

EFFECT OF UNIONIZATION ON EMPLOYEES' PERFORMANCE IN FAMILY OWNED BUSINESSES IN KENYA. A CASE STUDY OF STEEL STRUCTURES LIMITED, NAIROBI.

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DECLARATION

I hereby declare that this research project is my original work and has not been submitted in any university or institution of higher learning for any award of Diploma or Degree.

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DEDICATION

This research project is dedicated to my loving parents whose inspirations, encouragement, prayers, financial support and great moral support made me pursue this Masters in Business Administration course.

ACKNOWLEDGEMENT

I thank the Almighty God for his guidance and providence throughout this course without him I would not have made it this far. I wish to express my sincere appreciation to my entire family for their understanding and great support throughout my studies. I also extend my heartfelt gratitude to everyone who made a contribution towards this work. I sincerely appreciate my classmates, Faith Tomno, Peter Chege and Hillary Omari for their support and contribution towards this project. My heartfelt gratitude goes to my supervisors Dr. Geoffrey Kamau and Dr. Irene Asienga who despite their immense responsibilities and tight schedules gave their great support and guidance towards this research project. I would also like to acknowledge my lecturer Ms. Daisy Bowen for her great moral support and inspirations from the start of this course to the end. Finally I appreciate the entire Kabarak University Nairobi campus fraternity for their great moral support during my studies. May the Almighty God bless you all.

ABBREVIATIONS & ACRONYMS

CBA	Collective Bargaining Agreements
FOB	Family Owned Businesses
HR	Human Resource
HOD	Head of Department
SPSS	Statistical Package for Social Scientists
SSL	Steel Structures Limited

DEFINITION OF TERMS

- Performance:** Employee accomplishment of a given task measured against present standards of completeness and accuracy (Ensley, 2007).
- Trade Unions:** An organization whose membership consists of workers and union leader united to protect and promote their common interests (Kelly, 2012).
- Compensation:** Compensation is a form of reward that flows to employees arising from their employment (Ensley, 2007).
- Motivation:** Motivation is the process of boosting the morale of employees to encourage them to willingly give their best in accomplishing assigned tasks. Employee motivation is the key to achieving extraordinary results (Pawel, 2013).
- Equal Treatment:** Equal treatment is defined as treating everyone the same, regardless of their differences. Whether the difference is a person's age, race, sex, sexual orientation, religion, national origin or physical disability, he is entitled to be held in the same esteem as any of his coworkers (Gregory 2003).
- Non Unionized Employees:** Non Unionized employees are those employees who are not members of a union and do not have union representation at the work place (Manda, 2005).
- Unionized Employees:** Unionized workforce is one that has a recognized labor organization or employee association that serves as a bargaining liaison. (Manda, 2005).

ABSTRACT

This study attempted to establish the effect of unionization on employees' performance in family owned businesses in Kenya. The need to manage employee performance every day is the key to an effective performance management system. The researcher specifically sought to establish the effect of union mediated in compensation on performance of employees in family owned businesses; to determine the effect of union mediated motivation on performance of employees in family owned businesses; to examine the effect of union mediated equal treatment practices on performance of employees in family owned businesses; and to compare aggregate employee performance of unionized employees to non-unionized employees in family owned businesses. The research adopted a descriptive research design. The research study was carried out at Steel Structures Ltd. The study population comprised a total of 614 employees from various functions in SSL. Stratified random sampling technique was used to draw a sample size of 307 respondents. This study used descriptive statistics using statistical measures such as frequency and percentages. In using inferential statistics, the data was analyzed using correlation, which was vital in making sense of the data. Further regression analysis was used to test the relationships between variables. The analyzed data was presented in the form of tables and figures according to the research questions. The regression model further revealed that there was a significant relationship between union mediated motivation and employee performance ($p=0.003$); there was a significant relationship between Union mediated compensation and employee performance ($p=0.012$); there was a significant relationship between Union mediated equal treatment and employee performance ($p=0.001$). The study concluded that unionization aids in achieving better decisions in organization through the existence of trade unions and that existence of trade unions in organizations means that employees through their representatives are involved in many decisions that take place in the organization.

Key Words: Trade unions, Employee Performance, Motivation, Compensation, Equal treatment, unionized employees, non unionized employees.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Family-owned businesses may be the oldest form of business organization. Farms were an early form of family business in which what we think of today as the private life and work life were intertwined. In urban settings it was once normal for a shopkeeper or doctor to live in the same building in which he or she worked and family members often helped with the business as needed. Since the early 1980s the academic study of family business as a distinct and important category of commerce has developed. Today family owned businesses are recognized as important and dynamic participants in the world economy. According to the U.S. Bureau of the Census, about 90 percent of American businesses are family-owned or controlled. Ranging in size from two-person partnerships to Fortune 500 firms, these businesses account for half of the nation's employment and half of her Gross National Product (Habbershon, 2003).

Employment relations in family owned businesses generally compare poorly with larger firms with regard to salaries, fringe benefits, holiday entitlements, training opportunities, working hours and labour turnover (European Foundation, 2001). According to Champoux and Brun (2003) employees' are also more likely to suffer severe accidents and to be exposed to physical and chemical hazards. This situation is especially manifest in traditional economic sectors such as agriculture, manufacturing, construction and transport. According to European communities, (2002) while trade union membership and collective agreements are important for combating risks, maintaining good health and safety practices and supporting statutory rights the working conditions and lesser degree of formalization of employment contracts in family businesses suggest that their employees may benefit from union presence. However, family businesses often constitute an employment system with a low external regulatory involvement, including union representation.

