

**ROLE OF ORGANIZATIONAL CHARACTERISTICS IN THE MOTIVATION OF
GENERATION Y EMPLOYEES IN THE KENYAN BANKING INDUSTRY**

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MBA/073333/13

A research dissertation submitted to Strathmore University in partial fulfilment of the degree
of Master of Business Administration of Strathmore University

June 2018

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other university. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference in the dissertation itself.

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ABSTRACT

The ability of banking institutions to motivate generation Y (Millennials) employees will play a strategic role in improving company performance and competitiveness in the industry. The main purpose of the study was to determine the role of organizational characteristics on the motivation of generation Y employees. The organisation characteristics which the study examined were working conditions, Reward strategy, career development and job characteristics. The study was informed by the specific objectives which were; to find out whether organisation characteristics (working conditions, reward strategies and job characteristics) influence motivation of Generation Y (Millennials) workforce in the Banking Industry of Kenya. The study used descriptive research design to achieve these objectives. The study sample was comprised of 50 respondents drawn from various banks within Nairobi. Data collection was done by use of a questionnaire. The quantitative data was obtained and analysed using STATA to provide the study findings. Computations of frequencies, averages and regression analysis, were used to analyze the data guided by the research questions in reference to study objectives. In regard to the study findings, it was found out that out of the many items that were used to measure the motivation, some items were more influential than others. Working conditions were observed to have the highest influence followed by career development and reward strategies and job characteristics were least influential on the motivation of Gen Y employees.

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LIST OF ACRONYMS

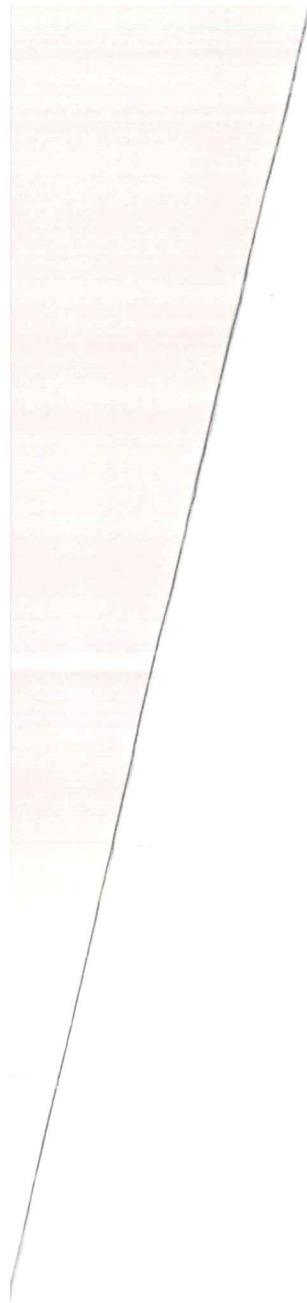
Gen Y	Generation Y (Millennials)
Gen X	Generation X
HR	Human resource
HRM	Human resource management
ILM	Internal Labor Markets
PwC	Price-water-house-Coopers

ACKNOWLEDGEMENT

My gratitude goes to God almighty for his provision of strength, knowledge, ability and resources which have enabled me to come this far.

Secondly my appreciation goes to my family for their support and understanding throughout my MBA program. In a special way, I wish to thank my mother who tirelessly lent a hand towards taking care of our 2 sons – Austin & Anthony while undertaking the program.

Lastly, I wish to thank my supervisor who has been helpful in guiding and encouraging me to get to the end of this project.



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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

In the current day workplace, the generation Y (Gen Y) population is increasing while other earlier generations are decreasing making generation Y more visible in the workplace. The generation brings with it changes in organizational characteristics required to motivate them which this study endeavors to identify.

Management, supervisors, and human resource professionals have long struggled with perfecting management strategies for employees in pursuit of better performance but their endeavor is made more difficult by the presence of distinct personalities of the three most prevalent working generations, namely the Baby Boomers (born between the years 1946 and 1964), Generation X (born between 1965 and 1979), and Generation Y (born between 1980 and 2000). Managers may save themselves some headaches by becoming familiar with each of the generations and more so Gen Y - a mini baby boom generation now pouring into the marketplace. That workforce is moving towards a 21st century workplace characterized by free agency. There, workers no longer expect long-term rewards, but instead negotiate each new job seeking the best overall working environment including opportunities for training and work-life balance (Tulgan, 2009) .

Generation Y are the individuals born between 1979 and 1990. This generation is also referred to as the Millennials. In the labor market, these are employees who or are in their 30s and 20s, a majority of whom have just joined the workforce, (Coopers, 2010) . In Kenya, Gen Y is the group who were born around the time of the coup. The defining events over the past decade for this Generation have been multi-party elections, the NARC government, post-election violence, the coalition government, the referendum and currently the Jubilee government. Gen Y employees are clearly a fast-growing segment of Kenya's workforce. 66% of the respondents of the PricewaterhouseCoopers (PwC) 2009 National Human Resource survey reported that Gen Y employees already make up between 25% and 75% of the workforce.

1.1.1 Overview of the banking industry in Kenya

Commercial Banks and Mortgage Finance Institutions are licensed and regulated pursuant to the provisions of the Kenya Banking Act and the Regulations and Prudential Guidelines issued thereunder. The banking industry is regulated by the Central Bank of Kenya Banking through the banking prudential guidelines. Regulation ranges from licensing requirements to on-going supervision to a bank-specific failure regime and deposit insurance. The Central Bank formulates and implements the monetary policy and foster the liquidity and solvency of the banks in Kenya. Currently there are 42 licensed commercial banks and 1 mortgage finance company. The banks come together under the Kenya Bankers Association which serves as a lobby group to represent their interests. The banking industry is critical to the economy in provision of financial support to individuals and corporations.

1.1.2 Organizational Characteristics

Organizational characteristics are features originating both from the management model adopted by the organization, through its structure or strategy, and from the company culture embodied in the nature of its membership and relationships. Organizational characteristics could also be broadly referred to as organizational influences (Simon, 1976). Various organizational characteristics can influence the motivational and retention of employees in the workplace. In this study, we will explore 4 organizational characteristics which are working conditions, job characteristics, career development and reward strategy and their impact on motivation generation Y employees in the banking industry in Kenya.

1.2 Problem Definition

Many organizations recognize that the talents of the people they employ are critical to business success. Human capital, not physical capital, is now the organization's primary source of competitive differentiation; leveraging the skills, talents, ideas and experiences of a creative workforce becoming a strategic imperative. Gen Y are not just the next generation of employees, but the next generation of consumers who will ultimately determine whether future businesses will succeed or fail (Coopers, 2010) .

While being self-confessed risk takers, when it comes to their careers, Gen Y expect to move on from their current employer faster than previous generations in the workforce (Oliver, 2006). This characteristic of Gen Y employees is undesirable for many companies and hence increases the company expenditure on human resourcing. Gen Y tends to be less satisfied than Gen X with their jobs and employers, (Kian, 2012). For instance, they are supposedly uninterested in a job for life (Oliver, 2006) and, for many, a one-year period of employment in a single organisation may be considered long term.

Not much research has been done on motivation of Gen Y in the Kenya's banking industry. This research sought to identify whether organizational characteristics influence the motivation of generation Y employees in the Banking Industry in Kenya. It brought out which organizational characteristics out of the 4 explored were influential.

1.3 Research Objective

1.3.1 General Objective

The main objective of this research was to find out which organizational characteristics i.e. working conditions, job characteristics, career development and reward strategies influence the motivation of generation Y employees in the Banking Industry in Kenya. The specific objectives included the following:

1.3.2 Specific Objectives

- i. To find out whether working conditions influence motivation of Generation Y workforce in the Banking Industry of Kenya.
- ii. To find out whether reward strategies influence motivation of Generation Y workforce in the Banking Industry of Kenya.
- iii. To find out whether jobs characteristics influence motivation of Generation Y workforce in the Banking Industry of Kenya.
- iv. To find out whether career development influences motivation of Generation Y workforce in the Banking Industry of Kenya.

1.3.3 Research Questions

- i. How do the working conditions in the banking institutions in Kenya influence motivation of Generation Y employees?
- ii. How do employee reward strategies put in place by banking institutions in Kenya influence the motivation of generation Y employees?
- iii. How do job characteristics (task autonomy, task complexity) influence the motivation of Generation Y employees?
- iv. How do career development plans put in place by banks in Kenya influence the motivation of Generation Y employees?

1.4 Scope of the Study

The study was carried out on the top 10 Tier I and II banks in the Banking Industry in Kenya. This is because, banks play a significant role in a modern market economy, there has been an improvement in the financial stability and soundness of banks since the year 2000, even though the earlier generation workforce is dwindling, hence many associating this growth to the increasing number of Gen Y employees in the banking industry.

1.5 Significance of the Study

While the ability of other earlier generations to provide meaningful labour is dwindling, that of generation Y is increasing day in day out and is fully represented as the youthful workforce in companies. Since Gen Y employees make the large percentage of employees in today's organisations, they will be a strategic group of employees to motivate. This is because the human capital of an organisation is critical in its survival strategy. A study on this group of employees would be a huge benefit to any growth oriented company as it will bring out the underlying characteristics of this group hence helping organisations in HR policy creation. The study has provided insight and information required by managers in motivating Gen Y employees.

