



RELATIONSHIP BETWEEN NON-FINANCIAL MOTIVATION ON EMPLOYEES' PERFORMANCE IN AN ORGANIZATION

Rev. Dr. Pius K. Bett¹

¹*School of Business and Economics, Kenya Highland University, Kericho County, Kenya*

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ABSTRACT

Human resource management is a critical determinant of organizational success. Kenya Highlands University has faced several challenges that have affected its growth, including poor performance and high staff turnover. This study sought to examine the effect of non-financial motivation on employee performance at Kenya Highlands University, Kericho, Kenya. The study was anchored on Herzberg's hygiene theory and adopted a positivist research philosophy. A correlational research design was employed, targeting 80 university staff members. Data were collected using structured questionnaires and analyzed with the aid of SPSS Version 26 and SMART-PLS Version 4.0. Both descriptive and inferential statistics were used. Descriptive statistics involved means and standard deviations, while inferential analysis employed Partial Least Squares Structural Equation Modelling (PLS-SEM) to test hypotheses. The findings revealed that there was no direct significant relationship between non-financial motivation and employee performance. Based on this, the study concluded that non-financial motivation does not directly influence employee performance. However, it recommended that organizations should consider recruiting and retaining employees who are proactive, committed, and intrinsically motivated, as they are more likely to respond positively to non-financial incentives, ultimately leading to improved performance.

KEYWORDS: Non - Financial Motivation, Employee Performance, Hygiene Theory, Correlation Research Design, PLS SEM, Kericho, Kenya.

INTRODUCTION

In the twenty-first century, human capital has increasingly been recognized as one of the most valuable assets in any organization. Human resource management (HRM) plays a central role in enhancing organizational success (Anwar and Abdullah, 2021). Globally, higher education institutions (HEIs) employ large numbers of staff and are therefore among the most critical institutions in national development. For this reason, many developed countries, such as Saudi Arabia, have made significant investments to strengthen their higher education systems. Yet, despite these efforts, academic administrators continue to grapple with the challenge of motivating faculty and staff (Weightman, 2008). Scholars such as Zhao (2024) argue that a lack of understanding of motivation mechanisms by institutional leaders often undermines academic staff morale, negatively affecting performance. Conversely, effective motivation strategies have been shown to enhance faculty productivity, teaching quality, and overall institutional outcomes.

Regionally, organizations across both public and private sectors are under increasing pressure to maintain competitiveness in dynamic and turbulent environments. Enterprises have often resorted to cost-cutting measures, including workforce reductions, as a way of sustaining productivity and ensuring survival (Mcnaughton et al., 2015). While such measures may reduce operational expenditures, they frequently lower morale, increase turnover, and erode employee commitment (Lucky et al., 2015). In this context, motivation—whether financial or non-financial—emerges as a critical factor in maintaining employee engagement and organizational performance (Ganta, 2014; Chaudhary & Sharma, 2012). Scholars further distinguish between extrinsic and intrinsic motivation, with intrinsic factors such as recognition, autonomy, and professional growth proving especially vital for long-term organizational success (Ryan & Deci, 2000; Re'em, 2011).

In Kenya, the higher education sector faces unique human resource challenges that have direct implications for institutional performance. Kenya Highlands University (KHU), in particular, has struggled with poor performance, high staff turnover, and low student retention. Although the government allocates approximately 700 first-year



students annually, fewer than 100 enroll, with the majority transferring to other institutions. The university employs fewer than ten full-time lecturers, relying heavily on part-time staff who often leave once better opportunities arise. Most lecturers hold master's degrees and face challenges completing their doctoral studies due to limited financial support and poor remuneration. Even those who attain higher qualifications frequently leave for institutions offering better terms. These challenges have hampered KHU's ability to attract, retain, and motivate competent staff, which in turn has stalled institutional growth and competitiveness.

Existing empirical research on employee motivation has largely focused on structured business organizations (Ahmad, Wasay & Malik, 2012; Uzona, 2013), with relatively limited attention given to higher education institutions. Moreover, while some studies examine financial motivators (Locke, 2008; Armstrong, 2007; Wallace & Zeffane, 2011), others emphasize non-financial motivators (Burton, 2012; Ryan & Deci, 2000; Re'em, 2011), leaving a conceptual gap in understanding the effect of non-financial motivation on staff performance in universities. This study therefore sought to fill this gap by examining the relationship between non-financial motivation and employee performance at Kenya Highlands University, Kericho, Kenya.