Trade unions usually have clearly defined leadership structure through which they use in order to bargain with employers (Abboushi, 2010). Pencavel (2009) argues that elected leaders of trade unions negotiate with employers on behalf of ordinary members of the union for better working conditions, once the parties agree they sign contracts known as "collective

bargaining agreements” (CBA) and may include wages and salaries, hiring and firing procedures, promotion, demotion of workers, rules and regulations among others” (p. 155). Trade unions have various roles that assist unionized members. One of the roles is Collective bargaining with the management to settle terms and conditions which may include taking up the individual and collective grievances of the workers with the management of employment. Collective bargaining arrangements are set up by agreements between managements, employers associations, or joint employer negotiating bodies and trade unions to determine specified terms and conditions of employment for groups of employees. These processes are usually governed by procedural agreements and result in substantive agreements and agreed employee relations procedures.

According to Kalimullah (2014) unions provide workers with a collective voice to make their wishes known to management and thus bring actual and desired conditions closer together. This applies not only to terms of employment such as pay, working hours and holidays, but also to the way in which individuals are treated in such aspects of employment as the redress of grievances, discipline and redundancy. Further Beardwell, and Claydon, (2007) continues to explain that a number of bargaining initiatives have emerged during the 1980s which have changed the level and structure of collective bargaining. The initiatives have facilitated the exercise of managerial prerogative in the bargaining relationship and further narrowed the scope of bargaining channels.

According to Gomez (1998) employees and other workers have the right to be accompanied at a disciplinary or grievance hearing. They can choose to be accompanied by a co-worker or a union representative. Often, the union representative, will be a workplace representative who is also a co-worker. co-operating with the management of the undertaking or establishment in ensuring the proper implementation and observance of employer/trade union agreements, the use of agreed dispute and grievance procedures and the avoidance of any action, especially unofficial action, which would be contrary to such agreements or procedures and which would affect the continuity of operations or services

Although trade unions look after the interests of their members, they also recognize the advantages of working in partnership with employers. This is because a successful, profitable business is good for workers and therefore good for the union and its members. Trade unions can have work arrangements with the employer, this should conform to the same job

performance standards, company rules, disciplinary conditions and other conditions of employment as comparable employees in the undertaking or establishment in which they work for example in productivity deals, employers and union leaders agree on output targets whereby the unions undertake to mobilize their members to achieve the set targets whereas employers promise to increase the rewards to employees. Bacon (1996) argues that partnership initiatives between trade unions and employers have been frustrated in a number of firms, owing to the lack of management commitment to the process leading to nothing more than rhetoric of partnership. According to (Armstrong, 2007) partnership may not work if senior management does not really believe in partnership and decisions are made unilaterally without consulting trade union officials.

Trade unions offer a number of benefits or advantages to their registered members, these benefits and/or advantages arise from the work that trade unions perform. First, trade unions lead employees in their negotiations and agreement with their employers on appropriate payment and work conditions. It is much easier for workers to push for salary increments unlike an individual employee. Thus, by joining a trade union, an employer may be able to enjoy the advantages of CBA in terms of better salaries and wages among other remuneration packages. Secondly, trade unions represent workers and protect them from any possible exploitation by employers. Whenever employees have concerns relating to the workplace, trade unions take up those concerns and discuss them with employers. These concerns include health and safety standards, more holidays and working hours. This means that if employees join trade unions, they are able to have these concerns discussed without delays, fear or intimidation (Manda, Bigsten, & Mwabu, 2005).

Trade unions have had their demands met through industrial actions; strikes have been the most favorable tool for the trade unions. These strikes have often led to work stoppages and discontinuity in the production process this in turn has led to loss of revenues whenever it occurs. However, such strikes have also had adverse effects on the individual union members whereby some end up losing their jobs. It is also important to note that trade unions sometimes condone some form of discrimination at the workplace, they only represent, fight for and articulate the interests of registered members only. Those workers who are not members can suffer in the hands of employers yet trade unions do nothing thus the need of equal treatment for all the employees in the organization. This differential approach to helping employees is aimed at encouraging as many workers as possible to join trade unions.

Whereas it is not clear why some workers choose not to belong to trade unions, many people fear paying union fees because it is seen as an extra tax on their salaries and wages (Abboushi, 2010).

In summary trade unions, perform a mediating role where they bargain their members salaries, they motivate their members by pushing for salary increments, encourage their members to attend trainings to enhance their skills and lastly trade unions advocate for equal treatment for their members especially in terms of promotion, and equal treatment at the work.

1.1.2 Profile of Steel Structures Limited.

Steel Structures Limited is a family owned business founded in 1971. The company is located in Nairobi, Kenya. Steel Structures Ltd is a leading supplier of quality structural, mechanical equipment and machinery in the country. The company particularly prides itself for providing diverse range of high quality steel structures buildings throughout the African continent. With the combination of creative innovation and the pursuit of excellence as a corporate objective, Steel Structures Ltd has developed remarkable reputation and continues to enjoy sustained growth and success. Steel Structures Ltd has attained the prestige of being recognized as the largest and leading steel fabrication company in East and Central Africa.