Since a company's performance is affected by employee motivation as shown by studies carried out largely in the USA, the results of this research effort could potentially be used as a framework for guiding employee retention in the banking industry and other organizations. The study outcomes will also largely benefit the research and academic realms both in Kenya and globally

by providing insights into the existing knowledge on motivation of Gen Y employees in the banking industry in Kenya on which academicians and researchers can deduce knowledge for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

As part of the process of developing and implementing strategies to maintain and increase competitiveness, organizations face the challenge of retaining their best employees. With Generation Y being the largest number of workforce in the organization currently making up between 25% and 75% of the workforce (PricewaterhouseCoopers, 2010), it is beneficial for management to understand the organisational characteristics that motivate them hence leading to retention through alignment of rewards and structure at the work place.

2.1.1 Characteristics of generation Y

Generation Y wants to be rewarded for carrying out the most mundane of tasks. The top three most sought-after benefits amongst Gen Y workers include access to online social networks, flexible dress code and flexible working hours. This generation also values professional networks and gymnasium memberships. Generation Y has been built for the fast lane. With fantastic team work, advanced skills in technology, social networking and the ability to focus on multiple tasks at the same time, the sky is the only limit.

Companies that will reap the most value from this generation must be ready to make some adjustments and adapt to the changing demographics of today's workforce. These companies will demonstrate successfully that Generation Y adds real value to their organizations, taking their opinions seriously and creating clear progression paths. Employers are struggling to accommodate flexible working hours, according to PwC's HR Survey, but they are learning to manage Generation Y's expectations so that our hard work is rewarded appropriately without alienating older generations (Coopers, 2010).

Unlike the generations that have gone before them, Gen Y has been pampered, nurtured and programmed with a slew of activities since they were toddlers, meaning they are both high-performance and high-maintenance, (Armour, 2005). Gen Y was socialized in a digital world. It is more than technically literate; it is continually wired, plugged in, and connected to digitally

streaming information, entertainment, and contacts. It has so mastered technology that multitasking is a habit it takes into the workplace, where it tends to instant message its contacts while doing work (Lewis, 2005) .

Less than half of this youngest generation describe themselves as confident or prepared to enter the workforce. Their strong technical skills are not matched by strong soft skills such as listening, communicating, independent thinking, being a team player, and managing time (Pekala, 2001), hence different means are required to motivate this workforce so as to maximize its output. Meeting personal goals is likely to matter to Gen Y, as is performing meaningful work that better the world and working with committed co-workers with shared values. Making a lot of money tends to be less important to Gen Y than contributing to society, parenting well, and enjoying a full and balanced life (Allen, 2004).

In the workplace, Gen Y tends to favour an inclusive style of management, dislike slowness, and desire immediate feedback about performance ((Francis-Smith, 2004)). It is a truly global generation, socially conscious and volunteer-minded and positioned to be the most demanding generation. If treated professionally, it is likely to act professionally. Gen Y is likely to perform best when its abilities are identified and matched with challenging work that pushes it fully. Speed, customization, and interactivity -two-way non-passive engagement-are likely to help keep Gen Y focused (Tulgan B, 2001) .

Gen Y tends to value teamwork and fairness and is likely to be more positive than Gen X on a range of workplace issues including work-life balance, performance reviews, and availability of supervisors. Moreover, Gen Y descriptors include attributes predictive of high performance. Gen Y workers are inclined to be sociable, hopeful, talented, collaborative, inclusive, and civic-minded. In addition to being well educated and technically savvy, they tend to be open-minded, achievement-oriented, and able to work on parallel tasks (Raines, 2002). Cautiously optimistic and enthusiastic about the future, Gen Y is likely to have a solid work ethic and entrepreneurial bent. At the same time, it tends to acknowledge and admire authority, especially Traditionalists. Strength, cooperation, energy, conformity, virtue, and duty tend to be among Gen Y's values (Penttila, 2001).

Gen Y workers tend to look for instant gratification rather than long-term investments of time and effort (Southard, 2004). In addition to demanding immediate rewards, they are likely to prefer special projects rather than "dues-paying chores." They often prefer being given time off to receiving money; putting in face time tends to put them off. Accustomed to coming, going, and staying as needed, and being involved when present, Gen Y workers tend to be constant negotiators and questioners. As one author describes it, "The forty-hour workweek doesn't apply ... (and) 'how' meetings become 'why' meetings" (Lewis, 2005) .

Gen Y workers tend to have unbridled energy, endless enthusiasm, and the skills and experience of those much older. They too, then, should be managed with a coaching style (Sujansky, 2002). And then there's Gen Y's total comfort with technology. While boomers may expect a phone call or in-person meeting on important topics, younger workers may prefer virtual problem solving (Tulgan, 2009) . (Crumpacker, 2007) suggest that Gen Y focus their energy more on their private lives and moving from organisation to organisation is not a problem for them. This tendency may be due to continued parental support as they devote so much time to their private lives and maintaining their relationships (Oliver, 2006). As such, they see a work-life balance as being important (Crumpacker, 2007)

2.2 Theoretical Review of Literature

Given the characteristics of Gen Y, some of the motivation theories which are relevant to Gen Y employees are:

2.2.1 Expectancy Theory

This is a cognitive theory developed by an American Psychologist Edward Tolman in the 1930s. For work motivation to be high, productive work has to be seen as a path to valued goals. If you need more money, and if you expect to get more money for working hard, then we can predict that you will work hard. This theory thus assumes that we behave in ways that are instrumental to the achievement of valued goals. The American psychologist Victor Vroom developed the first expectancy theory of work motivation, based on three concepts: valence, instrumentality and expectancy. The force of your motivation to work hard is the result of the product (multiplication) of the three variables (Vroom, 1964).

Valence - The perceived value preference that an individual has for a particular outcome, and can be positive, negative or neutral.

Instrumentality – The perceived probability that good performance will lead to valued rewards and is measured on a scale from no chance to certainty.

Expectancy – The perceived probability that effort will result in good performance and is measured on a scale of no chance to certainty.

This theory was relevant in the study since was used to find out if the assertion that Gen Y workers tend to look for instant gratification, demanding immediate rewards, they are likely to prefer special projects rather than "dues-paying chores" and prefer being given time off to receiving money holds true (Southard, 2004). The researcher observed that Gen Y want rewards commensurate with their performance and expectations.

2.2.2 Goal setting theory by Locke and Latham (1990) established 4 propositions:

The first proposition is that challenging goals lead to higher levels of performance than simple unchallenging goals. The second proposition is that specific goals lead to higher levels of performance than vague goals such as "try harder" or "do your best". Goal specificity avoids confusion. Thirdly participation in goal setting particularly when this is expected, can improve performance by increasing commitment to those goals, but managerially assigned goals that are adequately explained and justified can also lead to high performance. Fourthly, knowledge of results of past performance - feedback – is necessary for effective goal achievement. Feedback contains information and is also motivational (Locke, 1990).

This theory was relevant in the study since it was used to find out if the assertion by Tulgan and Martin (2001) that Gen Y is likely to perform best when its abilities are identified and matched with challenging work that pushes it fully, desire immediate feedback and Gen Y descriptors include attributes predictive of high performance (Raines, 2002) . The researcher observed that Gen Y employees love challenging work and performance feedback on the same.

2.2.3 Deci and Ryan's (2000) self-determination theory

Hierarchical model of intrinsic and extrinsic motivation - Extrinsic motivation can be defined as doing something because it leads to a separable outcome. That means that outside encouragement or rewards are earned from performing a task rather than actual enjoyment of the task. Relating to job evaluation, extrinsic motivation, especially money and pay rewards, are a very important motivator to make decisions on whether to join an organization (Rynes, Gerhart, & Minette, 2004). Intrinsic motivation refers to doing something because the task itself is interesting or enjoyable (Deci, 1996).

This theory was relevant in the study since it was used to find out the intrinsic characteristic of Gen Y as described by scholars like Allen, (2004) who purports that making a lot of money tends to be less important to Gen Y than contributing to society, parenting well, and enjoying a full and balanced life. The researcher observed that beside intrinsic rewards of pay and bonuses, affiliation, achievement and role clarity were important.

2.3 Organizational Characteristics

2.3.1 Working Conditions and Motivation of Gen Y Employees

Role ambiguity is lacking clarity to better understand the expectations of a given role or the prescriptions underlying it (Rahim, M, 2011). It results from poorly defined jobs and unclear instructions from other employees (Griffin, 2010). According to Brown (1992), employees provided with insufficient organizational information are likely to use inappropriate ways to solve organizational problems or even to avoid stress which may lead to less effective work. Ambiguous and confusing information or messages in organizational communication often causes job-related strains (Weiner, 2012). Job strains decrease the productivity of the employees as well as their job satisfaction (Kusluvan, 2003).

Employees should be well informed on what is expected of their roles, how to achieve the roles and the repercussions of undertaking the roles (Rahim, M, 2011). Reducing role ambiguity during the early employment stage can be a determinant in an employee's attachment to the organization (Johnston et al., 1990). Because of the energetic nature of Gen Y employees (Miller, 2005), job characteristics should mediate the relationship between role ambiguity and job outcomes.

Role conflict is the challenges which result from the incompatibility of roles (Grace, 2012). This occurs when a person is expected to undertake two or more incompatible and contradictory roles or even activities that are mutually exclusive (Rahim, M, 2011). Often, compliance to one of the roles or activities makes it difficult or even impossible for one to comply with the other. There are different types of role conflicts: Intra-sender role conflict, inter-sender role conflict, inter-role conflict and intra-role conflict/person-role conflict.

