is considered as a measure of how contented employees are with their work. Saeed *et al.* (2013) states that a number of factors tend to affect employees' level of job satisfaction some of which are salary and benefits, the nature of the job, the environment, working conditions and leadership.

According to Postal Corporation of Kenya, Revise Corporate Strategic Plan (2013-2016), the public sector in Kenya has been frequently hit by various challenges emanating from employees concerning their dissatisfaction with the key issue of poor salary which has led to low morale and job satisfaction. Besides the salary issue other challenges include poor working conditions, job satisfaction, the lack of medical services, delayed salaries and unfair treatment amongst employees within the same organization where some receive better treatment. Kenya's struggling postal service, Postal Corporation of Kenya (PCK), is banking on a revamped strategy. It is important for the organization to diversify into financial services, especially agency banking, to reverse its fortunes and for this it shall need an effective and highly motivated workforce. It is based on this background and emerging issues in State organization such as management employee motivation, performance contracts, employee welfare and employee satisfaction; that this study aims to establish factors influencing employee satisfaction in State Corporations. This study therefore sought to extend the level of knowledge on employee satisfaction by concentrating on state corporations. As past studies have shown, factors influencing employee satisfaction are often generalized, such as, working conditions, salaries, benefits and unfair treatment, but this study categorizes the factors into psychological contract, employee welfare and motivation. Few studies have been done locally on state corporations in relation to concepts of psychological contract, employee welfare and employee motivation especially in the Postal Corporation of Kenya a gap this study sought to fill.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective of this study is to investigate factors influencing of management employee satisfaction in State Corporations.

#### **1.3.2 The Specific Objectives are;**

- i.** To establish the level of employee satisfaction at at the Postal Corporation of Kenya
- ii.** To investigate the extent to which psychological contract influences management employee satisfaction at the Postal Corporation of Kenya
- iii.** To examine the extent to which welfare influences management employee satisfaction at the Postal Corporation of Kenya
- iv.** To determine the extent to which work motivation influences management employee satisfaction at the Postal Corporation of Kenya

#### **1.4 Research Questions**

- i.** What is the level of employee satisfaction at the Postal Corporation of Kenya?
- ii.** How does psychological contract influence management employee satisfaction at the Postal Corporation of Kenya?
- iii.** How does welfare influence management employee satisfaction at the Postal Corporation of Kenya?
- iv.** To what extent does work motivation influence management employee satisfaction at the Postal Corporation of Kenya?

#### **1.5 Significance of the Study**

The findings aim to be useful to the government in informing the basis of review of government policy to address issues related to employee satisfaction within State Corporations, which will be useful to the Vision 2030 programme by acting as a reference study for the improvement thereof. Kenyan Government embraced Result Based Management (RBM) as a tool to improving public service delivery. The essence of RBM is to ensure efficacy and successful delivery of services to the general public and citizens can hold public servants accountable for the levels of service they receive from public institutions. This is in line with Kenya's public service accountability initiative known as Performance Contracts (PC), which was introduced in 2003, and which is expected to support the goals and objectives outlined in Kenya's Vision 2030 strategy. Employee satisfaction that ensures enhanced productivity is outlined under the social pillar in vision 2030 (Ministry of Planning

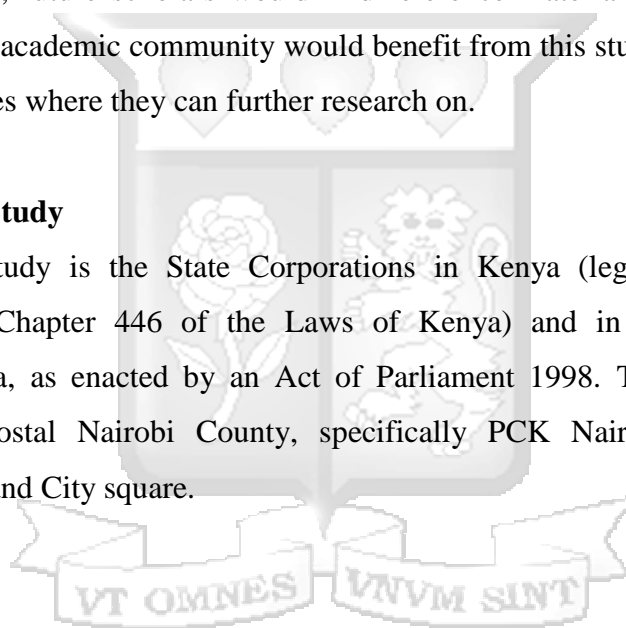
and National Development Report 2010). This implies a just and cohesive society with social equity by investing in infrastructure, public sector reforms, development and land reform.

The findings aim to be useful to the organization of Postal Corporation of Kenya, the management of this corporation will find the study useful when it comes to administrative actions aimed at improving employee satisfaction. Strengthening employee satisfaction enhances performance. The employees (staff) will be able to individually gauge whether to contend with existing terms and conditions of service.

In addition, the findings of this study would be relevant for future scholars and researchers who may want to further the level of knowledge on employee satisfaction. Through the findings of this study, future scholars would find reference material they can use in their studies. Likewise, the academic community would benefit from this study as it would suggest areas for further studies where they can further research on.

### **1.6 Scope of the Study**

The scope of this study is the State Corporations in Kenya (legal instrument - State Corporations Act - Chapter 446 of the Laws of Kenya) and in particular the Postal Corporation of Kenya, as enacted by an Act of Parliament 1998. The study will have a specific focus on Postal Nairobi County, specifically PCK Nairobi key divisions at Headquarters, Ngara and City square.



## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This section analyzes reviewed literature related to the topic of study. Thus, this chapter reviews relevant literature on factors influencing satisfaction of management employees in state corporations. The chapter develops theoretical review, conceptual framework, empirical review that was used in the study in regard to each variable in the study. The review will also identify research gap.

### 2.2 Theoretical Framework

This study is founded on two-factor theory (also known as Herzberg's motivation-hygiene theory and dual-factor theory because employees' performance is determined by the ability of organizations to deliver satisfaction according to their expectations. The reason why the two factor theory was chosen over other theories is as follows: The theory is supported with considerable empirical data and is included in other research that is supportive of the original hypothesis, it recognizes the fact that motivation comes from within the individual as opposed to any external factors and lastly the Two Factor Theory Provides practical solutions for organizations. Thus, he Two Factor Theory has had a considerable amount of practical and as well as theoretical influences. In fact, from a practical perspective, the influence of Herzberg's motivation theory can be seen at every organizational level as well as within every department (Riley, 2005).

This is discussed in the section that follows.

#### 2.2.1 The Two-factor Theory

The two-factor theory of motivation explains the factors that employees find satisfying and dissatisfying about their jobs. The two-factor theory (also known as Herzberg's motivation-hygiene theory and dual-factor theory) states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. It was developed by Fredrick Herzberg, a psychologist, who theorized that job satisfaction and job dissatisfaction act independently of each other (Herzberg et al., 1959). According to Herzberg (1987), behavioral scientists have grappled with the issue of job enrichment for years. A significant amount of study and research has been conducted in this area and numerous books and articles have been written extolling the virtues of job enrichment. Additionally, Herzberg (1987) observes that the term "job enrichment" is firmly lodged in the vocabulary of managers, behavioral scientists, and journalists. Managers are beginning to accept the basic

theory behind job enrichment, but only at a cocktail-party level of understanding of human behaviour.

Behavioral scientists are ever ready to jump on the bandwagon; often have an equally shallow understanding, but better vocabulary, journalists have a new movement to misinterpret". Herzberg (1987) states that the result has been that job enrichment now represents many approaches intended to increase human satisfaction and performance at work, and the differences between all the approaches are no longer clear. The confusion, misuse, and subsequent bandwagon effect of job enrichment have led some companies, managers, and workers to conclude that they are merely caught up in a new word game, but job enrichment is a reality, and it is necessary because it will improve jobs and organizations.

Motivation of employees is totally different from a reduction in job dissatisfaction (Herzberg, 2004). A reduction in job dissatisfaction will not necessarily enhance motivation but merely reduces employee levels of dissatisfaction. In fact, model of job-characteristics is founded on the premise that individuals will respond differently to a similar job and there is a possibility of altering characteristics of a job to increase satisfaction, motivation and performance. Research on characteristics of jobs was initially concerned with the association between certain objective attributes of activities or tasks (such as amount of level of autonomy, task variety, amount of interaction needed to perform task or activities and the opportunities for level of knowledge, optional interaction and required skills, job holder's amount of responsibility entrusted in him or her) and employee reactions to the activities or tasks. Five work features were developed in later study: identity of task/activities, autonomy, variety, significance of tasks and job-based feedback.

The study employed Herzberg theory, as this theory is largely responsible for the practice of increasing motivation and job satisfaction in organizations such as PCK. The relationship between motivation and job satisfaction is not overly complex. The problem is many employers and managers look at the hygiene factors as a way to motivate when in fact, beyond the very short term, they do very little to motivate. Perhaps managers like to use this approach because the thinking is that people are more financially motivated than they are, or it takes less management effort to raise wages than it does to reevaluate company policies and redesigning jobs for maximum satisfaction. Management in organizations must identify and address things that make workers unhappy about the workplace environment.

Furthermore management at PCK have a responsibility to ensure that workers are treated fairly and with respect including helping workers to grow within their jobs and giving them opportunities for achievement. Although Herzberg's theory was generally accepted, there are some criticisms that it applies least to people with largely unskilled jobs or those whose work are uninteresting repetitive, monotonous and limited in scope. He was also accused of assuming a correlation between satisfaction and productivity though his research stressed satisfaction and ignored productivity. Despite such criticism, there is still evidence of support for the continuing relevance of Herzberg's theory. Various job satisfaction-related elements exist, for example, on one hand, job satisfaction factors can be classified accordingly to the well-known Herzberg's (2004) two-factor theory classified it into hygiene's factor (supervision, working conditions, co-workers, pay, policies/procedures and job security), which lead to dissatisfaction, and motivation factor (achievement, recognition, the work itself, responsibility, advancement and growth), which lead to satisfaction

### **2.2.2 Theory of Action**

This study focuses on a theory by Chris Argyris and Donald Schon Theory of Action. According to the two scholars, people have mental maps with regards on how to act in situations (Argyris, 1993). This involves the way they plan, implement and review their actions. To them, these maps guide people's actions rather than the theories they explicitly espouse. Argyris (1993) further argues that fewer people are aware of the maps or theories that they use. When someone is asked how he would behave under certain circumstances, the answer they usually give is his espoused theory of action for that situation. This is the theory of action to which he gives allegiance, and which, upon request, he communicates to others. However, the theory that actually governs his actions is this theory-in-use (Shultz & Whitney, 2005).

Shultz & Whitney, (2005) states that while looking at factors affecting effective internal communication among customer service employees, a distinction of the extent to which behavior fits espoused theory and whether inner feeling becomes expressed into action should be made. Argyris advances that for effectiveness then there should be a correspondence between the two. A gulf between espoused theory and theory in use is not a bad thing, it only gets worse when the difference is too wide, when the two remain connected then the gap creates a dynamic for reflection and dialogue. Argyris and Schon thus looked at three

elements that can be used to fully appreciate theory in use. The first one is the governing variables which can be looked at as those dimensions that people are trying to keep within acceptable limits. The second are the action strategies: these are the moves and plans used by people to keep their governing values within acceptable range. Lastly are the consequence, this is what happens as a result of an action (Shultz & Whitney, 2005).