Steel Structures Ltd is committed to providing a full range of premium quality steel building solutions for all commercial, Industrial, Institutional and residential needs using its expertise in Design, Detailing, Fabrication and Erection. SSL clientele consists of Architects, Contractors, Developers, Investors, Manufactures and Government Institutions among others, from all over the African continent and in particular East and Central Africa. SSL also partners with Civil Contractors in fabricating the steel work part of their scope and help them achieve their completion targets. SSL possess the largest steel building fabrication workshop (16,000 sqm) in East Africa & Central Africa. Such a vast factory space enables them to simultaneously fabricate several large jobs without compromise

In just over 45 years of operation, SSL has completed over 5000 major and minor projects within Kenya and across the African continent. Its expertise and capabilities have allowed

them to work on several large projects outside Kenya. Notably, in Uganda, Tanzania, Rwanda, Somalia, Sudan, Zanzibar, Ethiopia, Zambia, Madagascar and South Africa

1.2 Statement of the Problem

Trade unions have various activities for assisting its unionized members. One of the activities is collective bargaining with the management to settle terms and conditions which may include taking up the individual and collective grievances of the workers with the management. A trade union is an association of employees, thus a trade union represents the employees' interests to the employers. Human resources are the most vital resources of any organization (Armstrong, 2007). Steel Structures Limited in its efforts to maintain its competitive advantage over its competitors has endeavored to ensure its employees perform their duties well by providing the necessary machinery, equipment, infrastructure and funds to ensure delivery of quality services and products to its clients.

Family owned businesses face challenges, in spite of the company's management efforts to reward the employees for better services employees may not necessarily exhibit strong signs of well rewarded workers. This can be reflected by high labour turnover, late-coming, absenteeism, lack of commitment to the job, production of low quality products despite the availability of high quality materials and constant complaints by clients over delay in delivery of products, hence the need to establish the effect of unionization on employee performance in family owned businesses in Kenya. Manda *et. al.* (2005) conducted a study on the relationships between membership to trade unions and the amounts of earning in Kenya's manufacturing firms. The study found that contrary to earlier findings, trade unions in Kenya had a positive impact on wages. They established that trade unions are able to force wage increments for their members. They also established that most of Kenyan elite workers in the manufacturing sector tended to keep off trade unions. This study was limited by the fact that it focused on male workers only.

Clark (1982) looked into the effect of labour unions on a firms performance, and found out that unionized firms earn substantially lower returns than nonunion firms operating in comparable technological and competitive environments, these findings mainly focused on the firm's performance and not individual employee. A study on relationship between union density and wages, employment, productivity, and economic output in China was done by Budd, Chi, Wang, and Xie, (2014). Covering a period of 14 years from 1994 to 2008, they

established that union density plays a positive role in the total productivity and output of the economy in China. The study covered 29 provinces in China where they established that although the Chinese trade unions are not allowed to organize strikes, they nevertheless contribute positively to organizational productivity. These findings do not reflect our state of affairs in Kenya and especially family owned firm, hence the aim of this research to fill the gap.

Based on this evaluation, this research therefore wanted to answer the following question on what is the effect of unionization on employee performance in family owned businesses in Kenya? The focus on family owned businesses is because today family owned businesses are recognized as important and dynamic participants in the world economy especially due to their increased revenue contribution to the economy. These research findings will enable managers in family owned businesses to understand the effect of unionization on employees' performance and how they can make use of these findings to manage their employees so as to maintain a competitive advantage in the market.

1.3 Research Objectives

The general objective of this study was to investigate the effect of unionization on employees' performance in family owned businesses in Kenya.

1.3.1 Specific Objectives

- i) To establish the effect of union mediated compensation terms on performance of employees in family owned businesses.
- ii) To determine the effect of union mediated motivation interventions on performance of employees in family owned businesses.
- iii) To examine the effect of union mediated equal treatment practices on performance of employees in family owned businesses.
- iv) To compare aggregate employee performance of unionized employees to non-unionized employees in family owned businesses.

1.4 Research Hypothesis

H₀₁: There is no significant difference between performance of employees who received union mediated compensation and those who do not in family owned businesses.

H02: There is no significant difference between performance of employees who received union mediated motivation interventions and those who do not in family owned businesses.

H03: There is no significant difference between performance of employees who received union mediated equal treatment practices and those who do not in family owned businesses.

H04: There is no significant effect between performance of employees who are unionized and those who are not in family owned business.

1.5 Justification of the Study

Due to increased revenue contribution to the economy from the family firms, academia has recently begun to recognize their necessity as research subjects. However the field of management studies has paid insufficient attention to these firms' unique theoretical and practical problems so far. The interest in family firms' research has accordingly grown significantly in the recent years, leading to a distinctive legitimate and emerging field of study in business research. The underlying supposition therein is the question whether employee performance is affected by the activities of trade unions. This study will provide more information on the broad subject of trade unions and employee performance. More specifically, the study is important for the management of family owned businesses where employees are not unionized and may use the findings of this study to make decisions regarding whether or not to persuade their employees to join trade union. Employees who have trade unions in their companies and are not members will also be able to understand the importance of trade unions and make an informed decision of joining the trade union or not.

1.6 Scope of the Study

This research targeted both unionized and non-unionized employees of steel structures Ltd, Nairobi, who are 614. The aim of this research study was to investigate the effects of unionization on employee performance in family owned businesses in Kenya. The research looked into how employee motivation, compensation and equal treatment as mediated by trade unions could affect employee performance.

1.7 Limitations and Delimitations of the Study

In pursuit of this study, several limitations were encountered. First is the confidential nature of the organization, the management was reluctant to give out other information. The study focused mainly on the middle and lower level employees to give first-hand information to avoid any suspicion, a copy of the questionnaire was given to the management for review in order to allow the research to proceed.

Secondly, the study relied on data collected through structured questionnaire of which collection, analysis and interpretation was not free from human errors. The study focused on short, clear and precise questions to avoid much explanation from the respondents. This was done by giving questions that need a single answer for example yes or no or tick where appropriate.

Lastly, eliciting information from the respondents was a problem as the information required was subject to areas of feelings, emotions, attitudes and perceptions, which cannot be accurately quantified and verified objectively. The researcher encouraged the respondents to participate without holding back the information they might be having as the research instruments would not bear their names.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews appropriate literature from books, journals, reports and other publications. This chapter is arranged into sub-sections that include theoretical review, the literature review based on each of the independent variables guiding the study on moderating effects of trade unions on employee performance and the conceptual framework.