Intra-sender conflict occurs when one receives a role from a sender that requires him/her to perform contradicting roles for example those that violate a rule but the sender still insists on it. Inter-sender conflict occurs when an expected role behaviour by a role sender is inconsistent with those expected by a different sender while inter-role conflict occurs when one person accepts to undertake two different roles with inconsistent expectations at a go. On the other hand, intra-role conflict occurs when the expectations of a role are not in line with the receiver's attitudes, behaviour and values (Rahim, M, 2011). Employees working with motivated and dedicated co-workers tend to experience less stress and are more satisfied with their own jobs (Babin and Boles, 1996).

According to Chikwendu (2000), in the Working Conditions and Employee Commitment in Indigenous Private Manufacturing Firms in Nigeria research, respondents did not perceive the intrinsic contents of work and physical conditions under which they worked as part of their problem. In fact, among the twenty-seven workers interviewed, none complained about not being challenged by his/her task. Nor did anyone implicitly or explicitly refer to boredom, task monotony, lack of opportunity to use his/her creativity, or the menace of an unsafe work environment. Instead, they exhibited an overwhelming concern for personal survival through better wages, fringe-benefits and promotions.

2.3.2 Career Development and Motivation of Gen Y employees

Dynamic career progression is at the heart of the story of Generation Y in the finance profession. The youngest generation in finance seeks out career paths which are aspirational, fluid and evolving quickly. Career development is critical to effective retention. While most Generation Y finance professionals are content in their current role, a significant proportion (one-third) would

like to leave their organisation immediately. The retention risk with this generation is significant and may be exacerbated where global economic conditions improve. Managing their expectations through transparent career management strategies will be vital to aid retention and secure appropriate return on training investment. Chartered Management Institute (Macleod 2008)

Young managers are taking on significant responsibility for their own learning and development, but they are looking for more feedback and support from their line managers. Given the diverse needs of Generation Y, it is not enough to rely on traditional development programmes that only provide a collective approach to training and development; they are also seeking far more immediate feedback and tailored development paths (Macleod 2008).

Millennials want to know immediately what they are doing right and wrong. At the same time, they may feel ill equipped to handle negative feedback as they have been told so often by parents that they are truly wonderful. In fact, because of the way Generation Y was parented, they tend to have difficulty with problem solving, failure, accepting and learning from mistakes, and having realistic expectations. There is decreased accountability, responsibility, and independence. Regular meetings with mentors are a good way to provide summary data, but educators are encouraged to provide a lot of on-the-spot feedback. (Journal of Graduate medical education, 2011)

According to PwC 2010 survey, Gen Y they see their careers defined by an infinite number of possibilities and developing indifferent directions. They believe that they are in charge of building their own careers through working in positions that would develop them. In line with this, they are keen to learn self-management and personal productivity skills as well as gain industry/functional knowledge as well as technical skills.

2.2.3 Reward Strategy and Motivation of Gen Y Employees

A reward strategy is an approach to reward based on a set of coherent principles in support of the organisation's aims. (Brown, 2001) says that, '...reward strategy is ultimately a way of thinking that you can apply to any reward issue arising in your organisation, to see how you can create value from it.' People do not automatically come to work, continue to work, or work hard for an organization. People need motivation to share and fulfill the organization's vision. Rewards can be monetary or non-monetary (K, 2006).

Armstrong and Stephens (2006) define total reward as the combination of both the financial and non-financial rewards made available to employees; direct and indirect and intrinsic and extrinsic rewards. Total rewards represent compensation and benefits, personal and professional growth opportunities and a motivating work environment including job design, recognition and work-life-balance. It encompasses all aspects of work that are valued by employees and forms a part of a strategic approach to rewarding employees (Heneman, 2007).

One current trend that coincides with Generation Y desire to be instantly rewarded for good performance is pay for performance (PFP) policies (Gherson, 2001)). PFP means setting different pay levels connected to different performance targets for employees or work teams (Lagace, 2003) . When an employee or a team reaches the target within the set time frame, they receive the higher pay level. A well-executed PFP policy have many benefits: it can retain good performers, motivate employees, increase productivity, clarify job roles, and link efforts to organizational objectives (Taylor, 2000).

According to Smith & Robert (2008), compensation is one of the most important factors for Generation Y employees when considering potential employers. According to Condly et al. 2003, in a meta-analytic review of researches (45 researches conducted over a period of 40 years) on use of rewards to motivate performance, it was claimed that the average effect of incentives on all tasks in all work settings was a 22% gain in performance. The study reported that monetary rewards tend to influence performance more than non-monetary rewards. The performance gains for money were (27%) twice the average gains from non-monetary rewards (13%). However, it was asserted that the findings should be "viewed with caution", since the number of monetary rewards studies were four times the other studies. Moreover, the actual cash value of the non-tangible gifts was not ascertained

Chiu & Luk (2002), in the study on retaining and motivating employees in Hong Kong and China, they observed that basic salary, merit pay, year-end bonus , annual leave and mortgage loan were the most important factors to retain employees whereas basic salary, merit pay, year-end bonus , profit sharing and annual leave were the most important factors to motivate employees in Hong

Kong while basic salary, merit pay and year-end bonus were the most important factors in retaining and motivating supervisors and employees in China.

2.3.4 Job Characteristics and Motivation of Gen Y employees

The Job Characteristics Model (Hackman, 1980) is based on the idea that the job itself is a key to employee motivation. The five components of the model are skill variety, task identity, task significance, autonomy, and feedback. The proponents of this model suggested that factors such as compensation, effective supervision and similar factors are not effective in increasing motivation, but rather act as neutralizers. It is only through enhancing the job itself that motivation can be increased according to the model. In this study, we will review task autonomy and job complexity.

In view of Gen Y employees' energy, ability to multi-task, and acceptance of diversity as the norm (Kofman, 2005), they are adept in altering or shaping work-related tasks and relationships, which, in turn, may impact the meaning of their work even in the most restricted and routine jobs. Gen Y have high degrees of confidence, intelligence, and independence (Eisner, 2005); Martin, 2005). These young employees proactively manage their careers and control their professional development by seeking jobs that meet specific criteria important to them (Hall, 2002).

Gen Y employees might significantly modify work-related tasks to create outcomes that are more satisfying and productive, utilizing a job crafting perspective such that Gen Y employees are active participants in interpreting and shaping their jobs (Wrzesniewski, 2001). Rich job characteristics tend to increase job satisfaction and performance, and moderate the effects of perceived role stress (Rhoads et al., 2002). With no specific generational approach focusing on Gen Y employees, Wiles and Spiro (2004) indicate that college graduates desire more control over their own careers by higher ratings for advancement opportunities and training programs.

Job satisfaction can influence an employee's intention to remain with the organization (Hom, 2001); Singh, 2000). Many Gen Y employees begin their careers with the assumption that they will change jobs frequently; therefore, if they are not satisfied working at a company, they will not stay (Wallace, 2001).

2.4 Motivation of Gen Y employees

Motivation is the main force through which individuals allocate effort to generate and implement innovative ideas. However, employees are only motivated to go beyond their designated role and get involved in spontaneous and innovative activities if they have a strong identification with the organization, (Hartmann, 2006). A skilled and motivated workforce is a powerful source of strategic advantage. Consistent with core human resource assumptions, high - performing companies do a better job of understanding and responding to the needs of both employees and customers. As a result, they attract better people who are motivated to do a superior job (Bolman& Deal, 2008).

Organizations will need to focus on designing work that is meaningful, delivers sufficient autonomy for the individual to develop themselves, allows for rapid learning, is meaningful , challenging and has within it opportunities for regular feedback (Sujansky, 2002) . Providing flexibility around working hours, packages and benefits is necessary. Most married Generation Y couples will be in the work place as for them, family is not a women's issue but an issue for men and women (Allen, 2004).

For Generation Y, work is a key part of life and therefore issues around work-life balance although important should be set against the context of fulfilling and enjoyable work. They seek careers and job assignments that are challenging, stretching and intellectually stimulating. Secondly, they tend to be high achievers and therefore it is important for organizations to engage fully with their staff. They expect clear road maps for success with clear, consistent and constant feedback offered. They prefer self-managing their work. In line with this they prefer managers to coach and mentor them given that growth and development is important to them. In addition, in a research study conducted by PwC, 80% of Generation Y participants said that they would leave an employer whose corporate sustainability practices no longer met their own (Coopers, 2010) .

PwC (2010) research shows that they will increasingly view the organisation and the world without boundaries. Their focus will be on interest and opportunity, not necessarily on monetary rewards. They will happily begin careers in Kenya or their home countries but will follow well paid opportunities internationally while spending spells in their home country. They do not expect jobs

for life and also do not intend to work in an organisation for life. One can expect them to leave if not promoted (Schmidt, 2003).

In the study of work place motivators and employees' satisfaction in the retail sector in India among sales people, Mishra & Gupta (2009) found out that employees' satisfaction is significantly influenced by compensation along with working conditions and support from management. The study also ascertained a significant relationship between tenure with the organization and motivators. Employees with more tenure with present organization rated skill development and support from management higher compared to less experienced employees. Working conditions and work life balance were rated higher by employees with less experience.

In their case study on implications of a pay-for-performance system on intrinsic and extrinsic motivation and job satisfaction of front-line employees at a retailer, Stringer et al (2011) found positive associations between pay and intrinsic motivation and intrinsic motivation and job satisfaction, while there was a negative association between extrinsic motivation and job satisfaction. Pay satisfaction had the strongest association with job satisfaction. The practical implications of this for managers are to pay their front-line employees well and job satisfaction will be high.