Consequences of a strategy are what a person wants while forming the mental maps. When there is a match between an intention and an outcome, a theory in use is usually confirmed, at times there might be a mismatch between the intention and outcome. Ineffective internal communication among customer service employees occur when there is a mismatch between the intended and the outcome in communication, When this happens, Argyris and Schön suggest two responses to this mismatch, a single loop and double loop learning. For learning in organizations to occur then there should be detection and correction of errors. When something goes wrong then many people look for another strategy that will address and work within the governing variables. In this case chosen goals, values, plans and rules are usually operationalized rather than questioned, this is single loop learning. While the double loop learning will involve questioning an alternative response of governing variables. Double loop learning may lead to alternation in the governing variables thus a shift in the way strategies and consequences are framed (Parsons, Shils, & Smelser, 2001).

Single-loop learning seems to be present when goals, values, frameworks and, to a significant extent, strategies are taken for granted. This leads to ineffective communication; emphasis should be put in use of more efficient techniques (Argyris, 1993). Any reflection should be directed towards making a strategy more efficient. On the contrary, double loop learning involves questioning the role of framing and; learning systems which underlie actual goals and strategies in regard to communication in organizations. While dealing with double loop learning, policies and ideas should be confronted in respect to effective internal communication.

When communication in Hotels among customer service employees is not persistently effective, then a sign of looming danger is usually clear and the management team needs to explore how they can increase their capacity for double loop learning in order to rectify the situation faced (Edmondson & Moingeon, 2000).

Mental maps in regard to how actions are performed inhibit the exchange of relevant information in ways that make double-loop learning difficult. This creates a dilemma as these

are the very organizational situations in which double-loop learning is most needed (Edmondson & Moingeon, 2000). Thus for effective internal communication there should be a convergence between what employees think and what they actually do. Double loop learning should be encouraged as this looks at policies and strategies which can be ingrained in an organizations way of life forming an organizations culture which further translates to effective internal communication among customer service employees.

### **2.3 Factors Influencing Employee Satisfaction**

State Corporations play a vital role in underpinning the economic development of a country. This study attempts to evaluate factors influencing employee job satisfaction of management employees as follows: psychological contract, employee welfare and employee motivation.

More importantly, Job satisfaction and dissatisfaction not only depends on the nature of the job, it also depend on the expectation what's the job supply to an employee (Hussami, 2008). Lower convenience costs, higher organizational and social and intrinsic reward will increase job satisfaction (Mulinge & Mullier, 1998; Willem et al., 2007). Job satisfaction is complex phenomenon with multifacets (Fisher & Locke, 1992; Xie & Johns, 2000); it is influenced by the factors like salary, working environment, autonomy, communication, and organizational commitment (Lane, Esser, Holte & Anne, 2010; Vidal, Valle & Aragón, 2007; Fisher and Locke, 1992; Xie & Johns, 2000). The basis of employee satisfaction is that among all the assets of an organisation, human resource is the most significant and precious asset which is essential for healthy operation of all other resources of the organization (Teece, 2007). So, when human resource is satisfied in terms of their jobs, then only productivity level goes up.

Several studies have been done on factors influencing employee satisfaction. For instance, Parvin & Kabir (2011) carried out a study on factors affecting employee job satisfaction of pharmaceutical sector. The research paper highlights some of the problems faced by human resource departments in relation to employee satisfaction and presents a picture of level of job satisfaction among employees of pharmaceutical companies. It also identifies unique issues of job satisfaction in the companies. The study found out that significant factors such as working conditions, pay and promotion, job security, fairness, relationship with co-workers and supervisors influence job satisfaction.

### **2.3.1 Influence of Psychological Contract on Employee Satisfaction**

The psychological contract can be defined as a set of beliefs or perceptions of what one party (the employee or the employer) expects to receive and is obliged to provide to the other party (Roehling, 2007). It can also be seen as a mental schema or a model of the employment relationship (Rousseau & Tijoriwala, 2008). The psychological contract is distinct from formal employment contracts/agreements or even implied agreements between the parties, as it is based solely on the perceptions of one party (Roehling, 2007).

According to Coyle-Shapiro, Jacqueline & Parzefall (2008), psychological contract is a concept developed in contemporary research by organizational scholar Denise Rousseau, and represents the mutual beliefs, perceptions, and informal obligations between an employer and an employee. It sets the dynamics for the relationship and defines the detailed practicality of the work to be done. It is distinguishable from the formal written contract of employment which, for the most part, only identifies mutual duties and responsibilities in a generalized form. The concept of a psychological contract becomes a useful framework for investigating employee perception of the employment relationship because it is concerned with their unspoken expectations and needs that transcend the formal employment contract (Arnold, 1996). These expectations are subjective (Roehling, 1997) and to a large degree based on employee values (Greenhaus, Callanan & Godschalk, 2000). The content and behavioural consequences of the psychological contract are determined by employee variables such as work values and personal values (Guest, 2004).

The employer–employee relationship exists because, at some time, one individual approached another to perform certain tasks and services in exchange for some form of payment. A legal contract of employment amplifies the extent to which this relationship has become formalized. However, formal institutions and procedures are often deficient and ineffective in explaining controversies that continue to beset contemporary employment relationships. Perhaps Cullinane & Dundon, (2006) are correct in asserting that ‘all employment contracts have gaps in them’. Employees make slight and often insignificant contributions to the terms of the formal employment contract (CIPD, 2007).

The end of the 20th century witnessed the emergence of the so-called new employment relationship (Furnham, 2000; Thite, 2001). The much-discussed turbulent and incessant

changes of the 1990's and 2000's with their resultant new modes of organising are said to have further veiled and convoluted employment relationships (Furnham, 2000; Thite, 2001). The new employment relationship, it is argued, has inadvertently and inevitably created feelings of less job security, less organisational attachment, less commitment, less satisfaction and less loyalty among employees (Cooper, 1999; Furnham, 2000). However, Thompson & O'Connell Davidson (2005) and CIPD (2007) assert that the 'turbulent times has long been part of the (managerial) rhetoric, only since the rise of the mass market has become the decisive feature of managerial discourse.

A breach or violation of the contract occurs when an employee perceives that the organisation does not deliver on its obligations (Marks, 2001). Morrison and Robinson (1997) define a breach as an affective and emotional experience of disappointment, frustration, anger and resentment that may emanate from an employee's interpretation of the circumstances surrounding a perceived contravention of the contract. It is a calculative assessment of the employment relationship, whereby employees conclude that the organisation did not meet their expectations. The perception of noncompliance or non-reciprocation by the other party is of crucial importance (Hallier & James, 1997).

The psychological contract is based on assumptions of good faith. Violations are perceived as being serious and may signal a change in the relationship; the relationship is damaged and the employee experiences psychological distress (Rousseau, 2009). Once violation has occurred, the employee will form a different view of the employer and their relationship, even if the organisation fulfills the contravened expectation at a later stage (Rousseau, 2009). The extent of the experience of infringement is also influenced by the type of violation, the degree of the discrepancy between the employee's expectation and experienced reality, and whether or not the employee holds the organisation accountable for the breach (McFarlane Shore & Tetrick, 2005).

Employees react to what they perceive as violation or fulfillment of their psychological contract. Such reactions may impact on organisational indicators such as effectiveness and efficiency (Rousseau, 2009). When the employer fulfills their expectations, employees experience fairness in the employment relationship (Rousseau, 2009) and believe that the organisation values them (Herriot et al., 2007). In addition, reciprocity pressures are created within the employee whereby the employees feel obliged to fulfill their perceived obligations

(Coyle-Shapiro & Kessler, 2003; Rousseau, 2009). Fulfillment also leads to less conflict, a stable employment relationship and longer tenure (Rousseau, 2009).

In contrast, when employee expectations are violated, employee attitudes, behaviour and health are affected (Isaksson, 2006). Employees experience feelings of psychological distress, irritation, poorer general health, broken trust, betrayal, deception, injustice, resentment, anger and frustration as well as a decline in life satisfaction, motivation, job satisfaction, organisational commitment, acts of good citizenship behaviour and loyalty. In essence, employees feel that the goodwill in the employment relationship is damaged, violation of the psychological contract eventually impacts on organisational performance. Organisations may experience lower performance, increased turnover, employee litigation, unionization (Rousseau, 2009), absenteeism and accidents (Isaksson, 2006).

Human resource remains an important asset to achievement of PCK's mandate and objectives. With a highly skilled workforce as the backbone, PCK will be well placed to effectively respond to business opportunities and challenges. According to the PCK Strategic Plan (2013) as of January 2013 PCK had 3,402 members of staff. Although during the last Plan period staff costs reduced from 62% to 52% of the total expenditure, there is still need to further reduce the costs to a more manageable figure. It is therefore expected that PCK will address this human resources issue, like psychological contract and employee satisfaction.

### **2.3.2 Influence of Welfare on Employee Satisfaction**

Welfare can be interpreted in one way in a person's everyday life perspective, and another when looking at it at the societal macro level. "Welfare" has also seemingly a different connotation depending on whether one understands it from a mainly economic or mainly sociological perspective. Welfare can be related both to the individual and to the collective and involve material as well as immaterial needs. Moreover, it will often be connected to various interpretations of social justice (George & Page, 2005). "Welfare" can also include acts of altruism, channels for the pursuit of self-interest, the exercise of authority, transition to work, and moral regeneration (Deacon, 2002).

International approaches to welfare have been dealing with welfare in terms of the social investment state, transitional labour markets, life-course savings schemes, Titmuss's division of welfare, Murray's self-interest, and New Public Management's emphasis on competition and individualism. An attempt to group "Modern Thinkers on Welfare" used the following

lists: The New Right, The Middle Way, Democratic Socialism, Marxism, Feminism, Post-industrial Greens, and Race/Anti-Racism. Recently, the issue of happiness has also entered the debate on welfare (Easterlin, 2001). Historically, the concept of welfare has been difficult to disentangle; this is also true for economics. An early example of this is the economist Pigou who simply stated that “it will be sufficient to lay down more or less dogmatically two propositions; first, that the elements of welfare are states of consciousness and, perhaps, their relations; secondly, that welfare can be brought under the category of greater and less” (Pigou, 1950).

In theory of economics and in a more general sense, welfare is superficially just another word for utility. Van Praag while critiquing the concept of utility stated that some ideas are not clear or at least well understood: “a good example is the concept of *welfare* or *utility*” (Van Praag 1993). Alternatively, when simplified: “welfare can be seen as evaluation assigned by a person to pay/salary/income or, generally, what contributes to our well-being the goods and services that we can purchase with money” (Van Praag & Frijerts 1999, p. 31).

Sometimes, the concept is used by referring to a set of instruments, thus “the term welfare is used to refer to the goals of social security systems and to measures of the performance of systems, schemes or programmes. Distinctions are made between, first, the welfare or well-being of individuals and families, and (Walker, 2005) secondly, between individual well-being and that of societies as a whole” (Walker, 2005). In social policy, welfare has been defined by Titmuss as “all publically provided and subsidized services, statutory, occupational and fiscal” (Titmuss, 2008). In sociological theory, “the most basic form of welfare means well-being” (Walker, 2012). For a long time, there has been the aim to assign values to individual experience in such a way that “welfare is the sum of individual well-beings” (Fleming 1952, p. 366). This is despite the fact that the same author sees “welfare as an ethical concept” (Fleming 1952, p. 369) and, therefore, also ends with a rather vague definition: “welfare relates to situations, well-being to individual moments” (Fleming 1952, p. 379). Well-being, consequently, has an impact on the level of welfare in society. Another very broad interpretation of welfare, which also includes well-being, has been used in part of the approach to happiness, as “I use the terms happiness, subjective well-being, satisfaction, utility, well-being and welfare interchangeably” (Easterlin, 2001).