2.2 Theoretical Review

In an attempt to establish the effect of unionization on employees' performance in family owned businesses in Kenya, this study was guided by strategic choice theory, human relations theory and Maslow hierarchy of needs theory.

2.2.1 Strategic Choice Theory

A number of studies examine the strategic choices unions might undertake for their survival. The strategy might be a straightforward choice between "moderation" versus "militancy" (Kelly, 2012). Militant trade unions are those which are strict with their traditional roles and rely on their strength to membership and willingness to act through industrial actions such as strikes (Kelly, 2012). Moderate trade unions, in contrast, emphasize "partnership" between trade unions and employers, and cooperation in achieving so called 'common interests', which are mainly organizational success and employment security, as cited in (Heery, 2000). Other scholars, for example, Wadd (2012) argues that union strategy can be best described as a continuum ranging from conflict, containment aggression, accommodation, co-operation and collusion.

Strategic choice theory by Kochan, Katz and McKersie's (1986) elaborates how this particular theory picks up on the systems concept developed by Dunlop (1958) and advanced on it by accommodating a number of contemporary changes in the way industrial relations was being practiced. Three such changes are noted as being influential in determining the way managers' deal with industrial relations issues. The first is identified in the recent decline in union membership and the rise of new industries not covered by unions. The second is noted in the way collective bargaining structures and out comes involving trade unions have altered. And the third is recognized in the emergence of new managerial values

and human resource strategies that encouraged information sharing, workplace cooperation, performance incentive schemes and autonomous work teams.

The theory argues that these changes have made dealing with industrial relations matters far more complex than has traditionally been the case. First, the decline of trade unionism, the increasing decentralization of bargaining processes and the advancement of human resource management practices have caused a redistribution of decision making authority over workplace relations. In this regard orthodox industrial relations specialists are held to have lost significant power to human resource and line managers when dealing with issues in this area. Second, the growing popularity of unitarist ideas in techniques used by human resource managers' have encouraged organizations to take a more proactive approach to the management of employees. This was reflected, the theory argues, in the way senior executives are taking a more integrated approach to the development of human resource and business strategies (Kochan *et.al.* 1986)

Third, and as a consequence of this, it is asserted that managers can no longer be regarded as merely the passive reactors to demands and initiatives put forward by organized labour. Indeed the integration of human resource and business strategies means that decisions about marketing, production, finance, investment, and so on, are all having more and more influence over the day-to-day management of workplace relations. An important element of this theory is that it recognizes the interrelationship between decisions and activities across different levels of the industrial relations system. Thus, a decision taken at the strategic level to introduce new technologically improved capital equipment will almost certainly have ramifications for the conduct of collective bargaining over future training and manning levels, as well as for the conduct of workplace relations if manning levels are to be altered or jobs reorganized. The theory also acknowledges the effects of strategic decisions on different actors in the system (Kochan *et.al.*1986).

The strategic choice theory was used to explain the moderating role of trade unions in family owned businesses in Kenya.

2.2.2 Human Relations Theory

The person most associated with the human relations theory is Elton Mayo, (1920). In 1920, Elton Mayo, a professor from Harvard University, with his colleagues conducted a series of studies on human behavior at the Western Electric Company plant in Cicero, Illinois between 1924 and 1933. The core of these studies was to give more importance to the human side of management, as they tried to balance between the materialistic and technical perspectives of scientific management, and the importance of the human factor and the individuals differences (Fred, 1997)

The Hawthorn research investigated a variety of working conditions and their effect on productivity. One of these studies, called the Relay Assembly Test Room, focused on a small group generally always consisting of workforce in this case the subjects being six women workers. The group's productivity was monitored under a multitude of changing conditions and the studies exposed that output generally increased whenever a variable was altered. This was nonetheless of whether the variable adjustment was positive or negative. It was concluded that the size of the group itself had played a factor in the improvement. It appeared the group had developed the ability to self-motivate (Fred, 1997). It was recommended that the study itself had contributed to the increase. This phenomenon was titled 'Hawthorn Effect' where productivity improves if a group or individual detects they are receiving interest from management (Allen, 2006).

The Bank Wiring Observation Room Study, revealed that a normal working group consisting of fifteen people fabricated output records, opposed management change and purposely engaged in 'soldiering', inhibiting their production and output to avoid increased productivity targets Cooper (Williams, 2004). Mayo's studies had a great influence on the advancement of motivation science. According to Osterloh, and Frost (1996), the aspect of human relations greatly affected the motivation process as it produced a collection of motivation strategies which emerged from the human relations model. First, management felt they had a responsibility for making workers feel important, provide them with recognition, and satisfy their social and psychological needs. Second, management focus on the importance of encouraging communication between employees and management by opening vertical communication channels. Third, employees have the chance to make routine decisions which satisfy their feeling of autonomy. Finally, managers began to concentrate on using group

incentive system as a result of realizing the existence of informal work groups with their own norms and prescriptions.

In addition, Mayo discovered through Hawthorn's experiments that, if workers are allowed to interact in a social environment, they will be motivated and consequently their performance level will increase (Osterloh *et.al.*). Moreover, according to Mayo, the management's main aim and basic interest should be the motivation of its employees, and to satisfy their psychological needs. Also, managers should increase workers' self-esteem and create an atmosphere of friendship between workers and their supervisors. Accordingly, an atmosphere of understanding has to be established where supervisors ask workers about their opinions and keep them informed on all changes that are made (William, 2004).