2.5 Research Gap

Gen Y employees bring many positive skills and traits to the workforce; hence their motivation is key to company performance. Collectively, this group shares a number of characteristics important to employees they have a strict work ethic, are polite to authority figures, and they seek meaningful work that fulfills them or helps others (Garlick, Reaching Gen Y on Both Sides of the Cash Register). Literature is very rich on Gen Y characteristics and the intrinsic and extrinsic needs which include conducive working conditions, clear and guaranteed career development, comprehensive reward strategy and rich job characteristics, however it does not explicitly describe which organizational characteristics need to be put in place to influence the motivation and retention of Gen Y employees and more specifically in the Banking Industry in Kenya.

Further, literature does not give any examples of organizations that have been successful in managing Gen Y, how they did it and the benefits derived. Most of the literature simply brings out

the challenges and what managers need to know. For instance, Martin, (2005) says Gen Y employees often leave an organization if their jobs do not utilize their talents and abilities or if they do not receive training to develop professionally.

Generation Y will be the most difficult to recruit, retain, motivate and manage than any other new generation to enter the work force. But this will also be the most high-performing workforce in history for those who know how to manage them properly. Further, he says that Generation Y has been much analysed but, largely misunderstood. Though in recent years, many so-called experts have jumped on the bandwagon of tackling the challenge of “Managing Generation Y”, nearly everyone is simply reinforcing prevailing misconceptions about Generation Y (Tulgan, 2009).

Most of the research on Gen Y may be biased due to the locations in which the researches have been carried out, target population may be different and even the way in which data was collected may have been different.

2.6 Summary

From the literature review, organization characteristics are critical in motivation of Gen Y employees. Organizations need to ensure that organizational characteristics are aligned to the needs of the generation Y employees in their human resource management strategies.

Many leading companies that have taken into consideration the changing work values of new generations have added new amenities focusing on work-life balance, relaxation, and leisure activities to reduce discrepancies between Generation X and Gen Y (Millennials) (Twenge et al., 2010).

All literature reviewed formed a basis for this research. The research identified that indeed organizational characteristics influence the motivation of Gen Y employees in the banking industry in Kenya.

2.7 Conceptual framework

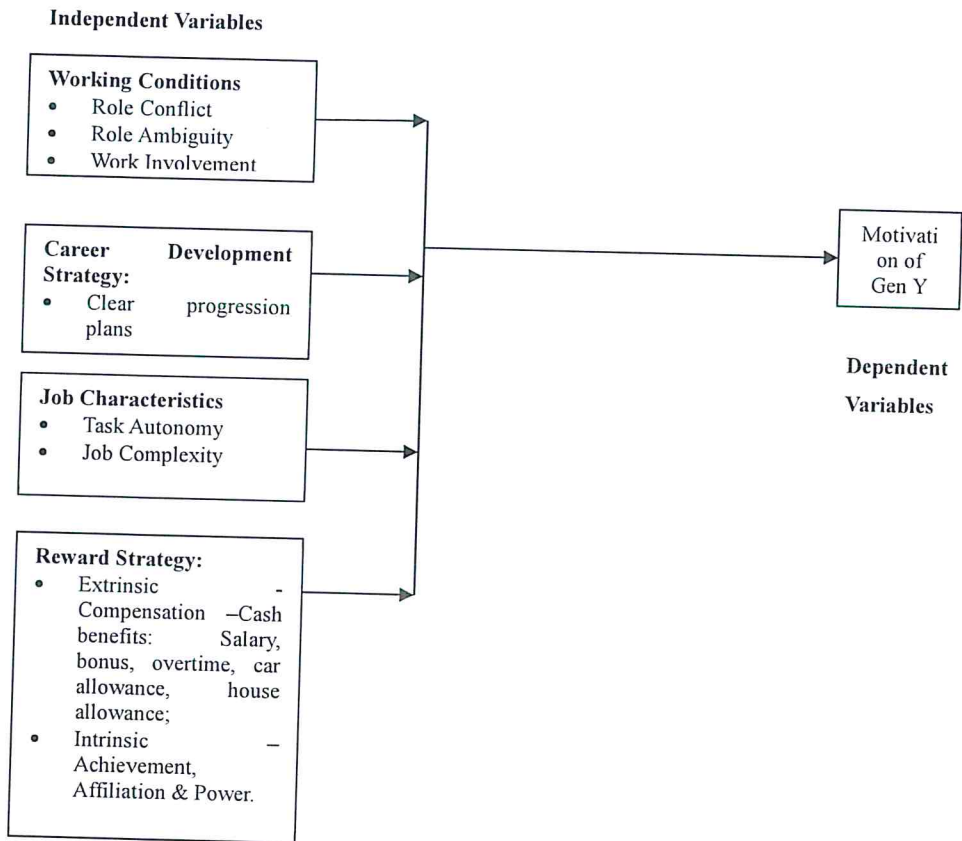


Figure 2.1: Conceptual framework

2.7.1 Conceptual Framework Summary

The conceptual model posits that work conditions, career development strategy, job characteristics and reward strategy have an impact on motivation of Gen Y's employees.

According to Solnet and Kralj (2011), organizational characteristics and HRM strategies can attract potential Gen Y employees, if these are in alignment with Gen Y's work values. The dynamic interaction between Gen Y's work values and attitudes and the HRM strategies of the organization will influence Gen Y's work behaviors, with a resulting impact on organizational outcomes. Through an extensive literature review, the authors identified a range of organizational characteristics which are likely to impact Gen Y's motivation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter looks at the research methods adopted to achieve the objectives of this study. This chapter discusses the research approach, design, population, sampling techniques, data collection procedures employed and how the data was analysed.

3.2 Research Approach

The research used the quantitative research method. The quantitative approach refers to data collection method using questionnaires or any data analysis procedures that generate numerical data. This was done using the Likert scale on the questionnaires.

3.3 Research Design

The aim of the study was to identify the role of organisation characteristics in motivation of the Gen Y employees in the banking industry of Kenya; we employed the descriptive survey research design. The study described the state of affairs or environment as it exists without any attempt to manipulate or control the sample subjects. Quantitative design was used to obtain statistical data and analysis.

3.4 The target population and Sample size

A population is the entire group of individuals or items under consideration in any field of inquiry and have a common attribute (Mugenda, 2003). The population of interest in this study was Gen Y employees (Millennials) in the banking industry in Kenya (see appendix 2). A sample of top 10 Tier I and II banking corporations characterized by market size, financial performance in the year 2015 and that have existed for at least 5 years in the country were selected. These banks were Cooperative, Commercial Bank of Africa, Kenya Commercial Bank, Diamond Trust Bank, Equity bank, Barclays Bank, Standard Chartered, I&M bank, NIC bank and CFC Stanbic Bank.

3.5 Sampling Procedures

The researcher used two types of non - probabilistic sampling procedures namely stratified sampling and convenient sampling procedures. The stratified sample was used in selecting the top 10 Tier I and II banks while a convenient random sample was used in selecting the respondents. The target was five (5) respondents from each bank, targeting 50 respondents to the employee questionnaire who would be conveniently sampled based on availability and willingness to participate.

3.6 Data Collection Methods

The study used primary data sources using the questionnaire was structured having both open and close-ended questions. Copper and Schindler, observed that structured questions necessitate getting as much information as possible from the limited space on the form (Cooper, 2003). The research questionnaire was divided into the various sections addressing each of the variables outlined in the conceptual framework. The questionnaire was designed mainly based on Likert's scale of five ordinal measures from 1 to 5 according to importance. The questionnaire was administered using survey monkey. All the respondents selected were required to complete it offering their views.

3.7 Data Analysis

The instrument used to collect data for this research was a questionnaire, data analysis was quantitative. The questionnaires were first checked for completeness to ensure that all questions addressing all the variables included in the conceptual framework were captured. All data captured through survey Monkey was downloaded on to excel work sheets and reviewed for accuracy and completeness. It was then entered into STATA for the quantitative data analysis.

The study also used regression analysis.

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots \dots \dots (1)$$

Where Y = Motivation of Generation Y Employees

B0 = Constant

X1 = Working Condition
X2 = Current Development
X3 = Job Characteristics
X4 = Reward Strategy
E = Standard Error

3.8 Research Quality

3.8.1 Reliability

Reliability refers to the accuracy and precision of a measurement procedure. It measures the degree to which a research instrument gives consistent results. The author states that reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error (Cooper, 2003). A researcher can ensure the reliability of her research by thoroughly describing the research process which has been done in this document. That will increase the transparency of the research.

We used a standardised questionnaire which was administered using Survey Monkey for ease of response and speedy transmission of the answers. Analysis was done using STATA to ensure accuracy and reduce the margin of error. The reliability test was done on 10 questionnaire of the sample population using Cronbach Alpha where any Alpha value above 0.7 would indicate that there is good internal consistency in the data collection instruments and a repeat of the data collection exercise would give the same outcome. The findings indicate an overall Cronbach Alpha coefficient of 0.9666 for all the questions for the 10 questionnaires items as per the results presented in table 3.1.