Thus, in this understanding, welfare is a narrower concept than well-being which also includes broader aspects such as satisfaction, the quality of work, health, belongingness, etc. These aspects have often been included in the research on social indicators which originated in the Nordic countries beginning with writers such as Allardt (Allardt, 1975) and which have later been taken up by the Organisation for Economic Corporation and Development (OECD) as part of a social indicator project. The latest information including comparative data can be found in *Society at a Glance* (OECD, 2007).

According to Eurobarometer (2007) using Allardt's sociological approach of having, loving, and being also suggests that "welfare" at its core has something to do with fulfilling essential needs of the individuals and families. This implies that welfare can change over time, and, to a certain degree, be dependent on the level of income and/or having a job. An indication of how welfare can be measured by this is that a clear relation can be found, for example, between objective poverty and those who find that having a good job is the most important necessity for having a good life.

Therefore, in this sense, welfare and a good life are connected to having a job. However, in countries with higher levels of income, a good relation with a partner is more important and raising income does not necessarily imply increased happiness (Layard, 2005). This is often referred to as the Easterlin paradox (Peiro, 2006). It reflects that welfare can not only be understood at the societal macro level, but also at the micro level and, furthermore, that more affluent welfare states might have new areas or risks to deal with or discuss. To put it in another way, non-monetary aspects become more important for the good life when a certain economic level has been achieved. Welfare might therefore not be the same in rich and poor countries; it is a relational concept dependent on time and place. Welfare can, as indicated, be understood as well-being, although this raises the question of "whether well-being or satisfaction should refer solely to individual experiences" (Barry, 2000).

Resources are essential for implementation of Postal Corporation of Kenya Strategic Plans. Inadequate financial, human, and other resources may negatively impact the implementation of the planned activities. Employee satisfaction is supremely important at PCK because it is what productivity depends on. For instance, shortage of staff and/or a high staff turnover may lead to inability to implement the Plan. With regards to PCK, the employee satisfaction and welfare is crucial for every organization because higher satisfaction level and welfare of the

employee have a positive impact on productivity, performance, individual's physical and mental health, profitability, improve quality of products or services and reduce absenteeism, employee turnover, dispute between labour and management, which gives a competitive edge to the Corporation. Regarding welfare at PCK, currently there exists a football club Posta rangers who are in the premier league. Posta choir group – that has tapped into the talent of many staff. In addition the corporation as parts of its welfare programme negotiates competitive bank loans on behalf of the members of staff.

### **2.3.3 Relationship between Work Motivation and Employee Satisfaction**

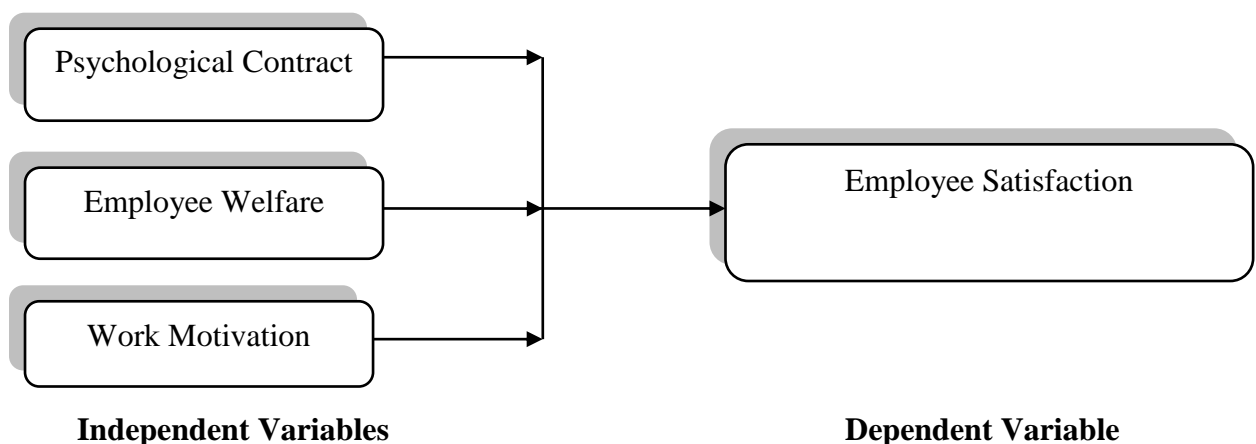
The term “motivation” is derived from the Latin term *movere*, which means “to move” (Baron, Henley, McGibbon & McCarthy, 2002). A great many definitions of the motivation construct have been postulated over several decades during which this multifaceted concept has been researched. Campbell and Pritchard (1976, p.78) define motivation as “a label for the determinants of the choice to initiate effort on a certain task, the choice to expend a certain amount of effort, and the choice to persist in expending effort over a period of time.” Schultz & Schultz (1998) regard motivation as simply the personal and workplace characteristics that explain why people behave the way that they do on the job. Work characteristics in this regard refer to specific characteristics of a person's job, such as its task variety, whereas personal characteristics include those determined by a person's personality, such as an intrinsic need for achievement. Du Toit (2009) identifies work characteristics, such as task variety and responsibility, and organisational characteristics, such as the policies, procedures and customs of an organisation.

The existing literature on individuals' innovative performance reveals a wide array of individual and organizational antecedents factor. Among many individual antecedents that influence employees' innovative performance are attitudes (Williams, 2004), cognitive styles (Scott & Bruce, 1994), personality and demographic characteristics such as age, education background, and prior R&D experience (Roberts, 1991 & Rothwell, 1992). Reio & Callahon (2004) conclude that both intrinsic and extrinsic rewards motivated the employee resulting in higher productivity. Organizational antecedents, influence of leaders, systems of reward, R&D expenditure and cooperating with provider of technology are the factors commonly mentioned as affecting innovative performance of individuals (Eisenberger & Cameron, 1996; Janssen, 2000; Mumford, 2000; Hadijimanolis, 2000; Hage & Dewar, 1973).

Reward systems that are efficient can be a good motivator with inefficient ones leading to employees demotivation. Most firms have made great progress by implementing business strategies fully often by putting in place a well-balanced recognition and reward programs for employees. Deeprose (1994) shows that employee motivation and productivity can be increased through recognition the end result being improved performance of organizations. In today's competitive business environment companies are facing many challenges and among those challenges acquiring right workforce and retaining it, is of utmost importance. Human asset is considered to be the most important asset of any organization. In order to get the efficient and effective result from human resource, employee motivation is necessary. Employee will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management (Baron, 2003).

According to Baron, (2003), there are many factors that affect management employee performance like working conditions, worker and employer relationship, training and development opportunities, job security, and company's overall policies and procedures for rewarding employees, among others. Among all those factors which affect employee performance, motivation that comes with rewards is of utmost importance. Motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal. The relationship between employee satisfaction and motivation at work has been one of the widely researched areas in the field of management in relation to different entities. In Kenya very few studies have explored this concept especially in State Corporation employees, such as the Postal Corporation of Kenya.

#### 2.4 Conceptual Framework

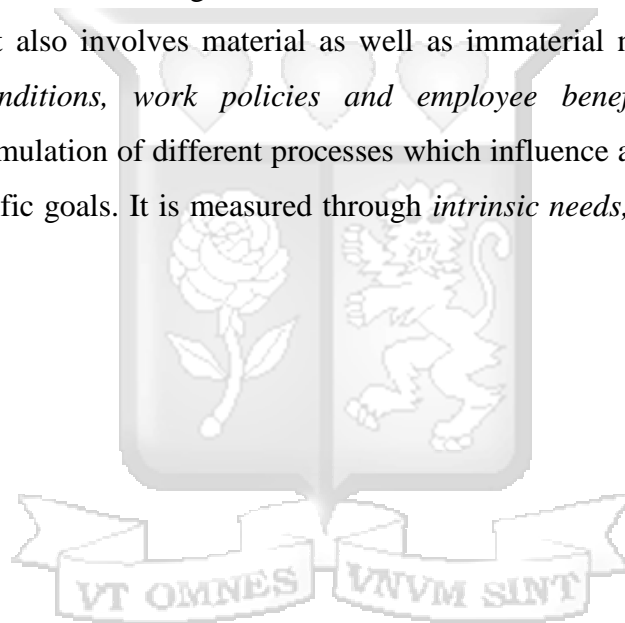


Source: Author (2016)

## 2.5 Operationalization of the Variables

This research revolves around the concept of employee satisfaction especially those at the management levels. Employee satisfaction was the dependent variable measured using increased productivity, career progression and employee loyalty. In order to satisfy the study objectives, psychological contract, employee welfare and work motivation were identified as the key factors influencing management employees in state corporations.

These were treated as the independent variables measured as follows: Psychological Contract is distinct from formal employment contracts/agreements or even implied agreements between the parties, as it is based solely on the perceptions of one party. It is measured through *employee involvement; employee commitment and professional contribution*. Employee Welfare means well-being and can be related both to the individual and to the society as a whole. It also involves material as well as immaterial needs and is measured through *working conditions, work policies and employee benefits*. Finally Workers Motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goals. It is measured through *intrinsic needs, individual values and work environment*.



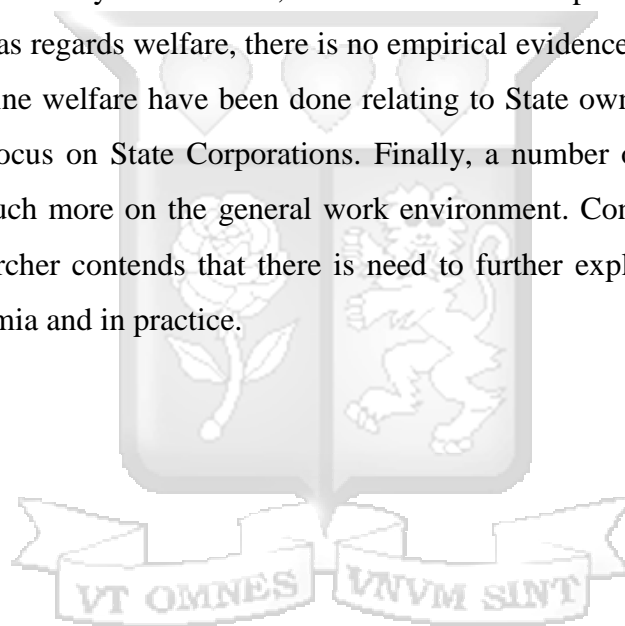
**Table 2.1: Summarizes the measurement of various variables**

Variable	Operational definition	How it is measured	Source
<b>Dependent Variable</b>			
Employee Satisfaction	<ul style="list-style-type: none"> <li>• Increased productivity</li> <li>• Career progression</li> <li>• Employee loyalty</li> </ul>	A likert scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree	Guest, (2004); Nel et al. (2003); Herzberg's (2004); Herzberg (1987)
<b>Independent Variables</b>			
Psychological Contract	Measured through three constructs namely: <ul style="list-style-type: none"> <li>• Employee involvement</li> <li>• Employee commitment and</li> <li>• Professional contribution</li> </ul>	A likert scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree	Guest, (2004); Nel et al. (2003); Herzberg's (2004); Herzberg (1987)
Employee Welfare	Measured through three constructs namely: <ul style="list-style-type: none"> <li>• Working conditions</li> <li>• Work policies and</li> <li>• Employee benefits</li> </ul>	A likert scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree	Qian & Lim (2008); Brecko, (2005); PCK Annual Report (2012); Herzberg (1987)
Workers Motivation	Measured through: <ul style="list-style-type: none"> <li>• Intrinsic needs</li> <li>• Individual values and</li> <li>• Work environment</li> </ul>	A likert scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree	Sibbald et al., (2011); Herzberg's (2004); Herzberg (1987); Baron, (2003)

## 2.6 Research Gap

Despite the numerous literatures on the causes of job satisfaction, few studies have been done on factors influencing management job satisfaction in state corporations. The literature reviewed in this study indicates that a number of studies relating to factors influencing employee satisfaction have been done but there is little empirical evidence locally especially in relation to state corporations. Most of the studies already done relate to European and Asian contexts and at a very minimal level in Africa, thus establishing a gap in relation to scope providing a rationale for further research attempts to zero in on this gap, especially in relation to the local context.