REVIEW OF LITERATURE

Non-Financial Motivation and Employee Performance

Non-financial advantages, on the other end, entice high-achievers via hard work and those who need connection through verbal appreciation. According to Skinner (1953), the application of incentives in the paradigm of traditional work performance is mostly founded on reinforcement hypothesis, that emphasizes on the association in between a target attribute comprising of performance that is greater and its significances, including compensation (Langton & Robbins, 2007). This examination was outlined by Herzberg's two-factor notion and Skinner's reinforcement notion. Non-financial motivation is defined by Jennifer and Gareth (2001) as what a staff receives in form of recognition, responsibility, achievement, autonomy (power and control), career development (growth), advancement (promotion), and work circumstances including lighting and noise. Autonomy, responsibility, success, promotion, and career growth are all examples of financial incentive that will be discussed.

Employee Performance and Autonomy

According to Armstrong and Murlis (1994), autonomy refers to the degree to that a work allows for independence and discretion in executing duties. According to McClelland (1967), autonomy is defined as the want to inspire others, the drive to alter people or circumstances, and the drive to enable a transformation in one's life. Individuals with a strong demand for supremacy want to be in charge of people and events, according to McClelland (1967); when employed well, it may assist the organization reach a common purpose. Various studies have been carried out in previous to see how autonomy influences employee performance. As an example, in an exploration on the impact of administration styles on lecturers' performance in high academic institution in the Pallisa area, Oita (2008) discovered a great positive correlation between performance and autonomy. As a result, this investigation is needed to further explore the perceived impacts of autonomy on employee performance at Kenya Highlands University Rift Valley.

Responsibility and Employee Performance

Being in charge of decisions and actions, as well as an obligation to see a task through to completion, is what responsibility entails. With authority comes the ability to administrate and follow the vital actions to guarantee accomplishment or the appropriate safekeeping, custody, and care of financials or assets entrusted to the supervision or possession of a private, that motivates personnel to work harder because they know they have consequences over their own life fate (Aquinas, 1997; Bok, 1998; Lawler, 1991; Jennifer and Gareth, 2001; Jennifer and Gareth, 2001). Numerous explorations have been conducted in the past to see how more responsibilities effect employee performance. Among his research of personality and employee performance in Central Wisconsin fire fighters, for example, Skiba (2002) discovered that, among other things, responsibility influences employee performance. As evidence, this inspection was constrained to concentrate into the outcome of perceived responsibility on performance of personnel at Kenya Highlands University.

Recognition and Employee Performance

Performing praise, a good task as acknowledgement is stated by Jennifer and Gareth (2001). Staff recognition isn't simply a wonderful thing to admit for individuals; it's also a tool for communication that reinforces and rewards the utmost essential outcome your staffs produce for the company. When personnel are adequately acknowledged, it reaffirms them and motivates them to operate and behave in a certain way. Similarly, Bernadin (2007) claims that



recognition underlines the attributes that the manager wants to embolden, but caution ought to be practiced when scheming a methodology in which administrators "select" the people who will receive recognition since this could be viewed as "favoritism" in the forthcoming, that is the essence procedure that ruled out a private, entailing "Employee of the Month," are seldom effective. Numerous explorations have been conducted in the past to see how acknowledgment improves employee performance. For example, Wan (2006) establish that staff performance is inspired by recognition in his research of pay schemes and employee performance in Singapore. As an outcome, this investigator was restricted to examine the consequences of recognition on performance of personnel at Kenya Highlands University Rift Valley.