Table 3.1 Reliability Findings

	Observations	Sign	Item-test correlation	Item-rest correlation	Alpha
Retention & Motivation	10	+	0.801	0.771	0.965
Role conflict	10	+	0.751	0.714	0.966
Role ambiguity	10	+	0.933	0.922	0.962
Work involvement	10	+	0.772	0.738	0.965
Task Autonomy	10	-	0.724	0.684	0.966
Job complexity	10	+	0.726	0.687	0.966
Career development	10	+	0.869	0.848	0.964
Feedback	10	+	0.864	0.843	0.964
Achievement	10	+	0.819	0.791	0.964
Affiliations	10	+	0.849	0.826	0.964
Power	10	+	0.817	0.789	0.965
Extrinsic	10	+	0.809	0.779	0.965
Test scale					0.967

3.8.2 Validity

Validity is the extent to which differences found with a measuring tool reflect true differences among respondents being tested (Cooper, 2003). It refers to the credibility of its results (Bryman & Bell, 2005). The credibility is affected by the appropriateness of the informants and the connection between the result of the research and the researcher's conclusions. Validity can be measured by the extent the data obtained accurately reflects the theoretical or conceptual concepts; that is if the measurements gotten are consistent with the expectations.

The validity test was done using convergent validity which was assessed using the average variance extracted (AVE). The validity test was done using convergent validity which was assessed using the average variance (Table 3.2) indicates that the AVE of all constructs were above the 0.5 threshold indicating that the latent constructs account for at least fifty percent of the variance in the items. This indicates that the measurement scales exhibited adequate measurement validity.

Table 3.2 Validity Test Findings

	Observations	Sign	item-test correlation	item-rest correlation	Average inter Item (Average Variance)
Retention & Motivation	10	+	0.801	0.771	0.646
Role conflict	10	+	0.751	0.714	0.652
Role ambiguity	10	+	0.933	0.922	0.629
Work involvement	10	+	0.772	0.738	0.649
Task Autonomy	10	-	0.724	0.684	0.656
Job satisfaction	10	+	0.936	0.926	0.629
Career development	10	+	0.869	0.848	0.637
Feedback	10	+	0.864	0.842	0.638
Achievement	10	+	0.819	0.791	0.644
Affiliations	10	+	0.849	0.826	0.642
Power	10	+	0.817	0.789	0.644
Extrinsic	10	+	0.806	0.779	0.645
Test scale					0.644

3.8.3 Ethical Issues

The study observed very high standards of research ethics and code of conduct and did not violate any of the participants' rights. All respondents were protected from harm, discomfort and embarrassment or loss of privacy. Anonymity was ensured by not asking for the names or banks and not including them in this paper. Data collected was not been manipulated and the authority of the respondents was obtained as well as the authority to collect data was obtained from Strathmore Business School.

CHAPTER FOUR PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents the analysis and presentation of the findings of this study examining the role of organizational characteristics in the motivation and retention of generation Y employees in the Kenyan banking industry. The findings are outlined according to the study objectives which were; to find out whether organisation characteristics (working conditions, reward strategies, career development and job characteristics) influence motivation of Generation Y workforce in the banking industry of Kenya. The data collected was analyzed using STATA and computations of frequencies, averages and regression analysis were used to analyze the data guided by the research questions in reference to study objectives.

4.2 Response Rate

The section presents the results on the response rate. The response rate shows the level of achievement the researcher obtained in collecting data for the study. The research targeted to collect data from a sample of 50 respondents. However, the study did not achieve a response of 100% as there were some non-response incidences. Out of the target sample of 50 respondents only 30 responses were received implying a response rate of 60 percent which is above 50 percent.

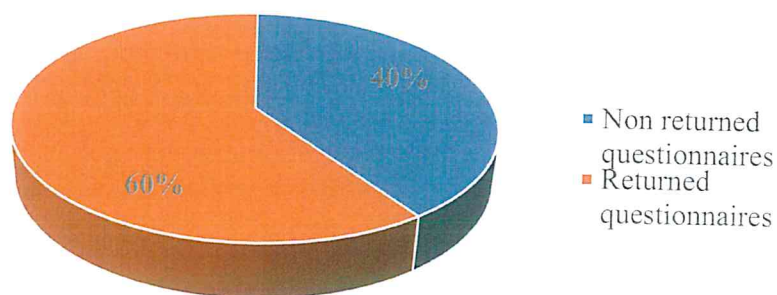


Figure 4.1 Response Rate

4.3 Gen Y Characteristics

The study sought to determine the level of education of the respondents who participated in the study. The level of education of the respondents ranged from Bachelors to PhD degree. As illustrated in Figure 4.2, those with bachelor's degree were 43%; master's degree was 55% while those who had PhD and other qualification accounted for 2%. Thus, the majority of the respondents had a Master's degree. The findings show that the banks have a well-educated workforce at the management level.

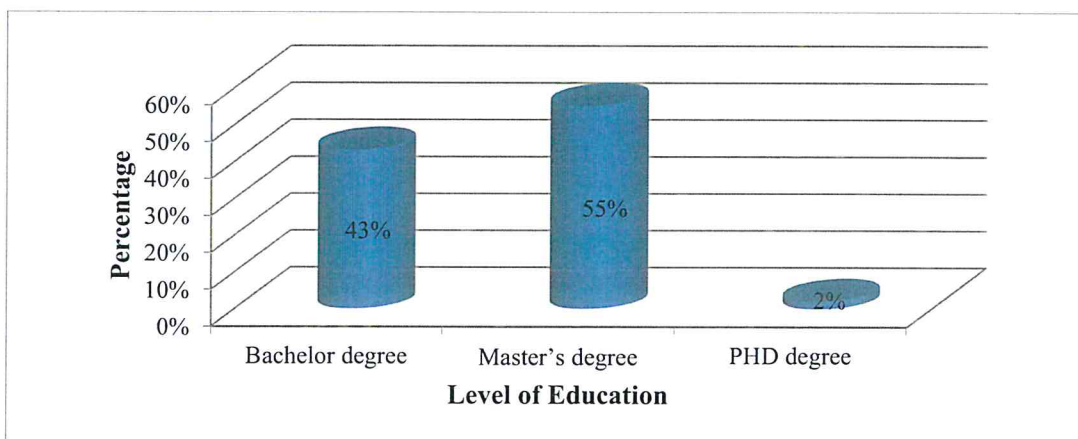


Figure 4.2 Level of Education of Respondents

On the length of work in their firms, the study found out that 44% of the respondents had worked for their current organization between 6-10 years, 33% had worked for between 3-5 years, and 17% had worked for less than 2 years, while 6% had worked for more than 10 years.

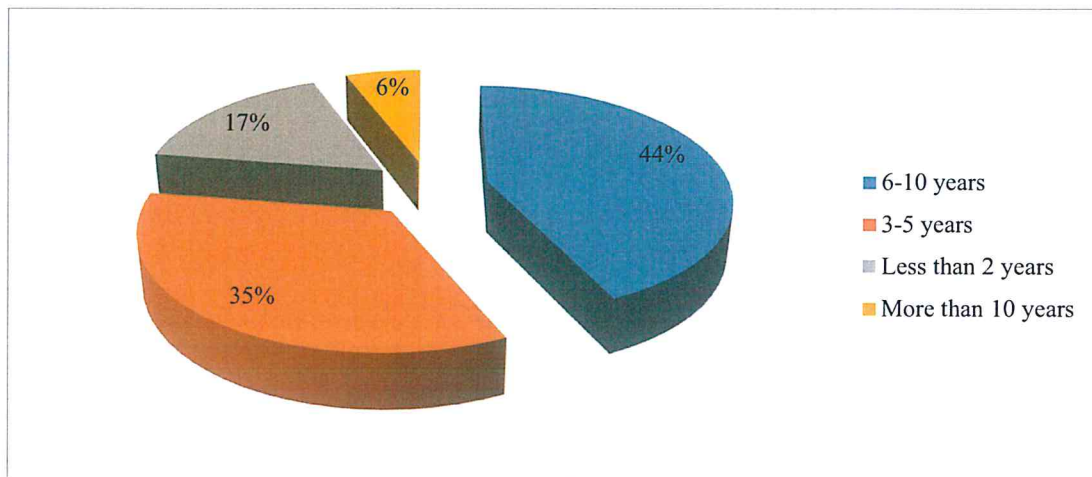


Figure: 4.3 Length of time in employment

The study also sought to determine if the respondents had worked for any other organization before. The findings obtained indicated that 81% of the respondents had worked for another organization prior to their current employer, while 19% had not worked for any other organization. The findings of the study are shown in Figure 4.4.

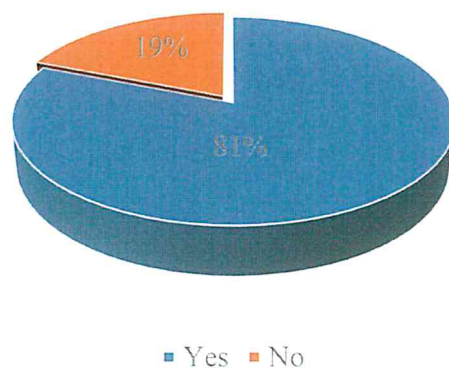


Figure 4.4 Worked in Other Organizations Before

The findings on the reasons for moving or changing organizations show that 35% of the respondents left their work place because they needed career progression, 26% left because they needed salary and benefits, 23% left coz they were unsatisfied, and 9% left because of unfriendly work environment while 7% left because of the relationship with their supervisors. The findings of the study are shown in Figure 4.5.