Empirical evidence indicates that with regards to psychological contract, no work has been done relating to a Postal entity/State owned; this calls for an attempt to do the same to bridge this gap. In addition, as regards welfare, there is no empirical evidence to indicate whether or not studies that examine welfare have been done relating to State owned postal entity, since the study wishes to focus on State Corporations. Finally, a number of the studies done on motivation tend to touch more on the general work environment. Consequently, it is in this background the researcher contends that there is need to further explore and document the same for use in academia and in practice.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section presented an in depth analogy of the methodology and procedures that were used during the course of the study. These included; the research design, the sampling method and procedure, the composition of the study population, the sample size and how the sample size was arrived at. This section touched on the methods of data collection and the tools that were used, the mode of data analysis and the dissemination method that were adopted at the end of the data collection and analysis process.

### **3.2 Research Design**

This study adopted a descriptive design and as stated by Saunders et al. (2009), the objective of descriptive research is 'to 'portray an accurate profile of persons, events or situations'. Descriptive research design according to Mishra (2008) clearly defines the focus of the research study and comes up with the right measures for the problem under investigation. In this regard a descriptive design describes who, why, what, when, where and how the study is to be conducted. Thus, this method prescribes the type of information to be collected and the methods to be used in the collection of information with the aim of describing the status of a phenomenon (Mishra, 2008). Cross-sectional study was considered as the most appropriate time horizon because information was gathered at a particular point in time or over a short time span (Levin, 2006). Cross sectional are more often than not descriptive surveys carried out to establish some areas of interest by a section of a population (Levin, 2006). Thus, this study was cross-sectional in nature since it was carried out at one time point or over a short period. As stated by Levin (2006) and Saunders et al. (2009), they are usually conducted to estimate the prevalence of the outcome of interest for a given population commonly for planning and data can also be collected on individual characteristics. In this way cross-sectional studies provide a 'snapshot' of the outcome and the characteristics associated with it, at a specific point in time.

The scope of the study was factors influencing satisfaction of management employees at the corporation. Thus, the focus was limited to managers and their satisfaction. In relation to population, the scope was limited to managers heading various departments or sections and the study targeted a sample of 49 but managed to get 48 responses who were familiar with

factors influencing employee satisfaction at the corporation. In relation to geographical scope, the study was carried out in Nairobi County, Ngara and City Square areas. Lastly, the study was intended to cover a period of 6 months from January 2015 to June, 2015 but extended to November.

This study incorporated both qualitative and quantitative research approaches within a stage of the study or across two of the stages of the research process. The study applied for Descriptive - objective 1 & 2 while Correlation and Regression - objective 3 & 4

### **3.3 Study Location**

The study area was at the Postal Corporation of Kenya headquarters, Ngara and City Square. The study targeted employees of the PCK from the 10 key departments. Nairobi offices were selected as most decisions stem from headquarters before being cascaded to other offices.

### **3.4 Population and sampling**

Population is an entire group of individuals, events or objects having a common observable characteristic. Target population in statistics is the specific population about which information is desired (Mugenda & Mugenda, 2003). The target population of this study was all employees of the postal corporation of Kenya and there are 3988 employees (PCoK, 2015). But the proportion of the target population that had the characteristics to be measured constituted 132 senior managers heading different departments and sections at the corporation.

The category of this proportion was as follows;

**Table 3.1: Target Population**

Category	Population frequency	Percentage
Administration	28	21.2
Finance	16	12.1
Legal	6	4.5
Maintenance & Transport	24	18.2
Personnel	10	7.6
Planning	18	13.6
Public relation	8	6.1
Security	12	9.1
Supplies & procurement	10	7.6
Total	132	100

Source: PCoK (2015)

### 3.5 Sampling Design

According to Kothari (2002), the required sample size can be estimated through calculation using the following formula:

$$n = \frac{T^2pg}{m^2}$$

Where: n = the required sample size

T = the standard normal deviate at the required confidence level

p = the proportion in the target population estimated to have the characteristics being measured

g = 1-p

m = the level of statistical significance set (Margin of error)

The sample size was estimated within 95% confidence interval ( $z=1.96$ ) and a desired accuracy level of 0.05 as follows;

$$n = \frac{(1.96)^2 \cdot (0.033) \cdot (0.967)}{(0.05)^2} = 49 \text{ (approx)}$$

For this research a total sample size of 49 was adequate. Since 49 was the total sample size required, this was selected as part of 132 possible respondents. Stratified random sampling was used as indicated below;

**Table 3.2: Sampling Design**

Group	Frequency of Population	Percentage selected	Actual respondents
Administration	28	21.2	10
Finance	16	12.1	6
Legal	6	4.5	2
Maintenance & Transport	24	18.2	9
Personnel	10	7.6	4
Planning	18	13.6	7
Public relation	8	6.1	3
Security	12	9.1	4
Supplies & procurement	10	7.6	4
<b>Total</b>	<b>132</b>	<b>100%</b>	<b>49</b>

**Source: Researcher (2016)**

Therefore the total sample size was 49 and this sample size was considered adequate. Moreover, Sekaran and Bougie (2010) recommends a minimum sample of 30 and this study eventually managed to sample out 49 voluntary responses from the management employees. The actual respondents presented an overall percentage of 37% and this sample was considered convenient, was based on availability and was economical (Zikmund, 1997).

### **3.6 Data Collection Tools and Procedure**

Primary data was collected in this study this is because the study seeks to obtain views from the management and since the questions addressed in this study have not been captured by any secondary data, primary data sufficed. The data was collected from the management that is composed of general managers in charge of human resource and development, finance and accounts, mail and courier service, financial and agency services, corporation secretary; heads of departments for marketing, audit, information communication technology, managers and assistant managers was reached.

The study mainly looked at employees at PCK on the payroll in the years 2014/2015. Data was collected through the use of questionnaires. The questionnaire consisted of structured, open and closed ended questions. Both closed and open ended questions were used to ensure a rich set of data obtained. Questionnaires are appropriate as they can collect the needed information quickly within a very low budget cost, they are also perceived as more anonymous hence the respondent will not shy away from giving the needed information.

The questions related to employee satisfaction were measured on a four point likert scale. Likert scales are used to measure attitude and respondents are required to indicate their acceptance levels with predetermined questions (Kombo & Tromp, 2006). Questionnaires comprised of two sections the first part sought to obtain general information on the respondents' characteristics. The second part was devoted to the identification of factors influencing employee satisfaction at the Postal Corporation of Kenya. The study used Likert scale questionnaires.

A letter of introduction was given to the respondents explaining clearly why the research was being done since data collected was sensitive. The researcher made use of two research assistants who were trained on how to collect data using a questionnaire and a basic understanding of the topic being studied. Data was collected through drop and pick method and in ten (10) instances depending on the respondents availability, questionnaires were filled out and collected at the same time. The last option was preferred as the respondents were provided with relevant clarification. The questionnaire was administered to selected managers of PCK.

### 3.7 Data Analysis

The results obtained from the questionnaires were analyzed. The analysis of the questionnaires was done to establish the relationship between the objectives under study. Data analysis was done using descriptive and inferential statistics. Descriptive statistics included central tendencies and standard deviation as well as the frequency tables. Inferential statistics factored in multiple regression analysis. Statistical Package for Social Science (SPSS) was used to run the statistical outputs.

In order to analyse the data, thematic analysis was used together with descriptive analysis was utilized. Thematic analysis will be performed through the process of coding in main phases (topics) under discussion, to create established and meaningful patterns. These phases will entail; familiarization with the data, generating initial codes, searching for themes among codes, reviewing themes, defining and naming themes, and then producing the final draft, which will become final report of the study.

Descriptive statistics was used because it helps to summarize a data set quantitatively without employing a probabilistic formulation, rather than use the data to make inferences about the population that the data are thought to represent. Descriptive statistics is the term given to the analysis of data that helps describe, show or summarize data in a meaningful way such that, for example, patterns might emerge from the data. Descriptive statistics do not, however, allow us to make conclusions beyond the data we have analysed or reach conclusions regarding any hypotheses we might have made. They are simply a way to describe our data.

Inferential statistics was be used in addition - even when a data analysis draws its main conclusions using inferential statistics, descriptive statistics are generally also presented. The main advantage of inferential statistics is that it tries to make inferences about a population from the sample data, it makes inferences from our data to more general conditions; using descriptive statistics describes what's going on in our data (Kombo & Tromp, 2006). Both descriptive and inferential statistics rely on the same set of data. Descriptive statistics rely solely on this set of data, whilst inferential statistics also rely on this data in order to make generalizations about a larger population. The outcome was then presented in form of narrative, bar graphs, pie charts and frequency tables.

### **3.8 Reliability and validity**

Pilot study was done as stated by Saunders et al. (2009) and this helped to test the survey instrument, it helped to validate the questions, remove errors of omission and commission, rectify mistakes and check the general structure of the questionnaire. This was done before proceeding to collect the actual data for analysis. Hence a pilot study was done on 10 employees outside the study sample i.e. junior employees. Carrying out a pilot study outside the study area or sample helped to avoid affecting the study sample. The rule of thumb is that 1% of the sample should constitute the pilot test (Cooper & Schilder, 2011).

Reliability is the consistency of a set of measurement items while validity indicates that the instrument is testing what it should (Cronbach, 1951). Cronbach's alpha was developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. Cronbach's alpha was used to test the internal consistency of the study components, which is, how closely related a set of components are as a group. Validity is used to check whether questionnaire is measuring what it purports to measure (Bryman & Cramer, 1997). Cronbach's test was used to check the validity of the sample in order to make sure that it is reliable. The acceptable value is a Cronbach's alpha of 0.7 but a value of 0.7395 obtained in this study on average was considered appropriate showing that the items had a high internal consistency (Cronbach, 1951).

### **3.9 Ethical Consideration**

This study adhered to appropriate research procedures and all sources of information were acknowledged as far as possible. Before the questionnaire was administered, consent was sought and given by the respondents. The respondents were informed of their right not to take part in the survey. Full confidentiality was maintained especially when dealing with questionnaires and the identity of the respondents will be kept secret.

Personal information was only used for the purpose of the study and the respondents were not to be revealed to any other source. In addition, the respondents were assured of confidentiality in relation to any information supplied. Procedures were put in place to protect the confidentiality of information and the anonymity of the participants in all research materials.

## CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

### 4.1 Introduction

The study sought to investigate factors influencing extent of management employee satisfaction in State Corporations. The objectives of the study were to examine the influence of psychological contract on management employee satisfaction at the PCK; to assess the influence of welfare on management employee satisfaction at the Postal Corporation of Kenya and to examine the influence of motivation on management employee satisfaction. The analysis is divided into three parts. Part 1 presents the demographic information such as age and education level. In part 2 and 3, analysis is carried out as per the research objectives.

#### 4.1.1 Response Rate

A total of 48 completed and usable questionnaires out of 49 administered were obtained from the respondents for the study. This represented 97.9% response rate which the study considered adequate for analysis.