Achievement and Employee Performance

In accordance to Nelson (2012), accomplishment is an evident (clearly visible) desire that deals with an individual's problems with excellence, competitiveness, demanding objectives, perseverance, and overcoming obstacles. An individual with a strong demand for accomplishment, according to Nelson (2012), pursues performance excellence, likes tough and challenging targets, and is competitive and perseverant in professional operations. Individuals with a greater drive for victory set moderately challenging yet realizable tasks, want to obtain performance feedback, don't like having people or external events inhibit with their development, and sometimes plot for fulfillment, according to McClelland (1967), who found that folks with a high drive for accomplishment perform best than those with a little or moderate need for attainment. More investigation is needed to found the outcome of achievement on performance of individual at Kenya Highlands University, which is why the suggested study was created.

Promotion and Employee Performance

Promotion, according to Lawler (1991), is the upgrade of an operative's position or rank within an establishment hierarchical structure. Employee's permanent incentive (positive evaluation) in forms of designation, income, and perks is referred to promotion. A senior administration promotion, for example, can come with a slew of merits, including options of stock, a designated spot for parking, a corner office with a secretary, and bonuses for exceptional performance, all that boost operative's efficiency. (Schneider, 2001; Maicibi, 2003; Schneider, 2001; Maicibi, 2003). Kasajja (1991) found a tight association between promotion and performance during an examination of the influence of non-cash and cash rewards on inspiration amongst tutors in post-primary schools in districts of Masindi and Hoima. As concluded, this investigator was constraint to investigate the promotion perceived significance on lecturer performance at Kenya Highlands University.

Career Development and Employee Performance

Career development or growth, according to Drammeh (2022) is how personnel manage their professions between and inside companies, as well as how organizations arrange their employees' career progression for succession planning. A career development program is viewed by the average employee as a trail to skyward mobility, by the director as an inspirational and retention tool, and by top administration as a tool for planning successfully. As a result, a company that focuses on developing its employees' career paths boosts morale and, ultimately, productivity (Mustafa and Lleshi, 2024). Career development and employee performance are studied in depth. For example, Nankinga (2006) found that career growth is one of the elements that impact workers' performance among others in her examination on performance and motivation of lecturers in secondary schools in Makindye division. At Kenya Highlands University, such studies include more exploration on the effects of advancement of professional on personnel performance.

Based on the above premise, the study hypothesizes that:

Hypothesis 1: *Non-financial motivation positively influences employee performance.*

Research Gap

The majority of the investigations that are examined have addressed motivation in general, according to the literature evaluated throughout this study. Bitesigirwe (2015) investigated the role of social needs in influencing private school staff performance. Hee and Kamaludin (2016) did a study to see if there was a link between staff motivation and performance in a private healthcare facility in Malacca, Malaysia. Kenya Highlands University as institution of upper learning has never been an environment of any study. During this institution, no investigation has been conducted to realize a valuation on the association between operative motivation and personnel performance. This conduct aims to close the bridge by evaluating the correlation between operative's performance and inspiration inside the board of higher regulatory.



Majority of investigators have examined into aspects comprising, age, education level, experience, and gender as well as reasons these factors may alter or sway employee job enthusiasm. The consensus in this earlier inspection is that certain aspects are more essential as driving elements than others, and these aspects may vary from one operative to the next. These earlier investigations used a variety of approaches, including face-to-face interviews, surveys, focus group discussions, and questionnaires, but the results were not significantly different. One possible reason is that, despite the fact that these studies were conducted using various methodologies and targeting different populations, the motivators variables remained the same. Therefore, this exploration will evaluate the link between personnel performance and drive at Kenya Highlands University. The institution shows signs and symptoms of demotivation. Staff are reluctant to figure, employee turnover is high, lot of absenteeism, most of them don't finish course contents, most of them don't attend important events like exam moderation, results moderation, annual general meetings, low percentage of lecturers with doctorate degrees, most of them are pursuing their doctorate because they teach but upon graduation that's the last time they're seen within the institution. The independent variables include employee inspiration (recognition, money, working environment, social affair, appreciation, paid on time salary, good association). Students' population is extremely low; government allots about seven hundred first year students to KHU but just one hundred twenty will report. The remainder likes better to transfer to other institutions. This research will bring back light things on the bottom and supply suggestions to scale back the issues. Employee performance is the variable during this investigation. The Figure 2.1 pictures this investigation's conceptual framework.