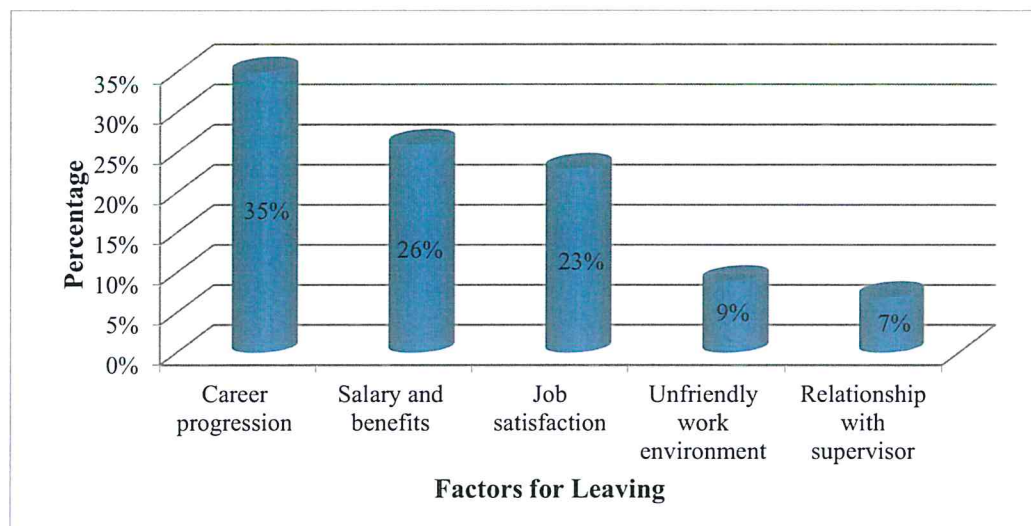


Figure 4.5: Reasons for Change of Work Place

4.4 Motivation of Generation Y Employees (Dependent Variable)

In the measure of factors influencing the dependent variable which is motivation of Gen Y employees, the study found out that 30% of the respondents said pay/salary was important while 70% said it was not important, 60% said health insurance was very important while 40% said it was not important, 53% said job tenure was very important while 47% said it was not important. 76% said bonuses were important, 20% indicated that overtime was important, 100% said staff loans were important, 56% said comprehensive retirement plan was important while 26% said tuition fees reimbursement was important. Further, the study determined that 73% said clear career progression steps were important, 100% said clear reporting structure were important, 60% said optimal utilization of skills were important, 100% said clear tasks allocation was important, 100%

said setting of challenging goals at the work place was important, 100% said supervisory or senior support was important, and 100% said friendly work environment was important while 44% said cultural diversity was important. The study also found out that 66% said support of innovation and creativity at the work place was important, 100% said participation in decision making was important, 100% said clear performance goals being defined was important, 100% said clear communication of performance goals at the work place was important, and 63% said clear performance appraisal system was important while 100% said skills development through training was very important. The findings obtained in the study are presented in Table 4.1.

Table 4.1 Motivation and Retention Factors

		Not Important (%)	Important (%)	Somewhat important (%)	Very Important (%)
1	Pay / Salary	70.00	0.00	20.00	10.00
2	Health insurance	40.00	0.00 %	13.33	46.67
3	Job Tenure	46.67	0.00 %	33.33	20.00
4	Bonus	23.33	23.33	43.33	10.00
5	Overtime	80.00	10.00	6.67	3.33
6	Staff loans – house, car etc.	0.00	33.33	50.00	16.67
7	Comprehensive retirement plan	43.33	10.00	30.00	16.67
8	Tuition fees reimbursement	73.33	10.00	10.00	6.67
9	Clear career progression steps	36.67	6.67	16.67	40.00
10	Clear reporting structure		16.67	60.00	23.33
11	Optimal utilization of your skills	40.00	3.33	10.00	46.67
12	Clear tasks allocation	0.00	6.67	53.33	40.00
13	Setting of challenging goals at the work place	0.00	13.33	53.33	33.33
14	Supervisory or senior support in tasks execution at the work place	0.00	13.33	43.33	43.33
15	Friendly work environment	0.00	33.33	40.00	26.67
16	Cultural diversity at work	53.33	16.67	20.00	10.00
17	Support of Innovation and creativity at the work place (Technological & otherwise)	33.33	13.33	10.00	43.33
18	Participation in decision making	0.00	40.00	16.67	43.33
19	Clear performance goals are defined at the work place	0.00	10.00	53.33	36.67
20	Clear communication of performance goals at the work place	0.00	3.33	63.33	33.33
21	Clear performance appraisal system	36.67	3.33	23.33	36.67
22	Skills development through training	0.00	6.67	50.00	43.33
23	Formal Coaching	0.00	26.67	53.33	20.00
24	Formal Mentoring	40.00	16.67	20.00	23.33
25	Supervisor support in goal achievement	0.00	6.67	56.67	36.67
26	Teamwork amongst peers at the work place	0.00	13.33	50.00	36.67

4.5 Influence of Working Conditions on Employee Motivation

The objective was to determine the influence of working conditions on employee motivation of Gen Y in the banking industry of Kenya. The variables reviewed were role conflict, role ambiguity and work involvement.

4.5.1 Role Conflict

Table 4.2: Role Conflict

	Never %	Rarely%	Sometimes%	Often%
I receive incompatible requests from two or more people	46.67	6.67	20.00	26.67
I have to break a rule or policy to carry out an assignment	70.00	16.67	13.33	0.00
I do things that may be accepted by one person but not by others	50.00	23.33	16.67	10.00
I have clear reporting lines	0.00	36.67	6.67	56.67

47% receive incompatible requests from two or more people, 13% usually have to break rules to carry out an assignment, 27% usually have activities that may not be accepted by others and 63% have clear reporting lines.

4.5.2 Role Ambiguity

Table 4.3: Role Ambiguity

	Never %	Rarely%	Sometimes%	Often%
I know exactly what is expected of me	0.00	30.00	3.33	66.67
I know what my responsibilities are	0.00	30.00	0.00	70.00
There are clear, planned goals and objectives for my job	0.00	30.00	13.33	56.67
I have clear reporting lines	0.00	30.00	0.00	70.00

70% knew what exactly they are required to do, 70% know their responsibilities, 70% have clear and planned goals, 70% have clear reporting lines and 100% like challenging goals

4.5.3 Work involvement

Table 4.4: Work Involvement

	Never %	Rarely%	Sometimes%	Often%
It is hard to get people to do any extra work	3.33	53.33	23.33	20.00
Few people ever volunteer	3.33	50.00	30.00	16.67
A lot of people seem to be just putting in their time	0.00	40.00	26.67	33.33

43% indicated that it is hard to get people to do extra work, 46% indicated that few people volunteer and 60% indicated that people seem to be putting in their time sometimes.

4.6 Influence of Reward Strategies on Gen Y Employee Motivation

The objective was to determine the influence of both intrinsic and extrinsic rewards on motivation of Gen Y employees in the banking industry of Kenya. The variables assessed were extrinsic rewards of money and other staff benefits, intrinsic rewards of achievement, affiliation and power.

4.6.1 Extrinsic Rewards

Table 4.5: Extrinsic rewards

	Not Important	Somewhat important	Important	Very important
Pay/Salary	70.00	0.00	10.00	10.00
Health insurance	40.00	0.00	13.33	46.67
Job tenure	46.67	0.00	33.33	20.00
Bonus	23.33	23.33	43.33	10.00
Overtime	80.00	10.00	6.67	3.33
Staff loans – house, car, others	0.00	33.33	50.00	16.67
Comprehensive retirement plan	43.33	10.00	30.00	16.67
Tuition fees reimbursement	73.33	10.00	10.00	6.67

30% of the respondents said pay/salary was important while 70% said it was not important, 60% said health insurance was very important while 40% said it was not important, 53% said job tenure

was very important while 47% said it was not important. 76% said bonuses were important, 20% indicated that overtime was important, 100% said staff loans were important, 56% said comprehensive retirement plan was important while 26% said tuition fees reimbursement was very important.

4.6.2 Achievement

Table 4.6: Achievement

	Never %	Rarely %	Sometimes %	Often %
I am confident I will succeed at this task	30.00	10.00	3.33	66.67
I fear failure	31.03	10.00	0.00	68.97
I am a hard worker	30.00	6.67	40.00	23.33
I push myself to be "all that I can be"	41.38	6.90	31.03	20.69
I try very hard to improve on my past performance at work	40.00	10.00	33.33	16.67

70% of the respondents were confident they will succeed at work, 69% fear failure, 73% indicated they were hard workers, 52% push themselves to the best they can be and 50% try very hard to improve on past performance.

4.6.3 Affiliation

Table 4.7: Affiliation

	Never %	Rarely %	Sometimes %	Often %
I am happy and confident about meeting people in my workplace	30.00	0.00	13.33	56.67
I spend a lot of time talking to other people	30.00	6.67	13.33	50.00
I am afraid of being rejected by others	33.33	16.67	16.67	33.33

70% of the respondents are confident about meeting people, 50% are not afraid of being rejected by others and 50% spend time talking to other people.

4.6.4 Power

Table 4.8: Power

	Never %	Rarely %	Sometimes %	Often %
I like influencing other people at my work place	30.00	0.00	16.67	53.33
I would enjoy being in charge if a project	30.00	0.00	6.67	63.33
I seek an active role of the leadership of a group / team	33.33	16.67	26.67	23.33
I find myself organizing and directing the activities of others	33.33	0.00	16.67	50.00

70% would like to influence other people, 70% would like to be in charge of a project, 50% seek leadership roles and 67% like organising and directing activities for others.

4.7 Influence of Job Characteristics on Employee Motivation

The objective was to determine the influence of task autonomy and job complexity on motivation and retention of Gen Y employees in the banking industry of Kenya.