**Table 4.1 Response Data**

	Frequency	Percent
Valid Responded	48.00	97.9
Did not Respond	1.00	2.1
Total	49.00	100.00

Source: Research Data (2015)

Although the researcher would have intended to get 100% response, a response rate of 97.9% was considered sufficient and representative. It was not possible to get back all the responses.

### 4.2 Descriptive statistics

Descriptive statistics was used to reduce the data to a manageable size and to provide insights into the pattern of the trend of the data. The descriptive statistics techniques used in the study include range, sum, mean and standard deviations. They are shown in table 4.1 The mean psychological contract was 4.32, mean employee welfare was 3.17, the mean work motivation was 2.75 and the mean of Demographics was 2.91. From the results it appears that on average i.e. 3.51 all the independent variables influence employee satisfaction to a large extent.

### 4.3 Presentation of Findings and Analysis

#### 4.3.1 Demographics

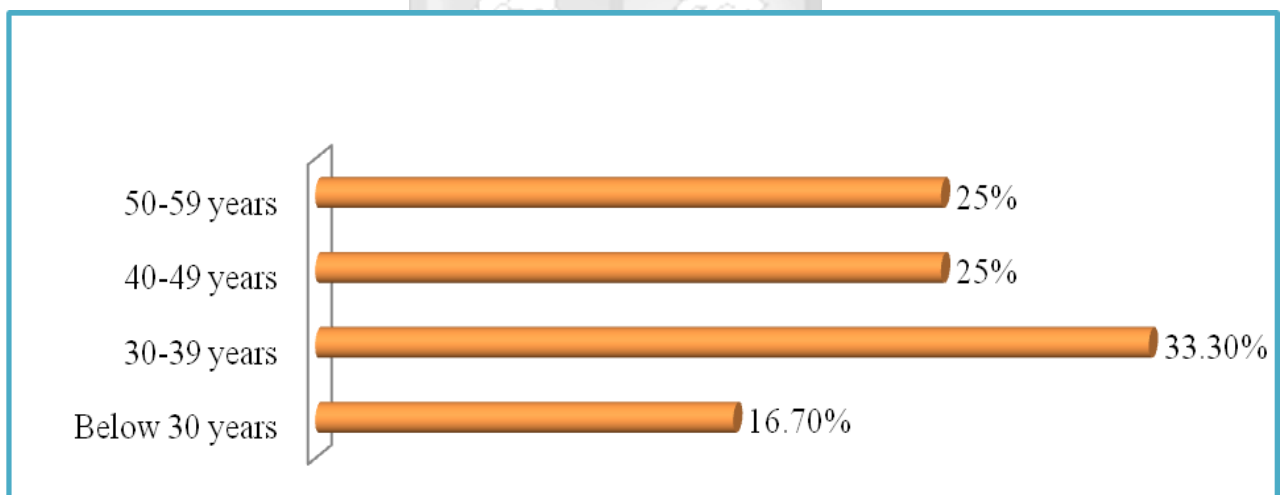
The demographic information considered in this study for the respondents included: gender, age, length of time worked, level of education and the respondent's branch. Their findings were as follows:

#### 4.3.2 Distribution of Respondents by Gender

The study found out that 58% of the respondents were male while 42% of the respondents were female. This in part explained the existence of observance of gender equality and affirmative action to a larger extent by the management of Postal Corporation of Kenya.

#### 4.3.3 Distribution of Respondents by Age

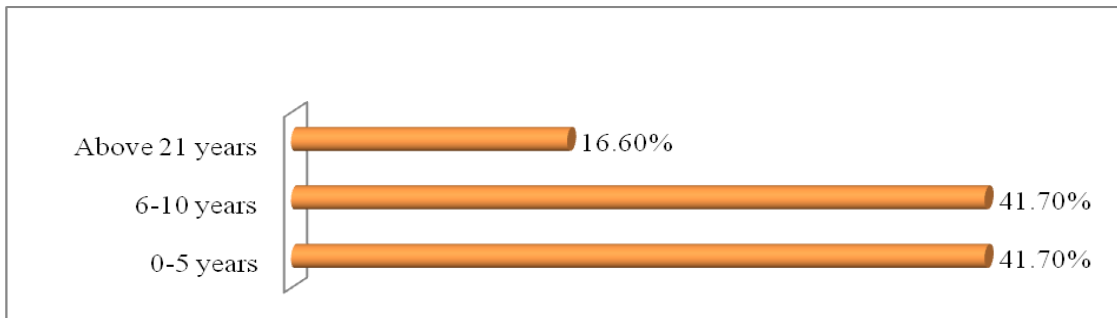
Regarding age, the study found out that most respondents (33.3%) were in the age bracket of 30-39 years, followed by those aged 40-49 and 50-59 years at 25% each and finally those aged below 30 years at 16.7%. The results are shown in figure 4.2. Generally, the employees were well distributed across the age profile.



**Figure 4.1: Distribution of Respondents by Age**

#### 4.3.4 Distribution of Respondents by Length of Period Worked

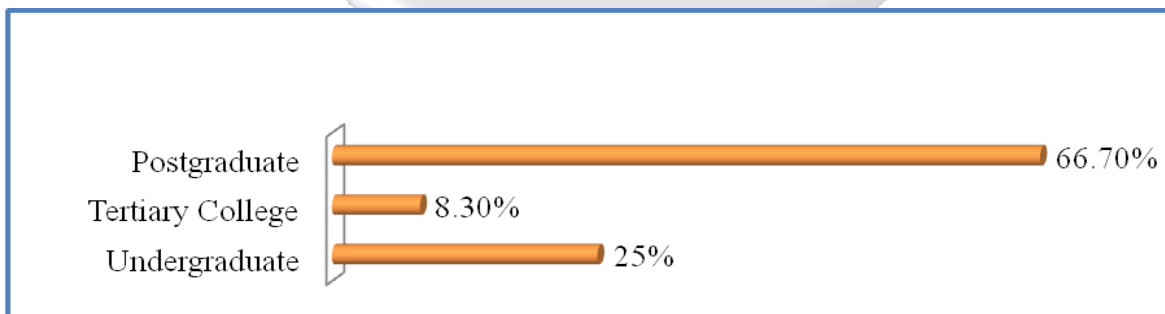
On the length of period worked, the study found out that 16.6% of the employees had worked for over 21 years in the corporation while 41.7% had worked for 6-10 years and below 5 years respectively. This generally implied that the respondents had sufficient background information to adequately respond to the questions asked during the survey. Figure 4.3 has details of the findings.



**Figure 4.2: Distribution of Respondents by Length of Period Worked**

#### 4.3.5 Distribution of Respondents by Level of Education

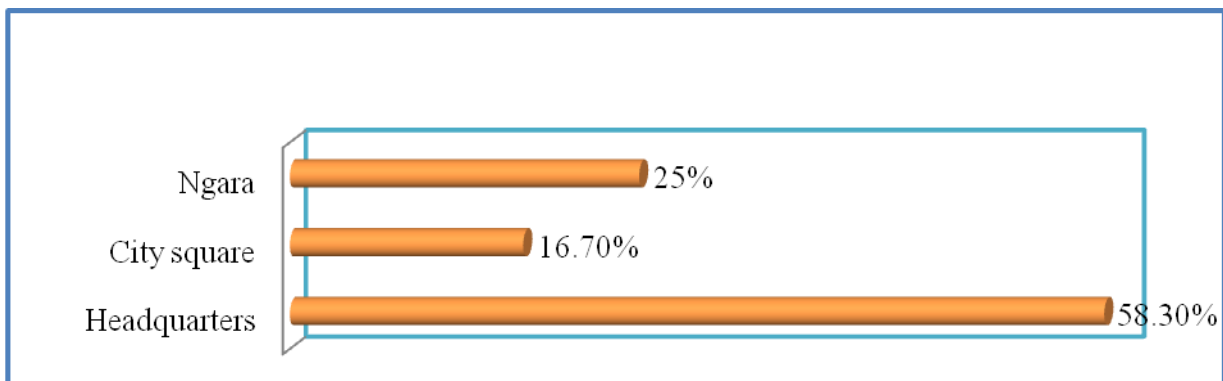
On level of education, 66.7% of management employees were postgraduates and 25% undergraduates. See figure 6 for details.



**Figure 4.3: Distribution of Respondents by Level of Education**

#### 4.3.6 Employee Branch

Majority (58.3%) of the employees were from the headquarter while 25% of the employees were from Ngara branch. City square was represented in this study by 16.7% of management employees as shown in figure 7.



**Figure 4.4: Distribution of Respondents by Branch**

#### 4.4 Employee Satisfaction

The respondents were asked to rate the following factors influencing employee satisfaction at the Postal Corporation of Kenya on a scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree respectively. Results are presented in table 4.2.

**Table 4.2: Employee Satisfaction**

Constructs	N	Minimum	Maximum	Mean	Deviation
I am satisfied with my supervision	48	2	4	3.17	.559
My working conditions are satisfactory	48	2	4	2.67	.630
I have a cordial and healthy relationship with my colleagues	48	2	4	3.00	.715
I am adequately remunerated	48	2	3	2.17	.377
I am clear with the work policy and procedures in my department	48	2	4	2.83	.694
I am secure with my job	48	2	4	2.58	.647
I feel recognized and appreciated in the workplace	48	1	4	2.42	.767
I am making advancement and career growth	48	1	4	2.25	.729
I have internalized the organizational climate and culture	48	2	4	2.75	.729

**Source: Data source (2015)**

The survey found out that the nature of supervision (mean: 3.17) at the corporation influenced employee satisfaction to the largest extent. However, cordial and health relationship with colleagues (mean: 3.00), clarity with work policy (mean: 2.83), internalization of organizational climate and culture (mean: 2.75), working conditions (mean: 2.67), job security (mean: 2.58), recognition and appreciation (mean: 2.42), advancement and career growth (mean: 2.25) and adequate remuneration (mean: 2.17) moderately influenced employees satisfaction at the corporation and in that order as shown in table 4.3.

The scores of do not know and somewhat agree were taken to represent a component that had an influence to a small extent (S.E) equivalent to a mean score of 0 to 2.0 on a continuous likert scale; ( $0 \leq S.E \leq 2.0$ ). Scores of agree were taken to represent a component that had an influence to a moderate extent (M.E) equivalent to a mean score of 2.1 to 3.0 on the continuous likert scale: ( $2.1 \leq M.E \leq 3.0$ ). The scores for both agree and strongly agree were taken to represent a component which had an influence to a large extent (L.E) equivalent to a mean score of 3.1 to 4 on a continuous likert scale; ( $3.1 \leq L.E \leq 4.0$ ). A standard deviation of 1.5 implied a significant difference on the influence of the component among respondents.

It then appears that supervision is one of the most important factors affecting employee satisfaction at Postal Corporation since majority of the respondents with a mean of 3.17 were agreeable to the fact that they are satisfied with their supervision. Other important factors basing on the means are cordial and healthy relationship with colleagues, being clear with work policy and procedures in respective departments and internalizing the organizational climate and culture.