Theoretical Framework

The two-factor hypothesis, often recognized as the hygiene notion, was proposed by Fredrick Herzberg in 1959, and satisfiers were cited as motivators. Sense of success, bonuses, recognition, the work aforementioned, being provided more promotion, responsibility, and advancement or career improvement are all motivators or job satisfaction. Dissatisfiers are hygienic considerations. While hygiene factors or workplace displeasure primarily imply to working situations, contextual elements of the working environment including administrative culture or organizational policies, method of leadership or association with coworkers, job status, wage or salaries, temperature, lighting, safety and noise levels, are also important. Dissatisfaction at work is caused by the absence of hygienic aspects, especially when they are suddenly withdrawn. Motivation factors, according to Herzberg (2015), are aspects that cause satisfaction of job that staff can only obtain by the means they operate, and they inspire personnel to work harder since they may be seen as an immediate link between their outcome and efforts that they believe is worthwhile, dissimilar to hygiene factors, that are present irrespective of how anyone works hard. The inspection claims that performance of personnel in chosen valley railway stations in Uganda may be impacted by inspiration, based on this notion. He acknowledged that employment experience and environmental conditions were motivators and dissatisfier, respectively.

METHODOLOGY

The exploration used positivist research philosophy. This study applied a correlational research design which is appropriate when examining the direct and mediating relationship between variables. All 80 employees from various departments within the business were included in the research population. A census of all the 80 employees comprising of 52 Part-Time lecturers, 20 Full-Time lecturers, and 8 HOD's and management working at Kenya Highlands University was used in the study.

Data was obtained through a structured questionnaire. The data collecting tool (structured questionnaire) was tested with 10 participants in Great Rift University who were not included in the sample. The results showed that the questionnaires were reliable based on Cronbach Alpha above 0.7. The results indicated that the questionnaire was reliable. Face, content and criterion validity of the questionnaire was achieved through examination by supervisor and experts.

Data was organized, sorted and enter into Statistical Package of Social Science (SPSS) version 21 and SMART PLS version 4.0. In descriptive statistics, the standard deviation and mean were employed to understand and explain the variables. Structure Equation Modelling using Partial Least Squares (SEM-PLS) was adopted to assess the direct association between non-financial motivation on employee performance.



RESULTS AND DISCUSSION

Level of Non-Financial Motivation

The level of non-financial motivation was also determined using descriptive statistics based on five-point Likert Scale. The results were summarized in table 1 below.

Table 1: Non-Financial Motivation

N	Minimum	Maximum	Mean	Std. Deviation	
Autonomy	74	1.50	5.00	3.3885	.57805
Responsibility	74	1.00	4.50	3.5338	.69159
Recognition	74	1.50	5.00	2.8378	.74073
Achievement	74	1.25	5.00	3.0845	.70136
Promotion	74	1.00	5.00	2.8514	.79803
Career Development	74	1.25	4.50	2.7162	.66121
Working Condition	74	1.75	4.50	3.5946	.49949

The results reveal that working condition was the mostly preferred non-financial positive level of motivation in the institution (Mean = 3.5946). The variation was low between the lecturers which implies that KHU offered a higher level in working condition which motivate lecturers. The results also indicated that responsibility was the second highest non-financial aspect that positive level of motivation to the lecturers in the institution (Mean = 3.5338). The variation is moderately higher than working condition which indicate that there is variation in level of responsibility among the lecturers (Standard deviation = 0.69159).

The findings also reveal that autonomy among lecturers has played a positive motivation role which is placed as the third most preferred and use motivation in the institution (Mean = 3.3885). Its variation is second lowest which implies that it is uniformly applied across the lecturers (Standard Deviation = 0.57805). Achievement is the lowest positive level of non-financial motivation in the university (Mean = 3.0845). It has moderately high variation among the lecturers (standard deviation =0.70136).

The results further reveal that promotion, recognition and career development were the lowest negatively level of non-financial motivators in the university (mean = 2.8514, 2.8378 and 2.7162 respectively). It variation are highest for promotion, followed by recognition and lastly career development is the lowest across the lecturers (Standard deviation = 0.79803, 0.74073 and 0.66121 respectively).

Level of Employee Performance

Level of employee performance was also examined and presented using descriptive statistics. The results were summarized in table 2 using mean and standard deviation based on five-point Likert scale.