4.7.1 Task Autonomy

Table 4.9: Task Autonomy

	Never %	Rarely %	Sometime s%	Often %
The job is quite simple and repetitive	13.33	56.67	16.67	13.33
The job denies me any chance to use my personal initiative or judgment	33.33	50.00	10.00	6.67
The job requires me to use a number of complex or high-level skills	3.33	36.67	20.00	40.00
The job itself is not very significant or important in the broader scheme of things	36.67	56.67	6.67	0.00

30% indicated the job was simple and repetitive, 17% They indicated that the job denies them personal initiative, 60% indicated that the job requires high skills and 93% indicated the job was significant in the broader scheme of things.

4.7.2 Job Complexity

Table 4.10: Job complexity

	Never %	Rarely %	Sometimes %	Often %
The job requires that I only do one task or activity at a time	36.67	43.33	16.67	3.33
The tasks on the job are simple and uncomplicated	43.33	10.00	30.00	16.67
The job comprises relatively uncomplicated tasks	50.00	16.67	23.33	10.00
The job involves performing relatively simple tasks	50.00	16.67	26.67	6.67

80% indicated that the job does not require one task at a time, 46% indicated that the tasks were simple, 33% indicated that the tasks were not complicated and 30%The job involved performing simple tasks

4.8 Influence of Career Development on Motivation of Employees

The objective was to determine the influence of both career development and feedback on motivation of Gen Y employees in the banking industry of Kenya.

4.8.2 Career development

Table 4.11: Career development

	Never %	Rarely %	Sometimes %	Often %
I seek aspirational and clear career paths	30.00	0.00	3.33	66.67
I am interested in a lifelong career	30.00	0.00	20.00	50.00
My current career path is clear	30.00	3.33	26.67	40.00
My organization supports coaching, training and mentoring	33.33	16.67	13.33	36.67
I believe career development is a personal initiative	30.00	0.00	6.67	63.33

70% indicated that they seek clear career paths, 70% were interested in a lifelong career, 66% had a current clear career plan, 50% indicated that the organisation supports coaching, mentoring and coaching and 70% indicated that they believed that career development is a personal initiative.

4.8.3 Feedback

Table 4.12: Feedback

	Never %	Rarely %	Sometimes %	Often %
The work activities themselves provide direct and clear information about the effectiveness of my job performance	30.00	0.00	3.33	66.67
The job itself provides feedback on my performance	20.00	0.00	20.00	50.00
The job itself provides me with information about my performance	30.00	3.33	26.67	40.00

70% indicated that the activities they perform provide information on their effectiveness, 70% indicated that their jobs provide feedback on performance and 66% indicated that they are given information on their performance.

4.9 Extent of supervisor support in moderating between the dependent and independent variable

The research also sought to find out the moderating effect of perceived supervisor support between the independent variables (organization characteristics) and Gen Y motivation and Retention in the banking industry in Kenya.

4.9.1 Supervisor support

Table 4.13: Supervisor support

	Never %	Rarely %	Sometimes %	Often %
My supervisor criticizes employees over minor things	24.14	62.07	3.45	10.34
My supervisor tends to talk down to employees	31.03	58.62	6.90	3.45
My supervisor really stands up for employees	3.45	34.48	17.24	44.83
My supervisor provides immediate feedback	0.00	34.48	20.69	44.83

14% indicated that supervisors criticize them over minor things, 10% indicated that they are talked

down upon, 62% indicated that their supervisors stand up for them and 64% indicated that they get feedback from their supervisors.

4.10 Regression analysis

We note that from the questionnaire, motivation which was the dependent variable had 26 subcomponents. Therefore, in order to generate dependent variable that has four ranks as per the responses (not important, somehow important, important and very important), the principal component analysis technique was applied. The principal component analysis technique was used to generate the scores for all the 26 subcomponents of the dependent variable. The generated scores were then summarized into quartiles.

The choice for quartile summaries was arrived at by the fact that the responses for the dependent variable took four possible outcomes: that is; - not important, somehow important, important and very important. Based on the quartile summaries the respective ranks were allocated as follows: for scores in the lower quartile a rank of 1 (not important) was assigned; for scores between the lower quartile and second quartile a rank of 2 (somehow important) was assigned; for scores between second quartile and third quartile a rank of 3 (important) was assigned with a rank of 4 (very important) being assigned for scores in the upper quartile.

In addition, for all the independent variables, the principal component analysis technique was applied to generate score for the sub components relating to the specific variable at hand. However, we note that for the independent variables the responses were different from those of the dependent variable. As for the independent variables, the responses were in form of: Never, Rarely, Sometimes and Often. However, in assigning the ranks to the scores generated, similar process used for dependent variable was applied since the possible responses were four hence justifying the use of quartile summarization of scores. It is notable that for the extrinsic reward strategy, which was drawn from the subcomponents of the dependent variable, the responses were in form of not important, somehow important, important and very important.

Upon using principal component analysis technique for generation of scores and rating, the regression model was fitted. The model estimated being the binary variable models, the lower rank

(rank 1) was eliminated from the equation and used as the benchmark dummy for all the variables. As such only rank 2, 3 and 4 entered the regression model. The results are presented in table 4.16.

From the empirical model, working condition was measured by role conflict, role ambiguity and work involvement. On the other hand, job characteristics was measured by job complexity and task autonomy. In addition, career development was measured by career development and feedback and reward strategy was measured by the intrinsic components which comprised of achievements, affiliations and power and extrinsic component, this was drawn from sub – components of the motivation and retentions which included: Current job expected pay / salary, health insurance, job tenure, bonus, overtime, staff loan, retirement plan and tuition fee.

Table: 4.14 Regression analysis

	Sum of Squares	Degrees of freedom	Mean Square	Number of obs = 30 F(14, 15) = 44.50 Prob > F = 0.0000		
Model	33.493	14	2.392	R-squared = 0.977		
Residual	0.807	15	0.054	Adj R-squared = 0.955		
Total	34.3	29	1.183			
					95% Conf. Interval	
	Coefficient	Robust Std. Err.	T statistic	P>t	Lower bound	Upper Bound
Role conflict	-0.201	0.084	-2.380	0.031	-0.381	-0.021
Role ambiguity	0.989	0.184	5.390	0.000	0.598	1.380
Work involvement	-1.031	0.199	-5.200	0.000	-1.454	-0.608
Task Autonomy	0.567	0.233	2.430	0.028	0.070	1.064
Job complexity	-0.847	0.210	-4.030	0.001	-1.296	-0.399
Career development	2.159	0.422	5.110	0.000	-1.258	3.059
Feedback	0.821	0.191	4.300	0.001	0.414	1.227
Achievement	0.993	0.242	4.110	0.001	0.477	1.508
Affiliations	0.000	0.132	0.010	0.996	-0.281	0.283
Power	0.317	0.081	3.910	0.001	0.144	0.489
Extrinsic	0.589	0.156	3.770	0.002	0.257	0.923
Constant	-1.829	1.021	-1.790	0.093	-4.005	0.346

From the results model we find that role conflict, work involvement and job complexity have

negative effect on staff retention and motivation. However, the results indicate that role ambiguity, task autonomy, career development, feedback, achievement affiliation, power and extrinsic reward strategy have a positive effect on staff retention and motivation. All of these variables having positive effect on staff motivation are all significant at 5 percent significance level except affiliations which are insignificant at all 1, 5 and 10 percent significance level.

From the summary statistics of the model, the results evidence that 97.65 percent of the total changes in the staff retention and motivation for the sampled staff are attributed to the variables in the model. Only 2.35 percent of the total changes in the staff retention and motivation for the sampled staff are determined outside the model. This is evidenced by both the R – squared as well as the adjusted R- Squared. Looking at the F – Statistics, the model has an F- statistics of 44.50 with the probability value of 0.00 percent. This asserts that all the variables in the model significantly jointly determine staff retention and motivation for the sampled population.

4.11 Summary

The findings obtained in the study indicate that organisational characteristics influence the motivation of Gen Y employees.

CHAPTER FIVE: DISCUSSION

5.1 Introduction

This chapter presents the summary, conclusions and recommendations made based on the findings of the study.

5.2 Summary of Findings

5.2.1 Characteristics of Gen Y employees

83% of the employees had worked in the same organization for more than 2 years and had also worked for more than one organisation, Career progression, salary and job satisfaction were the major reasons that led to leave one organization for another. This was in line with Tulgan who purported that, workers no longer expect long-term rewards, but instead negotiate each new job seeking the best overall working environment including opportunities for training and work-life balance (Tulgan, 2009) and Gen Y employees are supposedly uninterested in a job for life (Oliver, 2006) and, for many, a one-year period of employment in a single organisation may be considered long term.

80% preferred flexible working schedules and more time with the family than increase in pay. This is aligned to Allen, 2004 who found out that making a lot of money tends to be less important to Gen Y than contributing to society, parenting well, and enjoying a full and balanced life. The same was stipulated in the Self Determination Theory

Gen Y employees are technology literate which is also influenced by the digital age where most processes are automated.

5.3 Organization Characteristics

5.3.1 Working Conditions Influence on Motivation

The characteristics reviewed were role conflict, role ambiguity and work involvement. The findings of the study indicate that Gen Y employees have clear responsibilities and reporting lines. They did not receive requests from two or more people. They have challenging goals and are willing

to undertake extra work and always volunteer. However, 50% just put in their required time. This is in tandem with literature where Tulgan and Martin stipulated that meeting personal goals is likely to matter to Gen Y, as is performing meaningful work that better the world and working with committed co-workers with shared values. Gen Y is likely to perform best when its abilities are identified and matched with challenging work that pushes it fully. Speed, customization, and interactivity -two-way non-passive engagement-are likely to help keep Gen Y focused (Tulgan B, 2001).