#### **4.5 Factors influencing extent of satisfaction among management employees**

##### **4.5.1 Psychological Contract**

Psychological contract can be distinguished from formal written contract of employment which, for the most part, only identifies mutual duties and responsibilities in a generalized form. It thus represents the mutual beliefs, perceptions, and informal obligations between an employer and an employee (Coyle-Shapiro *et al.*, 2008). As seen earlier, it also involves the unspoken expectations and needs that transcend the formal employment contract (Arnold, 1996). On this basis, the respondents were asked on a scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree respectively to rate the following statements about the influence of psychological contract on employee satisfaction. Shown in table 4.3

**Table 4.3: Psychological Contract**

Constructs	N	Minimum	Maximum	Mean	Std. Deviation
I feel that my contributions to the Organization is useful	48	3	4	3.67	.476
I am fully attached to my Organization	48	2	4	2.92	.647
I give my all when it comes to employee commitment	48	2	4	3.17	.694
My workplace values are aligned with my personal values	48	2	4	2.67	.859
I stand by the corporate values	48	2	4	2.50	.772
I have confidence in my branch	48	2	4	2.67	.753
I believe in the Organization and the Organization believes in me	48	2	4	2.58	.647
I expect nothing but the best from my Organization	48	2	4	2.58	.647
I am faithful to the rules and regulation of my Organization	48	2	4	2.83	.808

**Source: Data source (2015)**

As depicted in table 4.3, the survey found out that usefulness of one's contribution to the organization (mean: 3.67) and employee commitment (mean: 3.17) influenced employee satisfaction among management employees at the corporation to a large extent. One's attachment to the organization (mean: 2.92), faithfulness to organizational rules and regulations (mean: 2.83), the nature of alignment of workplace values with personal values (mean: 2.67), confidence to one's branch (mean: 2.67), the nature of believe between an employee and the organization (mean: 2.58), expecting the best from the organization (mean: 2.85) and standing by the corporate values (mean: 2.50) moderately influenced management employee satisfaction at the corporation and in that order respectively.

The scores of do not know and somewhat agree were taken to represent a component that had an influence to a small extent (S.E) equivalent to a mean score of 0 to 2.0 on a continuous likert scale; ( $0 \leq S.E \leq 2.0$ ). Scores of agree were taken to represent a component that had an influence to a moderate extent (M.E) equivalent to a mean score of 2.1 to 3.0 on the

continuous likert scale:  $(2.1 \leq M.E \leq 3.0)$ . The scores for both agree and strongly agree were taken to represent a component which had an influence to a large extent (L.E) equivalent to a mean score of 3.1 to 4 on a continuous likert scale;  $(3.1 \leq L.E \leq 4.0)$ . A standard deviation of 1.5 implied a significant difference on the influence of the component among respondents.

#### 4.5.2 Employee Welfare

Welfare can be related both to the individual and to the collective and involve material as well as immaterial needs. It is in this respect that the respondents were asked to comment on the following issues on the influence of welfare on employee satisfaction. They were measured on a scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree respectively. Results are shown in table 4.4

**Table 4.4: Welfare**

Constructs	N	Minimum	Maximum	Mean	. Deviation
My job fulfills my material needs	48	2	4	2.42	.647
Channels of pursuit of self-interest are promoted in my Organization	48	1	4	2.25	.838
I am morally obliged to my Organization	48	2	4	2.75	.729
I am making a social investment through my work	48	2	4	2.92	.871
I am in an employee scheme promoted by my employer	48	2	4	3.08	.498
I have access to monetary privileges/benefits	48	1	3	2.50	.652
I have access to social security systems	48	2	4	3.17	.559
I have access to subsidized services	48	1	4	2.08	.871

**Source: Data source (2015)**

As indicated in table 4.5, the study found out that access to social security systems (mean: 3.17) and being in an employment scheme promoted by the employer (mean: 3.08) influenced management employee satisfaction to a large extent. It was also found out that making social investment through work (mean: 2.92), moral obligation to the organization

(mean: 2.75), ability to accomplish work satisfactorily (mean: 2.52), accessibility to monetary privileges and benefits (mean: 2.50), job fulfillment of one's material needs (mean: 2.42) as well as organization's promotion of pursuit of self-interest (mean: 2.25) and accessibility to subsidized services (mean: 2.08) moderately influenced management employee satisfaction at the corporation in that order. A standard deviation of 1.5 implied a significant difference on the influence of the component among respondents

### 4.5.3 Work Motivation

In order to investigate work motivation, the respondents were asked to comment on the following issues that influence employee satisfaction through motivation on. The same was rated on a scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree respectively. The results are presented in table 4.5

**Table 4.5: Work Motivation**

Constructs	N	Min	Max	Mean	Deviation
I am motivated to achieve my goals in the Organization	48	1	4	3.33	.953
I understand the variety of my work task and responsibilities	48	1	4	2.92	.871
I make choices to initiate more effort	48	1	4	2.50	.772
I feel the need to expend an extra amount of effort in my work	48	1	4	2.67	.859
I strive to put in additional time in my work	48	1	4	2.92	.767
I am driven by my work goals	44	1	4	2.27	.872
I pursue my individual values, interests and needs in the contest of my work	44	1	3	2.09	.676
I am attuned to the work policies, procedures and customs	44	1	4	2.45	.791
I have a positive employer relationship	44	1	4	2.64	.780
I participate in training and development opportunities	44	1	4	2.64	.780

As per table 4.6, the study found out that motivation to achieve goals (mean: 3.33) influenced management employees at the postal corporation to a large extent. The study also found out

that understanding one's work tasks and responsibilities (mean: 2.92), striving to put in additional time in one's work (mean: 2.92), the need to expend extra amount of effort in one's work (mean: 2.67) and having a positive employer relationship (mean: 2.64) as well as participating in training and development opportunities (mean: 2.64) had moderate influence on management employee satisfaction at the corporation. It was also found out that making a choice to initiate more effort (mean: 2.50), being attuned to the work policies, procedures and customs (mean: 2.45) as well as being driven by work goals (mean: 2.27) and pursuing individual values, interests and needs within the context of work (mean: 2.09) moderately influenced employee satisfaction at the corporation. In summary, the scores of do not know and somewhat agree were taken to represent a component that had an influence to a small extent (S.E) equivalent to a mean score of 0 to 2.0 on a continuous likert scale; ( $0 \leq S.E \leq 2.0$ ). Scores of agree were taken to represent a component that had an influence to a moderate extent (M.E) equivalent to a mean score of 2.1 to 3.0 on the continuous likert scale: ( $2.1 \leq M.E \leq 3.0$ ). The scores for both agree and strongly agree were taken to represent a component which had an influence to a large extent (L.E) equivalent to a mean score of 3.1 to 4 on a continuous likert scale; ( $3.1 \leq L.E \leq 4.0$ ). A standard deviation of 1.5 implied a significant difference on the influence of the component among respondents

#### 4.6 Reliability Test

A reliability test was done using Cronbach's alpha test. The main reason for this test was to measure the internal consistency of the study components, which is, how closely related a set of components are as a group. The Cronbach's alpha values for this research are as indicated in table 4.6. The findings reveal that most of the elements have relatively high internal consistency. A reliability coefficient of 0.70 can be seen as "acceptable" in most social science research studies (Wherry, 1984).

**Table 4.6: Reliability statistics**

Variable	Cronbach's Alpha	Number of items
Employee satisfaction	.837	9
Psychological contract	.845	10
Welfare	.331	10
Work motivation	.945	10

**Source:** Data source (2015)

## 4.7 Inferential Statistics

### 4.7.1 Correlation Analysis

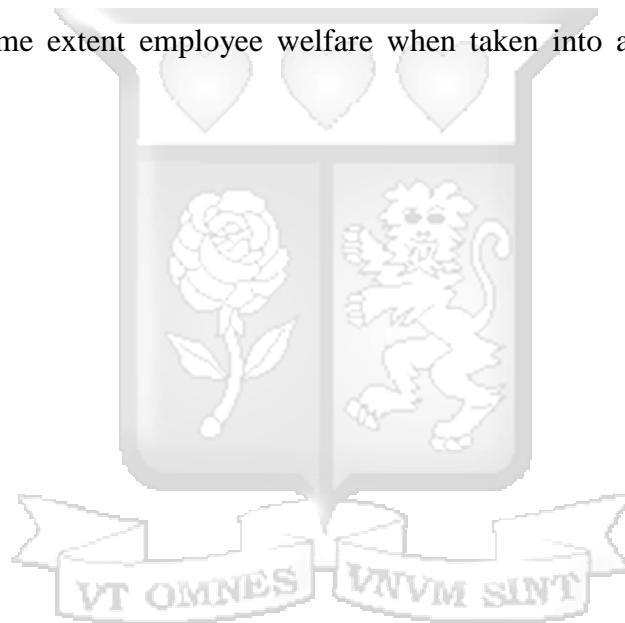
Table 4.7 below shows the distribution of correlation of variables. The correlation coefficient can range from -1 to +1, with -1 indicating a perfect negative correlation, +1 indicating a perfect positive correlation, and 0 indicating no correlation at all. The correlation matrix is used to determine the extent to which changes in the value of an attribute (such as work motivation) is associated with changes in another attribute (like employee welfare or satisfaction). The data for a correlation analysis consists of two input columns. Each column contains values for one of the attributes of interest. When the values are closer to +1 then the variables have a high positive correlation and when values are closer to -1 then the independent variables have a strong negative correlation with the dependent variable.

**Table 4.7: Correlations**

		Employee satisfaction	Psychological contract	Welfare	Work motivation
Employee satisfaction	Pearson Correlation	1	.80**	.06	.47
	Sig. (2-tailed)		.000	.539	.719
	N	48	48	48	48
Psychological contract	Pearson Correlation	.80**	1	.426**	.063
	Sig. (2-tailed)	.000		.003	.673
	N	48	48	48	48
Welfare	Pearson Correlation	.06	.426**	1	.213
	Sig. (2-tailed)	.539	.003		.146
	N	48	48	48	48
Work motivation	Pearson Correlation	.47	.063	.213	1
	Sig. (2-tailed)	.719	.673	.146	
	N	48	48	48	48

\*\* . Correlation is significant at the 0.01 level (2-tailed).

As per the inter-correlation matrix, all the independent variables associate positively with employee satisfaction (the dependent variable) at varying degrees. The independent variables are affected by other variables. Psychological contract and work motivation are highly correlated with employee satisfaction while employee welfare is related albeit to a low extent. Welfare is related to the dependent variable employee satisfaction to a certain level  $r = .06$ , work motivation at  $r = .47$  and psychological contract at  $r = .80$  and it implies that the dependent variable i.e. employee satisfaction is associated with the independent variables to a large extent. Employee welfare is the lowest which showed a very weak correlation with employee satisfaction. On the overall, this also means that psychological contract, work motivation and to some extent employee welfare when taken into account could increase employee satisfaction.



## **CHAPTER FIVE: SUMMARY OF KEY FINDINGS, CONCLUSIONS, RECOMMENDATIONS**

### **5.1 Introduction**

This section gives answers to research questions that were based on the objectives in first chapter. The answers were derived from results of regression and the discussions are arranged as per research questions. The paper was based on Two-factor Theory that looks at what satisfies and dissatisfies employees when working (Herzberg et al., 1959; Herzberg, 2004).

The basic premise of the theory is letting people to be more responsible in controlling and planning work and this act as a means of enhancing motivation and work satisfaction at a company such as Postal Corporation of Kenya. As per this study findings, the management employees at the organization seems to be motivated by other things besides their remuneration for example psychological contract, decision making, employee involvement, goals achievement, given leeway to exercise authority and access to subsidized services among others. On the overall, the study observes that lack of commitment from employees and employers affects employee satisfaction and productivity. This was captured well under psychological contract which had the highest correlation with employee satisfaction compared to work motivation and welfare.

The study initially faced a challenge of concealment of material information by the informants owing to the sensitive nature of the subject matter and to mitigate this, the research staged an effort to explain to the respondents on the research's manifest intention as only academic.

The challenge of logistics, due to the expansive size of the organization, the study dealt with it by preparing in advance with a detailed map and made a pre-visit.