Table 2: Employee Performance

	N	Minimum	Maximum	Mean	Std. Deviation
Task Accomplishment	74	1.00	5.00	2.8649	1.02469
Meeting Deadlines	74	1.00	5.00	3.0405	.89808
Completion of Course Work	74	1.00	5.00	3.0811	.93276
Punctuality	74	1.00	5.00	3.0811	.96169
Employee Performance	74	1.00	5.00	3.0473	.78829

Performance was further examined based on task accomplishment, meeting deadlines, completion of course work as well as punctuality. According to the results punctuality and completion of course work is the highest but slightly positive level of employee performance (Mean=3.0811). This is followed meeting deadlines are somehow achieved (mean=3.0405). Task accomplishment had the lowest negative level of employee performance (mean=2.8649). The variation is slightly high across the lecture especial task accomplishment. Hence, the revealed that there was low but positive employee performance in the institution (mean = 3.0473). The results further vailed moderately high standard deviation which implies that there was variation in level of employee performance across the lecturers.

**Table 3: Non-Financial Motivation Variables**

Details	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Achievement -> Non-Financial Motivation	0.363	0.352	0.080	4.531	0.000
Autonomy -> Non-Financial Motivation	0.185	0.173	0.062	3.007	0.003
Career Development -> Non- Financial Motivation	0.130	0.144	0.061	2.125	0.034
Promotion -> Non-Financial Motivation	0.124	0.119	0.060	2.055	0.040
Recognition -> Non-Financial Motivation	0.259	0.251	0.060	4.292	0.000
Responsibility -> Non-Financial Motivation	0.226	0.221	0.081	2.800	0.005
Working Condition -> Non-Financial Motivation	0.170	0.150	0.051	3.305	0.001

The latent variable non-financial motivation in table 3 was correctly represented by achievement, autonomy, career development, promotion, recognition, responsibility and working condition ($P < 0.05$). This indicated that non-financial motivation was represented by the mentioned variables.

Hypothesis 1: *Non-financial motivation positively influences employee performance.*

The second hypothesis tested the relationship between non-financial motivation which was contributed by achievement, autonomy, career development, promotion, recognition, responsibility and working condition with employee performance.

Table 4: Non-Financial Motivation and Employee Performance

Details	Original sample (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Decision on Ho
Non-Financial Motivation -> Employee Performance	0.062	0.186	0.331	0.741	Reject

The results in table 4 revealed that there is no significant direct relationship between non-financial motivation had no significant direct relationship with employee performance ($t=0.331$, $P > 0.05$). Therefore, the alternative hypothesis was accepted. This indicates that achievement, autonomy, career development, promotion, recognition, responsibility and working condition as indicators of non-financial performance had no significant impact on employee performance.

Theoretical Implication

The results indicate that two-way factor theory can be enhanced through adding personal factors into the model in relation to job satisfaction. The practical application can be enhancing through investing on human resource through using strategies that will ensure that committed, proactive and intrinsically motivated workers are selected and recruited before adopting non-financial motivation used in the firm. The research contributes to knowledge that there is no direct relationship between financial and non- financial motivation unless mediated by employee personal factors.

The study has added to implication to two factor theory that financial and non- financial motivation leads to employee satisfaction but also act as catalyst to job commitment, effort put in accomplishing the task, understanding work process and customer care leading to high employee performance. It also explains what happens in expectancy theory in relation to expectation of employee through motivation until it results to performance which is not explained by the results in the study.



Managerial Application

The managers and organization can adopt some of the concepts associated with setting compensation systems that will enable the firms to balance the financial motivation with non-financial. However, the managers should be concern on the implication of the change in motivation to the personal factors in the organization that is the commitment, effort of task accomplishment, ability of employee to understand work process and client care. In these ways they will enhance performance rather than focusing on direct effect of motivation on performance of employees.

CONCLUSIONS AND RECOMMENDATIONS

The study concludes that non-financial motivation had no direct relationship with employee performance.

The study recommends that organization should consider non- financial motivation in respect to personal factor through enhancing job commitment that is effective, continuance and normative as well as improving the effort put in accomplishing the work, understanding work process and customer care.

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