The results revealed that of role conflict, role ambiguity and work involvement are significant in influencing staff motivation and retention.

5.3.2 Reward Strategies Influence on Motivation

The objective was to find out the influence of extrinsic and intrinsic rewards on motivation of Gen Y employees. The outcome of the research showed that extrinsic rewards like pay / salary, Health insurance, job tenure, bonus and staff loans were very important in motivating the Gen Y employees. One current trend that coincides with Generation Y desire to be instantly rewarded for good performance is pay for performance (PFP) policies (Gherson, 2001). According to Smith & Robert (2008), compensation is one of the most important factors for Generation Y employees when considering potential employers.

According to Smith & Robert (2008), compensation is one of the most important factors for Generation Y employees when considering potential employers. Majority of the respondents were happy to meet and interact with others but were not afraid of being rejected, would like to influence others, seek leadership roles and would like to be in charge of projects. The results revealed that both extrinsic and intrinsic rewards were significant in influencing staff motivation. This was contrary to Condly et al. 2003, who purported that monetary rewards tend to influence performance more than non-monetary rewards.

5.3.3 Job Characteristics on Motivation

The study reviewed the task autonomy and job complexity characteristics. The study indicated that employees are given simple and complicated tasks, the job did not require high skills, they

carried out more than one task at a time and the job was important in the broader scheme of things. The results indicated that job complexity influenced the motivation and retention of employees while task autonomy does not influence employee's retention and motivation in the banking industry. This was a true reflection of the banking industry since the nature of most bank activities is that they are simple and structured.

Because of the energetic nature of Gen Y employees (Miller, 2005), job characteristics should mediate the relationship between role ambiguity and job outcomes.

5.3.4 Career Development Influence on Motivation

The study results indicated that employees seek clear career paths, are interested in life long careers and believe that career development is a personal initiative. The respondents indicated that the job provided performance feedback on their effectiveness. The study results indicated that clear career progression steps were very important in motivating and retaining Gen Y employees.

Macleod, 2008 purports that Managing Gen Y expectations through transparent career management strategies will be vital to aid retention and secure appropriate return on training investment. Meeting personal goals is likely to matter to Gen Y, as is performing meaningful work that better the world and working with committed co-workers with shared values.

In the workplace, Gen Y desire immediate feedback about performance (Francis-Smith, 2004)

Gen Y is likely to perform best when its abilities are identified and matched with challenging work that pushes it fully (Tulgan B, 2001) .

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

The study concludes the organizational characteristics (Working Conditions, rewards strategies, career development and job characteristics) influence motivation of Gen Y employees in the Banking Industry in Kenya. The highest influence was found in the working conditions, followed by career development, followed by reward strategy and least job characteristics.

6.2 Recommendations

Based on the revelations established from the study findings, the study recommends that in order to motivate Gen Y employees, banks in Kenya should ensure clarity of roles and objectives, simplicity and importance of tasks, develop clear career paths, give continuous performance feedback and ensure competitive compensation in form of salaries and staff benefits. Banks should ensure that the Gen Y employees have challenging goals and performance feedback is provided. They should also put in initiative's that encourage a sense of belonging and achievement which were rated very important by the Gen Ys.

5.4.2 Areas of Further Research

This study considered only four organizational factors influencing motivation of generation Y employees in the banking industry. These were working conditions, rewards strategies, career development and job characteristics. As a result, the recommendations cannot adequately extend to other factors and sectors. Based on this fact, it is recommended that a broad-based study covering other key organizational factors e.g. management style, skill variety and task identity be done to establish their effect on motivation of generation Y employees at the work place. In addition, the research can be carried out in a different industry because nature of work may differ. For instance, banks are more structured than manufacturing companies, provision of services may be different from goods.

5.5 Limitation of the Study

The researcher faced limitations while trying to achieve the objectives of the study. First, the study geographical area is vast in terms of demographics and also geographically and so is the target population. In this case, the data collection exercise was onerous with regard to conveniently obtaining the contacts for respondents. Secondly it was difficult to increase the number of respondents mainly due to the perception and belief by Kenyan banks that academic institutions do not hold the research information received with highest levels of confidentiality.

Despite these limitations the findings and discussions have provided useful information and have adequately addressed the research questions.

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(Neuendorf, 2002)

APPENDICES

Appendix 1: Research Questionnaire

A QUESTIONNAIRE FOR GENERATION-Y EMPLOYEES IN THE BANKING INDUSTRY IN KENYA

1. Please indicate your level of education

Secondary Level []

Certificate level []

Diploma level []

Bachelor degree level []

Postgraduate diploma level []

Master's degree level []

2. For how long have you worked in this firm?

Less than 2 years []

3- 5 years []

6-10 years []

More than 10 years []

3. Have you worked for any other organization before? Y/N; If yes, for how many years were you there?

4. If yes in the question above, what factors made you leave? (Please Tick \surd)

YES NO

Career progression [] []

Salary and benefits [] []

Job satisfaction [] []

Friendly work environment [] []

Relationship with supervisor [] []

MOTIVATION FACTORS

From the following items tick the level to which you rate the items. 1 = **Very Important** 2 = **Somewhat important** 3 = **Important** 4 = **Not important** 5 = **N/A**

	Item	1	2	3	4	5
1	Pay / Salary					
2	Health insurance					
3	Job Tenure					
4	Bonus					
5	Overtime					
6	Staff loans – house, car etc					
7	Comprehensive retirement plan					
8	Tuition fees reimbursement					
9	Clear career progression steps					
10	Clear reporting structure					

11	Optimal utilization of your skills					
12	Clear tasks allocation					
13	Setting of challenging goals at the work place					
14	Supervisory or senior support in tasks execution at the work place					
15	Friendly work environment					
16	Cultural diversity at work					
17	Support of Innovation and creativity at the work place (Technological & otherwise)					
18	Participation in decision making					
19	Clear performance goals are defined at the work place					
20	Clear communication of performance goals at the work place					
21	Clear performance appraisal system: compares actual vis a vis set goals and has clear scores / ratings					
22	Skills development through training					
23	Formal Coaching					
24	Formal Mentoring					

25	Supervisor support in goal achievement					
26	Teamwork amongst peers at the work place					

WORKING CONDITIONS

Please respond to the questions below by ticking the most appropriate answer: 1 = **Never** 2 = rarely 3 = **Sometimes** 4 = **Often** 5 = **Consistently**

Role conflict					
I receive incompatible requests from two or more people	1	2	3	4	5
I have to break a rule or policy to carry out an assignment					
I do things that may be accepted by one person but not by others					
I have clear reporting lines					
Role ambiguity					
I know exactly what is expected of me					
I know what my responsibilities are					
There are clear, planned goals and objectives for my job					
Work Involvement					
It is hard to get people to do any extra work					
Few people ever volunteer					
A lot of people seem to be just putting in their time					

REWARD STRATEGIES

Extrinsic Rewards	1	2	3	4	5
Making a lot of money is less important than contributing to society					
I value instant gratification compared to long term rewards					
I am content with my company's staff benefits					
Achievement					
I am confident I will succeed at this task					
I fear failure in executing my task					
I am a hard worker					
I push myself to be "all that I can be"					
I try very hard to improve on my past performance at work					
Affiliation					
I am happy and confident about meeting people in my workplace					
I spend a lot of time talking to other people					
I am afraid of being rejected by others					
Power					
I like influencing other people at my work place					

I would enjoy being in charge if a project					
I seek an active role of the leadership of a group / team					
I find myself organizing and directing the activities of others					

JOB CHARACTERISTICS

Task Autonomy					
The job is quite simple and repetitive					
The job denies me any chance to use my personal initiative or judgment					
The job requires me to use a number of complex or high-level skills					
The job itself is not very significant or important in the broader scheme of things					
Job complexity					
The job requires that I only do one task or activity at a time					
The tasks on the job are simple and uncomplicated					
The job comprises relatively uncomplicated tasks					
The job involves performing relatively simple tasks					

CAREER DEVELOPMENT

	1	2	3	4	5
I seek aspiration and clear career paths					
My organization supports coaching, training and mentoring					
The job itself provides feedback on my performance					
I manage my time better to complete my tasks					
My organization enables team work and fairness at work					

FEEDBACK

	1	2	3	4	5
The work activities themselves provide direct and clear information about the effectiveness of my job performance					
The job itself provides feedback on my performance					
The job itself provides me with information about my performance					

Appendix 2: List of Commercial Banks in Kenya

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank (Kenya)
6. CFC Stanbic Bank
7. Chase Bank (Kenya)
8. Citibank
9. Commercial Bank of Africa
10. Consolidated Bank of Kenya
11. Cooperative Bank of Kenya
12. Credit Bank
13. Development Bank of Kenya
14. Diamond Trust Bank
15. Dubai Bank Kenya
16. Ecobank
17. Equatorial Commercial Bank
18. Equity Bank
19. Family Bank
20. Fidelity Commercial Bank Limited
21. First American Bank
22. First Community Bank
23. Giro Commercial Bank
24. Guaranty Trust Bank
25. Guardian Bank
26. Gulf African Bank
27. Habib Bank
28. Habib Bank AG Zurich

29. I&M Bank
30. Imperial Bank Kenya
31. Jamii Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya
35. National Bank of Kenya
36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank (Kenya)
40. Southern Credit Bank
41. Standard Chartered Kenya
42. Trans National Bank Kenya
43. United Bank for Africa
44. Victoria Commercial Bank