### **5.2 Discussion of Findings**

The discussion of findings as per the regression analysis revolves around the research questions as follows;

### **5.2.1 The extent to which psychological contract influences management employee satisfaction at the Postal Corporation of Kenya**

As per the study findings, psychological contract which was seen as formal employment contracts/agreements or even implied agreements between the parties, as it is based solely on the perceptions of one party was highly correlated with employee satisfaction at  $r=.80$  and  $t$  of 2.511. In relation to Herzberg's, (2004) two-factor theory classified into hygiene's factor (supervision, working conditions, co-workers, pay, policies/procedures and job security), which lead to dissatisfaction, and motivation factor (achievement, recognition, the work itself, responsibility, advancement and growth), which lead to satisfaction, psychological contract falls under motivation factors.

This finding further concurs with Isaksson (2006) and Rousseau (2009) that organisations may experience lower performance, increased turnover, employee litigation, unionisation (absenteeism and accidents if employees are not involved in decision making, they feel that professional contribution is nil and commitment is low. These are facets under psychological contract with contributions to the organization ranking high with a mean of 3.67. Thus, psychological contract is a great influencer of employee satisfaction to a very large extent.

As stated earlier, a psychological contract entails the unwritten or unspoken expectations between employees and employer and in these case employees' contributions to the organization and employee commitment forms the basis of this contract to a large extent at Postal Corporation. Some other elements for example confidence in branch, attachment to the organization, workplace values aligned with personal values and being faithful to the rules and regulation of the organization forms part of this contract but moderately. The findings agree with past studies such as Guest (2004) and Perhaps Cullinane & Dundon, (2006) that content and behavioural consequences of the psychological contract are determined by employee variables such as work values and personal values. In addition all contracts for employment usually contain gaps hence issues such as employee contributions being recognized and commitment remains part of unwritten contracts.

### **5.2.2 The extent to which welfare influences management employee satisfaction at the Postal Corporation of Kenya**

As noted earlier, welfare measured by working conditions, work policies and employee benefits relates to utility derived from work according to economic theory. Welfare is a narrower concept than well-being which also includes broader aspects such as satisfaction,

the quality of work, health, belongingness, etc. Although studies such as Van Praag (1993) show that welfare is a vague concept that has limited understanding, this study came up with elements that explain welfare with employee scheme promoted by my employer and having access to social security systems ranking high than other elements at 3.08 and 3.17 mean respectively.

On the overall, the study found out that employee welfare although positively correlated with employee satisfaction at  $r=.06$ , had a weak relationship compared with work motivation and psychological contract. The explanation is that employees in the management level are looking to self-actualize hence things such as being involved in decision making and involvement satisfies them more than things such as access to subsidized services and access to monetary privileges/benefits. This then requires distinctions to be made between, first, the welfare or well-being of individuals and families and secondly, between individual well-being and that of societies as a whole (Walker, 2005). What might be considered as forming part of welfare at work place could be different outside an organization. It is imperative for HR and senior management of the corporation to establish what forms part of welfare from the eyes of the employees and avoid duplications. Perhaps the reason why ranks low among the three factors influencing employee satisfaction is that employees might be involved in numerous other welfares outside the organization.

Even though past studies such as Van Praag (1993) are of the opinion that welfare or utility concept is vague and not well understood, this study has established in the context of Postal Corporation that things such as employee scheme promoted by employer, access to social security systems, access to monetary privileges/benefits, authority and making social investment through work serve to explain employee welfare. It could imply from the results that have access to social security systems and employee scheme promoted by my employer are the main indicators of employee welfare at Postal Corporation. These factors in turn enhance employee satisfaction that is directly related to performance. Hence, Postal Corporation of Kenya could look into the issue of welfare by carrying out research on what employees would consider as welfare. This will avoid duplication and enhance employee satisfaction. Employee welfare as per the study influences employee satisfaction to a small extent.

### **5.2.3 The extent to which motivation influences management employee satisfaction at the Postal Corporation of Kenya**

Work motivation was ranked second among the factors that influence employee motivation at  $r=0.47$ . One of the elements under motivation that had the highest mean of 3.33 was being motivated to achieve goals in the organization. This links well with findings under psychological contract whereby managers are concerned with involvement and contributions to the organization i.e. feel useful. As Schultz and Schultz (1998) observed, motivation relates to personal and workplace characteristics that explain why people behave the way that they do on the job. Things such as need to achieve goals in the organization and positive employer relationship enhance employee satisfaction which in turn increases productivity. The study findings concurs with Reio and Callahon (2004) who concludes that both intrinsic and extrinsic rewards motivates the employee resulted in higher productivity.

Thus, it appears that motivation to achieve goals in the organization is a key determinant of employee satisfaction at Postal Corporation. The study findings agree with Schultz and Schultz (1998) who regards motivation as simply the personal and workplace characteristics that explain why people behave the way that they do on the job. Work characteristics could include those determined by a person's personality such as an intrinsic need for achievement of goals. Hence work motivation influences employee motivation to a very little extent as per the study findings.

### **5.3 Summary of the Key Findings**

Table 4.8 presented the inter-correlation between the variables under study. All the independent variables correlate positively with employee satisfaction (the dependent variable) although at varying degrees. The independent variables are affected by other variables. Psychological contract and work motivation are highly correlated with employee satisfaction while employee welfare is related albeit to a low extent. The reason could be that managers at the organization have moved beyond welfare level and are looking higher levels of satisfaction brought about by things such as goals achievement, contribution, training and development opportunities among others. The strength of correlation between the variables are weak ( $\pm .1$ ) and produce small effects. The association between other variables had a moderate effect ( $\pm .3$ ) and a high effect of ( $\pm .5$ ). Work motivation is related to the dependent variable employee satisfaction to a certain level  $r = .47$ , psychological contract at  $r = -.80$  and welfare at  $r = .06$ . This implies that the dependent variable i.e. employee satisfaction is influenced by the independent variables to an extent although welfare has a weak correlation.

Relating to individual variables, on psychological contract, the study indicated that usefulness of one's contribution to the organization (mean: 3.67) and employee commitment (mean: 3.17) influenced employee satisfaction among management employees at the corporation to a large extent. The study also indicated that one's attachment to the organization (mean: 2.92), faithfulness to organizational rules and regulations (mean: 2.83), the nature of alignment of workplace values with personal values (mean: 2.67), confidence to one's branch (mean: 2.67), the nature of believe between an employee and the organization (mean: 2.58), best expectations from the organization (mean: 2.85) and standing by corporate values (mean: 2.50) moderately influenced management employee satisfaction at the corporation and in that order respectively.

On welfare, the study indicated that access to social security systems (mean: 3.17) and being in an employment scheme promoted by the employer (mean: 3.08) influenced management employee satisfaction to a large extent. It was also found out that making social investment through work (mean: 2.92), availability of a leeway to exercise authority (mean: 2.83), moral obligation to the organization (mean: 2.75), ability to accomplish work satisfactorily (mean: 2.52), accessibility to monetary privileges and benefits (mean: 2.50), job fulfillment of one's material needs (mean: 2.42) as well as organization's promotion of pursuit of self-interest (mean: 2.25) and accessibility to subsidized services (mean: 2.08) moderately influenced management employee satisfaction at the corporation in that order

On work motivation, the study indicated that motivation to achieve goals (mean: 3.33) influenced management employee satisfaction at the postal corporation to a large extent. The study also found out that understanding one's work tasks and responsibilities (mean: 2.92), striving to put in additional time in one's work (mean: 2.92), the need to expend extra amount of effort in one's work (mean: 2.67) and having a positive employer relationship (mean: 2.64) as well as participating in training and development opportunities (mean: 2.64) had moderate influence on management employee satisfaction at the corporation. It was also found out that making a choice to initiate more effort (mean: 2.50), being attuned to the work policies, procedures and customs (mean: 2.45) as well as being driven by work goals (mean: 2.27) and pursuing individual values, interests and needs within the context of work (mean: 2.09) moderately influenced employee satisfaction at the corporation.

Other important factors basing on the means are cordial and healthy relationship with colleagues, being clear with work policy and procedures in respective departments and internalizing the organizational climate and culture. In relation to two-factor theory by Herzberg et al. (1959) and Herzberg's, (2004), these are factors that cause job satisfaction at Postal Corporation. In seeking to motivate people, first management in organizations must identify and address things that make workers unhappy about the workplace environment. Past studies such as Mulej (2006), McGregor, (2002) and Spector, (2007) are in agreement with the study findings that relationship with colleagues, work environment/ conditions and culture of the organizations tend to affect how employees work or influence work productivity. Other factors according to this study such as job security, remuneration and advancement and career growth affect satisfaction albeit to a lesser extent. This study has established that being satisfied with supervision is a key factor at Postal Corporation.

From the multiple regression model, about 80.5% of variations in employee satisfaction are explained by variations in independent variables i.e. psychological contract, work motivation and welfare and this leaves about 19.5% unexplained. Thus, the study establishes a positive relationship between these three variables. The study did not find any negative relationship between the variables. In summary, this study concurs with two-factor theory of motivation explains the factors that employees find satisfying and dissatisfying about their jobs. It could imply that psychological contract, work motivation and welfare brings about employee satisfaction. On the contrary, absence of these factors could cause dissatisfaction as per (Herzberg et al., 1959). Factors influencing employee satisfaction as per this study is summarized in figure 5.1 with rankings from 1-3 where 1 is highest ranked variable while 3 is lowest ranked variable influencing employee satisfaction.



### **Figure 5.1: Summary of interactions of the variables (Researcher)**

As the study findings revealed, employee satisfaction is highly dependent on psychological contracts to a large extent followed by work motivation and then employee welfare. It does not imply that absence of work motivation and welfare may not cause dissatisfaction at work but psychological contract was considered as the most important factor by the respondents.

### **5.4 Conclusions**

The study was set to investigate factors influencing management employee satisfaction at the postal corporation of Kenya. In particular, the study was geared at examining the influence of psychological contract on management employee satisfaction, assessing the influence of welfare on management employee satisfaction and examining the influence of work motivation on management employee satisfaction at the corporation. Postal Corporation of Kenya should take seriously issues relating to psychological contract when addressing management employee satisfaction at the institution. The study specifically concludes that for the corporation to be able to improve management employee satisfaction, the institution should appreciate individual employee contributions to the organization. The study as well concludes that employee welfare issues such as access to social security systems and being in an employment scheme promoted by the employer were not pertinent in improving management employee satisfaction at the institution at the time. The study also concluded that even though work motivation issues were not significant in addressing management employee satisfaction at the corporation, their importance could not be underestimated in improving management employee satisfaction.

Thus as Baron, (2003) observed, in today's competitive business environment companies are facing many challenges and among those challenges acquiring right workforce and retaining it, is of utmost importance. This then brings in the need for psychological contracts, employee motivation and to some extent employee welfare. The elements under each namely Psychological Contract (employee involvement, employee commitment and professional contribution); Employee Motivation (intrinsic needs, individual values and work environment) and Employee Welfare (working conditions, work policies and employee benefits) should be taken into account.

## **5.5 Policy Recommendations**

In order to improve management employee satisfaction at the postal corporation of Kenya, on psychological contract, the study recommended that a mechanism is put in place of appreciating the usefulness of an individual employee at the corporation. This is to be achieved through review of the corporation HR-policy to provide guidelines on how to inspire, speak and listen to employees. The policy should also provide guidelines on how to thank, develop and care for employees in return for their useful contributions.

Second and in relation to employee welfare, the study recommended that top management put in place measures established by legislation to maintain individual income and provide for how to source for income when some or all sources of income are disrupted or terminated or when exceptionally heavy expenditures have to be incurred. The study also recommended that top management puts in place measures that may provide cash benefits to employees in case of sickness, disability and maternity and provide in cash or kind for medical need, rehabilitation and legal aid where necessary, funeral expenses and or compensation for accident victims.