In this context, Koeszegi (2004) argued that the humanitarian view of this school of thought required a new set of managerial strategies to improve the human skills of managers and supervisors and to replace the individual rewards plans with the group rewards plans; also, to concentrate on workers and their needs, their attitudes and their effectiveness, rather than concentrating on managerial functions. These changes require a social manager who is capable of leading and helping his subordinates. Therefore, the human relations school can be classified as one of the content theories of motivation as it focuses on the intrinsic factors more than the extrinsic ones (William, 2004).

However, the Hawthorne's studies were also subject to some criticism about their methodology and their nature as a motivation theory. Cooper (2006) criticized the methodology that been used in conducting the study. He criticized the use of a small sample and the lack of control over the study, the instability of the incentive plans, and the changing of participant numbers while conducting the experiments. Furthermore, from a motivational standpoint, while the scientific management was criticized for its exaggerated interest in the economic aspect as opposed to the human aspects, the human relations exaggerated the human aspects as compared to the interest of the organization as a whole, as the theory concentrated on fulfilling the needs of each worker but neglected the formal work groups inside the organization.

Moreover, Manolopoulos (2007) criticized the concept of the social man on which the theory was based. From their point of view, the concept failed to give a complete description of the

members inside the workplace and concentrated only on the psychological aspects. Moreover, they believed that the techniques of the human relation theory gave workers a false sense of happiness and were not actually concerned with their interests.

The principal task of management on this conception is to manipulate workplace relations in ways that enable employees to feel personal satisfaction with being involved with the organization. To this end, companies operating on this basis are expected to recognize the right of employees to have a say in how they are governed. They are also expected to take an active interest in developing the skills of employees as a means of demonstrating a commitment to their personal well-being. In whatever form, the aim of this managerial approach to employee relations is one that seeks to reduce internal tensions by developing the sense of workplace satisfaction felt by employees through techniques that involve them in the organization and regulation of work (Maslow 1954).

The human relations theory was used to examine effect of union mediated equal treatment practices on performance of employees in family owned businesses in Kenya.

2.2.3 Maslow's Hierarchy of Needs Theory

Maslow wanted to understand what motivates people. He believed that people possess a set of motivation systems unrelated to rewards or unconscious desires. Maslow (1970) stated that people are motivated to achieve certain needs. When one need is fulfilled a person seeks to fulfill the next one, and so on. The earliest and most widespread version of Maslow's hierarchy of needs includes five motivational needs, often depicted as hierarchical levels within a pyramid.

General Rewards	Need Levels	Organizational Factors
<ul style="list-style-type: none"> - Growth - Advancement - Creativity 	Self Actualization	<ul style="list-style-type: none"> - Challenging job - Achievement in work - Advancement
<ul style="list-style-type: none"> - Self-esteem - Self-respect - Prestige 	Esteem Needs	<ul style="list-style-type: none"> - Social recognition - Job title - High status job - Feedback
<ul style="list-style-type: none"> - Love - Affection - Belongingness 	Social Needs	<ul style="list-style-type: none"> - Cohesive work group - Friendly supervision - Professional associations
<ul style="list-style-type: none"> - Safety - Security - Stability - Protection 	Safety Needs	<ul style="list-style-type: none"> - Safe working conditions - Company benefits - Job security - Union - Pension
<ul style="list-style-type: none"> - Food - Water - Shelter - Sleep 	Physiological Needs	<ul style="list-style-type: none"> - Pay - Good working conditions

Figure 2.1 Maslow Hierarchy of Needs

Source: Cherrington (1989)

The five types of needs are explained in detail below.

Physiological Needs: Maslow considered the physiological needs as the basis of the hierarchy. These needs are actually related to the different body and survival needs. For example, it included the need for eating, drinking, sleeping, and shelter. Maslow (1970) argued that these needs are the most dominant needs which the person will try to satisfy first; in the workplace, this level of needs reflects the employee's needs to have a suitable working environment (clean and fresh air, reasonable temperature, enough light and work-space) and good pay. According to Maslow (1970), once these needs are satisfactorily met, it will lose

its effect as a motivator and the safety needs (the second level in the hierarchy) will emerge and dominate the person's behavior.

Safety Needs: These are related to the safety and security of the individual's physical and emotional conditions. Maslow (1970) argued that when the individual feels the need for security, he/she become a safety-seeker and tries to satisfy it. This category of needs includes the desire for security, no threats or physical harm, and stability. In the workplace, this level of needs can be satisfied by providing job security, protection against layoff, safe working conditions safe tools and environment, union, health insurance, and pension plans (Cherrington, 1989; Steers, Porter & Bigley, 1996).

Belongingness and Love Needs: Most people like to be a part of a group. Therefore, when the individual satisfies the two previous needs, the belongingness and love needs will emerge. This category of needs expresses the human needs for receiving love and to belong to a human group and be accepted by others. The main ways to meet this kind of needs is through interaction as part of a work group, friendly supervision, professional associations, and a cohesive work group (Cherrington, 1989; Hilgert & Leonard, 2001).

Self Esteem: This represents one of the higher human needs. It includes the needs for high power, high status, and recognition for good work, achievement, self-respect, prestige, and attention from others. In the workplace, this level of needs can be met by sound job title, good feedback, and a high status job (Vecchio, 2000). Maslow (1970) argued that, Satisfaction of the self-esteem need leads to feelings of self-confidence, worth, strength, capability and adequacy of being useful and necessary in the world.

Self-Actualization: According to Maslow (1970), self-actualization is what a man can be, and he must be, he considered it as the apex of the needs hierarchy. This kind of needs is actually an inner need for developing one's unique potential as an individual. In an organization, an employee may try to satisfy self-actualization needs by looking for challenging, innovative tasks or to make significant achievements to his job (Steers *et. al.*, 1996).