On work motivation, since the study took cognizance that a goal gives an employee a framework for excelling in the work place and that some staff members may need assistance in reaching those goals. The study recommended that all goals to be achieved within the corporation required to be put down in writing and remain challenging yet achievable. The study further recommended that the goals required being within reach, specific and relevant to avoid employees losing interest towards their achievement.

## **5.6 Areas for Further Studies**

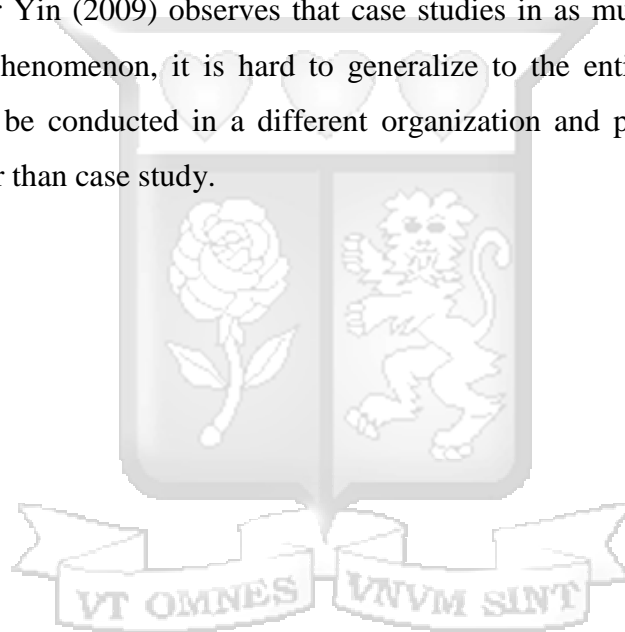
Lastly, HR and senior management should carry out a research on employees to find out what motivates and demotivates them. This could for example help in establishing competitive employee welfare programmes that are not duplicated. It does little to an employee if the organization introduces a huge medical scheme whereas employees require additional income instead to live a decent life which cuts on medical bills.

A study is done to establish why welfare and work motivation are not significant in addressing management employee satisfaction at the corporation. Further, another study is done to establish why even though work motivation issues are not significant in addressing

management employee satisfaction at the postal corporation, their importance could not be underestimated.

In addition, further studies in this area should investigate other factors that influence employee satisfaction other than work motivation, psychological contract and welfare. Variations in employee satisfaction are possibly explained by other factors not considered in this study. Moreover, further studies should be conducted in this area looking at the independent variables (determinants) in isolation. Work motivation, psychological contract and employee welfare and their influence on employee satisfaction should be considered in isolation.

Lastly, as seen earlier Yin (2009) observes that case studies in as much as they offer an in depth analysis of a phenomenon, it is hard to generalize to the entire population. Hence, another study should be conducted in a different organization and perhaps use a different research strategy other than case study.



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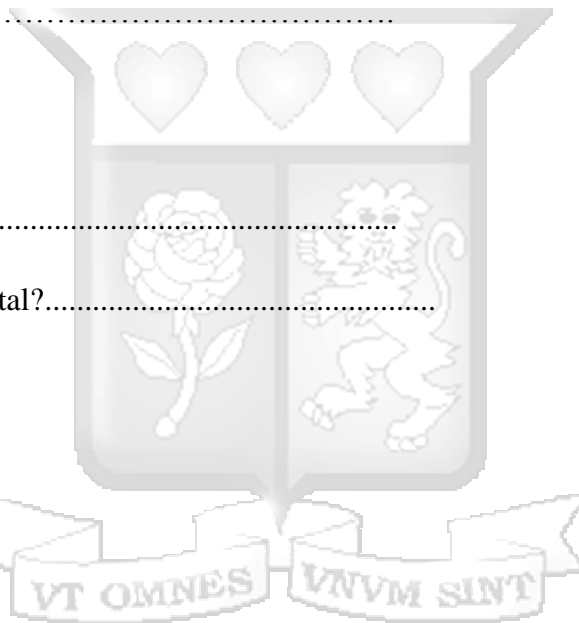


## APPENDIX I: QUESTIONNAIRE

My name is Jane Otieno, I am a Master of Business Administration student at Strathmore University. Kindly fill this questionnaire to enable me collect data for this study. The questionnaire is meant to collect information on factors influencing employee satisfaction at the Postal Corporation of Kenya. Request you kindly answer the questions by writing a brief statement or ticking in the boxes provided as applicable. The information provided will be treated as strictly confidential and at no instance will your name be mentioned in this research. This research is intended for an academic purpose only.

### SECTION ONE: DEMOGRAPHIC INFORMATION

1. Name (optional).....
2. Gender?.....
  - a) Male
  - b) Female
3. What is your age?.....
4. What is your marital?.....
  - a) Single
  - b) Married
  - c) Widowed
  - d) Divorced
  - e) Others
5. Total number of children?.....
6. For how long have you worked with the Corporation?.....
  - a) Below 1 year
  - b) 1 - 5 years
  - c) 5-10 years
  - d) 10-15 years
  - e) 15-20 years
  - f) 20 and above years
7. What is your highest level of education?.....



- a) Secondary
- b) Undergraduate
- f) Other (specify) .....
- c) Tertiary College
- d) Postgraduate

7. Which is your branch?.....

- a) Headquarters
- b) City square
- c) Ngara

**SECTION TWO: EMPLOYEE SATISFACTION**

9. The following are factors influencing employee satisfaction at the Postal Corporation of Kenya. How would you rate these factors? With a Likert scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree.

No.	Description	(1)	(2)	(3)	(4)
a.	I am satisfied with my supervision				
b.	My working conditions are satisfactory				
c.	I have a cordial and healthy relationship with my colleagues				
d.	I am adequately remunerated				
e.	I am clear with the work policy and procedures in my department				
f.	I am secure with my job				
g.	I feel recognized and appreciated in the workplace				
h.	I am making advancement and career growth				
i.	I have internalized the organizational climate and culture				

### SECTION THREE: INFLUENCE OF PSYCHOLOGICAL CONTRACT

10. The following are statements about the influence of psychological contract on employee satisfaction. How would you rate these factors? With a Likert scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree.

No.	Description	(1)	(2)	(3)	(4)
a.	I feel that my contributions to the Organization is useful				
b.	I am fully attached to my Organization				
c.	I give my all when it comes to employee commitment				
d.	My workplace values are aligned with my personal values				
e.	I stand by the corporate values				
f.	I feel my contributions to the organisation is useful				
g.	I have confidence in my branch				
h.	I believe in the Organization and the Organization believes in me				
i.	I expect nothing but the best from my Organization				
j.	I am faithful to the rules and regulation of my Organization				

### SECTION FOUR: INFLUENCE OF WELFARE ON EMPLOYEE SATISFACTION

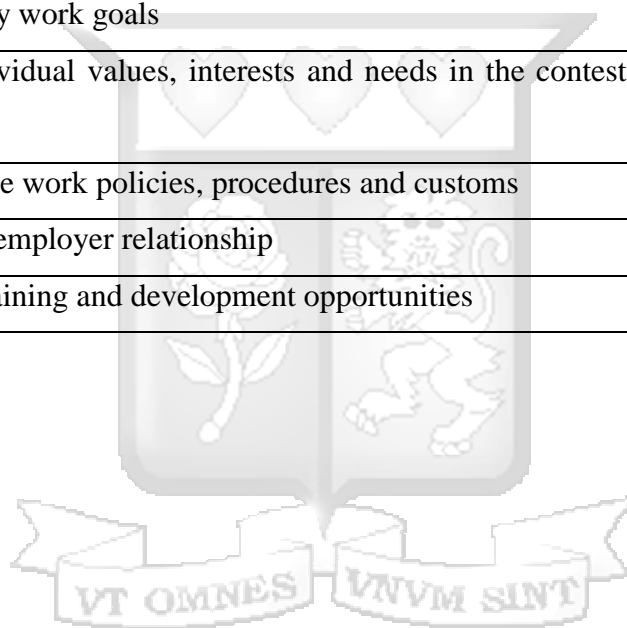
11. Comment on the following issues on the influence of welfare on employee satisfaction. With a Likert scale of 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree.

N	Description	(1)	(2)	(3)	(4)
o					
a.	My job fulfills my material needs				
b.	Channels of pursuit of self-interest are promoted in my Organization				
e.	I am morally obliged to my Organization				
f.	I am making a social investment through my work				
g.	I am in an employee scheme promoted by my employer				
h.	I have access to monetary privileges/benefits				
i.	I have access to social security systems				
j.	I have access to subsidized services				

**SECTION FIVE: WORK MOTIVATION AND EMPLOYEE SATISFACTION**

12. Comment on the following issues on the influence of motivation on employee satisfaction. 1-4 where 4= Strongly agree, 3= Agree, 2= Somewhat agree and 1= Disagree respectively.

N o	Description	(1)	(2)	(3)	(4)
a.	I am motivated to achieve my goals in the Organization				
b.	I understand the variety of my work task and responsibilities				
c.	I make choices to initiate more effort				
d.	I feel the need to expend an extra amount of effort in my work				
e.	I strive to put in additional time in my work				
f.	I am driven by my work goals				
g.	I pursue my individual values, interests and needs in the contest of my work				
h.	I am attuned to the work policies, procedures and customs				
i.	I have a positive employer relationship				
j.	I participate in training and development opportunities				



**-THANKYOU FOR YOUR POSITIVE RESPONSE-**

## **APPENDIX II: MEDIA REPORTS**

### **42 Parastatals To Be Dissolved Under New Reforms Plan**

Business Daily By George Omondi, Tuesday, November 12 2013

At least 75 parastatals face shake-up in the next three weeks following recommendation by an expert team appointed by President Uhuru Kenyatta six months ago.

The team handed its report to President Uhuru Kenyatta yesterday recommending dissolution, merger or transfer of some functions of State Corporations to counties, ultimately trimming their number from 262 to 187.

A total of 42 parastatals- mostly in agricultural sector - will be dissolved, 28 others will be merged while 22 others will have their roles transferred to other institutions. Another list of 21 corporations will be dropped from the list of State Corporation's altogether, to be reclassified as professional bodies.

The report was compiled by the Presidential Task Force on Parastatals Reforms appointed by President Kenyatta in July to advise on restructuring plan. The ten-member team was co-chaired by President's constitutional affairs adviser Abdikadir Mohammed and the Commercial Bank of Africa's CEO Isaac Awuondo.

"For effective and complementary engagement between the state and markets, there must be a clear separation of policymaking, regulation and service delivery roles," Mr Mohamed said.

Among the surprises in the list of parastatals to be dissolved is the Privatisation Commission of Kenya while troubled National Cereals and Produce Board makes a lucky escape as one of institutions with strategic roles.

Mr Kenyatta said recommendations will be implemented in three months.

To this end, a government-led Entities Reforms Implementation Committee would be established to facilitate, oversee and monitor implementation of the recommendations, President Kenyatta said.

"No comprehensive review of the sector had been undertaken by the Government in the past. A draft parastatals Bill is ready," he said.

The Corporations employ a total of 119,689 workers with an annual wage bill of over Sh131.2 billion. Out of this, the National Treasury finances 60.34 billion (46 per cent). A survey conducted the taskforce shows that only 51 of the state corporations have been self-sustaining. Ninety six of them with a total of 57,606 and wage bill of Sh66 billion can only generate Sh22.6 billion internally.

**-END-**