After Maslow had set his theory, some researchers made some changes in the format of the theory. For example, modification was made by Alderfer (1972), as he combined Maslow's

physiological and safety needs into Existence needs, belongingness and esteem needs into Relatedness needs and the self-actualization need was renamed as Growth need. Moreover, Lawler, and Suttle, (1972) offered another modification by reducing the five levels to just two levels; they called the first level the physiological needs, and the second level they called the higher needs, which contains Maslow's four other needs.

Maslow's theory is considered one of the most widely accepted theories in management context and is still very popular among researchers and practitioners. Maslow's hierarchy theory has proven to be a very useful theory in generating managerial ideas. Moreover, it is still popular among managers because it is very simple to present and easy to understand (Wahba, & Bridwell, 1976). It has inspired researchers over the past decades as it generated a number of management approaches and policies such as job enrichment, total quality management, business re-engineering, self-managing teams, and employee empowerment (Huczynski & Buchanan, 2001).

However, the theory has not always been supported, as it has been subject to some criticism due to the lack of its empirical support. Indeed, Maslow himself did not try to conduct any empirical research to support his ideas. Steers *et. al.* (1996: 15) had summarized the criticism of Maslow's theory by declaring that: First, no clear evidence was found indicating that human needs can be classified into five distinct categories, or that these categories are structured in a hierarchical way. Second, the review examined the proposition that an unsatisfied need leads an individual to focus exclusively on that need. Some studies supported this proposition while other studies did not. Finally, the review explored the idea that satisfaction of needs at one level activates needs at the next higher level. This proposition was not supported by the research evidence.

Sackett (1998) agrees with Steers *et. al.* (1996) opinion, as he assures that some people seem to be self-actualized without satisfying their lower needs within the hierarchy. Moreover, Williams (2004) did not accept the assumption that self-actualization is the apex of the hierarchy needs. He claimed that the human potential is a boundless and ongoing process, and he wondered why the triangle had a close end as a result. He argued that Maslow's theory should be modified and that the triangle should be opened. Overall, Maslow's theory is not the final story in the field of work motivation (Luthans, 1995).

Maslow hierarchy of needs theory will be used in this research to examine the effect of union mediated interventions on performance of employees in family owned businesses in Kenya.

2.3 Empirical Review

This section examines the empirical studies conducted by various researchers relevant to this study. The literature is organized in tandem with the study objectives.

2.3.1 Union Mediated Motivation on Employee Performance

Organizations that have trade unions ensure that the executives of these trade unions are involved in policy implementation and their input to these policies before they are implemented go a long way to ensure that it benefit all the stakeholders in the organization. One of the major tasks of the committee is to ensure that all decisions made by these companies involve some inputs from union executives. From the literature of Blaschke (2000) supporting the existence of trade unions, employees who work directly on the job most of the time know what needs to be done for the work to be improved. Union executives taking inputs from their employees and fusing it into the organization policies during joint consultative meeting enable the organization to come out with a credible policy that will enhance performance. Apart from achieving better decisions in organization through the existence of trade unions, it also brings sense of belongings which is one of the intrinsic motivations to employees.

According to Pons and Deale (1998), if employees feel alienated it affects their morale and this leads to decline in their performance and hence the performance of the organization as a whole. The existence of trade unions in organizations means that employees through their representatives are involved in many decisions that take place in the organization. If employees' existence is recognized by management and they are involved in decision making, it creates a conducive atmosphere which is vital for performance enhancement in organizations. According to Belohlav (2000), employees reject policies and decisions when they are dumped on them without their involvement but they tend to welcome them if they are involved in the decisions. It is therefore important as said by Pons *et. al.*, (1998) to welcome the existence of trade unions since their presence bring some sense of belongings in the organization. This serves as a means of intrinsic motivation for employees to put up their best.

Many researchers including Scruggs *et. al.*, (2002) have confirmed that it is not money which serves as the most source of motivation to workers but the way employees are appreciated and recognized. Involving union executives in all the work of the organization ensures that this source of appreciation and recognition is achieved in the organization which will have direct impact on performance. From the words of Mazur (1999) supported by Daniels and Gagala (2001), one of the obstacles to organizational performance is lack of transparency. To them management can be right in making certain policies but if the employees do not have much information with regard to the policies coming out, they tend to believe that management do not have their interest at heart. When this happens, according to the writers it affects the employees' performance greatly. The above statement from the writers clearly justifies that, for transparency to prevail so that it will fuel motivation, trade unions and their activities in organizations must be recognized so that employees will know why certain things are done in the organization.

2.3.2 Union mediated compensation terms on employee performance.

Another writer who had also contributed to the literature of trade unions and their impact on performance is (Newland, 1999) and according to him if wages and salaries are not determined through the collective bargaining system where it will involve both management and employees through their representatives, employees tend to reject these wages and salaries increment proposed by management since they think that management is not transparent and could pay less than what they proposed. Even in a situation where employees are coerced to accept the wage or salary increment given by management without their involvement; they tend to accept them with reservations. These reservations according to the writer may involve the employee not putting up their best in terms of performance since they believe they have not been given what is due to them.

2.3.3 Union mediated equal treatment practices on employee performance.

From the literature of Gomez *et. al.*, (1998) the existence of trade unions improves organizational performance by helping to resolve conflicts which retard performance. Conflicts turned to be inevitable in organizations because of individual differences. As far as the outcome of conflict can be functional, they can benefit organizations especially when they are resolved amicably to the understanding of the two parties who are in conflict. The existence of trade unions in organizations means that employees have leaders (union

executives) whom they can report to in a situation where they feel aggrieved. If employees do not know where they should report their displeasure to, it prolongs the conflict they have with management and this actually affects their performance.

2.4 Critique of literature Reviewed

Though all the literature above argued that the existence of trade unions in organizations have positive impact on performance of companies which is also applicable in Kenya but it is obvious that many critics will not side with these literature because of the bad experiences many companies have encountered through the establishment of trade unions in their organizations.

Looking at the words of Cira, and Benjamin, (2001) they appear to be one of the critics that do not agree with the establishment of unions in organizations. Their argument points to the fact that trade unions slow down decision making which does not go well for any company that wants to improve upon its performance. A high performing company though need to be cautious but should be quick in terms of its decision making. When decisions tend to be slow, it delays many activities in the company which is not good for any company that wants to achieve high performance. Though we may agree with (Cira *et. al.*, 2001) to some extent, it can also be argued that it is not quick decisions that improve performance of organizations but it is how these decisions are appreciated and accepted by the employees that matters. An organization can have quick decisions but if all these decisions are not warmly accepted by the employees of the company, it will be of no benefit to the company since the employees will not work with these decisions.

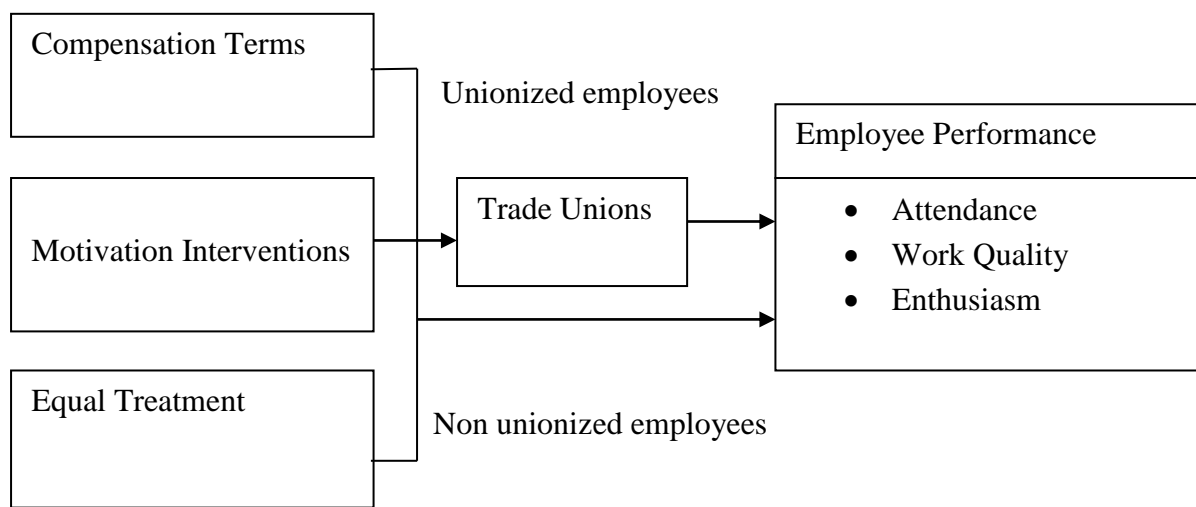
Apart from Cira *et. al.*, (2001) who are against the existence of trade unions in organizations since it slows down decision making, other critics who have also added their voice as trade unions having negative influence on performance of companies. According to Crowe (2000) any organization that encourages the existence of unions is prone to experiencing more strike actions in the company which affects productivity. From the words of the writer when unions are formed, it gives employees power to go on strike unnecessarily and many work-hours are lost during the period which the employees are on strike. The writer continues to add that the wages and salaries employees receive whilst they are still on strike justifies that they should not be entertained in organizations.

2.5 Conceptual Framework

A conceptual framework is a collection of inter related group of ideas that are broad based on theories. That is a set of prepositions which are derived from the supported by data taken from the field of inquiry that are relevant (Smyth, 2014). Based on the reviewed, this study proposes a conceptual framework in which the depended variable is employee performance and independent variables are compensation, motivation and equal treatment practices.

Independent Variables

Dependent Variables.



Source: Researcher (2016)

Figure 2.2 Conceptual Framework

2.6 Operationalization of Conceptual Framework

The various variables with regard to this research project will explain how union mediated compensation terms, motivation interventions, and equality affects employee performance in family owned businesses. These variables are discussed in the subsequent sub topics.

2.6.1 Compensation and Employee Performance

Compensation is one of the physical needs that influence motivation which in turn will affect the employee performance. Providing appropriate compensation is the duty of the personnel department of any organization, it concludes financial returns to the services rendered by employees as part of employment relationships. Compensation is a form of reward that flows to employees arising from their employment. Compensation has a big influence in the recruitment of employees, motivation and employee turnover. The level and magnitude of compensation should be of concern because the level of compensation will determine the lifestyle, self esteem, and the value of the company (Williams, 2004).

Compensation involves a series of decisions a firm makes concerning payment of its workers, including pay levels, pay mix between salary, benefits and incentives, pay structure, and pay raises. In family businesses, also the compensation policies tend to be informal. Family businesses rarely use formal salary surveys of the relevant labour markets to assure that their pay levels are competitive (McEvoy, 1984). Therefore, in family businesses compensation policies are often characterized by lack of transparency, which in turn results in perceptions of unfair compensation distribution (Ensley *et. al.*, 2007). References to equity theory are quite evident. The combination of economic and altruistic motives that lead family businesses to replace the merit norm with need and equality criteria and consequently to adopt less formalized practices, may entail pay allocations that employees difficultly understand. Although formal compensation policies are more likely to produce compensation dispersion, they also increase trust and justice perceptions, at once. To the extent that different rewards may be tolerated when more competent employees are paid more, only pay decisions backed by formal performance-based standards may be better accepted (Carrel, 1978).

Compensation can be divided into two types, namely; financial compensation and non-financial compensation. Financial compensation consists of direct financial compensation and indirect financial compensation. Direct financial compensation consists of salary,

wages, bonuses, and commissions. The indirect financial compensations are also called benefits, which are all financial compensations not covered by the direct compensations. The non financial compensations consist of employee satisfaction, such as responsibility, opportunities for recognition, the chance of promotion, or from psychological and physical environment in which the employee works, such as pleasant work environment, sound policies, a cafeteria, work sharing, compressed work week and the free time (Mosley, 1996).

The bargaining power of a union organized at a single firm or more generally, a small portion of the industry is severely limited unless it can help create value as well as tax returns. A union wage premium that is, higher compensation for a union worker than an otherwise identical worker in a nonunion firm must be offset by a productivity increase in order that costs do not increase and profits decrease. Note that in a competitive setting cost increases cannot be passed forward to consumers in the form of higher prices. So, in the absence of a productivity offset, unions should have little bargaining strength in a highly competitive industry. Substantial union wage increases in a competitive setting will lower profitability, investment, employment, output, and, consequently, union membership (Brown *et. al.*, 1997).

According to Kalimullah (2014), the situation changes somewhat as we allow a relatively large proportion of an industry to be unionized. In this situation, union wage increases costs among many firms in the industry, so that no individual union firm is at a severe competitive disadvantage. In this case, costs can be more easily passed forward to consumers through price increases. But such a situation is difficult to sustain in the very long run, as long as entry and expansion of nonunion companies is relatively easy or the products produced are tradeable in the world market. In short, it is difficult for a union to acquire and sustain bargaining power and membership in a competitive, open-economy setting, in the absence of positive effects upon productivity that offset increases in compensation.

2.6.2 Motivation and Employee Performance

It is already argued that managers need to motivate employees to perform well in the firm, since the organization's success is dependent upon them (Ramlall, 2008). However, it is only later research that succeeded in establishing a positive correlation between employee motivation and job performance. The viewpoint that motivation causes performance comes from human relations theory (Filley, House, & Kerr, 1976). The relationship between

employee motivation and employee performance has been studied for a long period. However, earlier research could not succeed in establishing a direct relationship between the two (Ramlall, 2008). Yet it seems that that the factors do influence each other. Fisher (2015) reviewed the 15 studies Pawel (2013) used in his research and added another 20 more recent studies; they concluded that employee motivation and performance are indeed related. The results of their research indicate that the relationship between individual, overall job satisfaction and individual job performance is more consistent than reported in previous researches such as Filley (1976).

Martocchi, Gerhart and Rynes (2004) also argue that when employee satisfaction is added, a circular relationship is formed with performance, satisfaction and motivation. The term satisfaction is also used by Herzberg (1959) he argues that when intrinsic factors that is motivators are present at the job, satisfaction is likely to occur as well as an increase in employee motivation. Miner (2007) states that employee performances are dependent upon the individual's level of motivation; the individual's level of motivation can be intrinsically and/or extrinsically based. It is also argued that certain job characteristics are necessary in establishing the relationship between employee motivation and employee performance (Marchington, Mick, Wilkinson, & Adrian, 2005). Marchington *et al.*, (2005) argues that when certain job characteristics are present in an organization, employees are better motivated and an increase in performance is noticeable.

Job characteristics refer to specific attributes or dimensions that can be used to describe different tasks (Wayne, Liden, Kraimer & Grat, 1999). Wayne *et al.*, (1999) defined five job characteristics, which are based on the Two-Factor Theory from Herzberg (1959). Those characteristics are: skill variety, task identity, task significance, autonomy and feedback. The results of their study indicate that employees who work on jobs scoring high on the five characteristics, show high work motivation, satisfaction and performance (Miner, 2007). Wayne *et al.*, (1999) conclude that employees can be motivated through the design of their work; they argue that by providing certain intrinsic and extrinsic factors an employee can be motivated to perform well. The five job characteristics skill variety, task identity, task significance, autonomy and feedback can bring the employee to three critical psychological state, namely: experienced meaningfulness of the work, experienced responsibility for outcomes of the work and knowledge of the actual results of the work activities (Leete, 2000).

According to Martocchio (2004) the three critical psychological states will lead to high motivation, satisfaction and employee performance. Wayne *et. al.*, (1999) also argue that the growth need strength of the employee has a role in the relationship, employees who have a high need for personal growth and development will respond more positively to a job high in motivating potential than employees with a lower need for growth strength. According to them, growth need strength has a moderating effect on the relationship. This statement is also argued by Marchington *et. al.* (2005); they state that personality differs in extent to how employees react to intrinsic and extrinsic values. Their research concludes that for introverts extrinsic factors are more important, and extraverts are more intrinsically motivated. Therefore introverts are less satisfied than stable individuals and perform to a lesser extent. This concludes that there presumably also a relationship between personality and employee performance exists (Wayne *et. al.*, 1999).

However, the exact relation among motivation, satisfaction and performance is not yet defined. Pawel (2013) argue that the relationship is circular and starts by a high performance causing satisfaction. According to them, when the employee performs well on a particular task, satisfaction will occur. Because of the internal satisfaction of the employee, the employee is motivated to try to perform well in the future (Miner, 2007). According to Leete (2000) the result is a self-reinforcing cycle of work motivation, powered by self generated rewards that is satisfaction, that will continue until one of the three psychological stages is no longer present, or until the employee no longer values the internal rewards that is satisfaction no longer occurs from his/her good performance. However, Fisher (2015) the theory is based on intrinsic factors because they argue that an increase in extrinsic factors does not lead to an increase in performance.

In “Super Motivation” author Dean Spitzer states that 50 percent of employees put just enough effort in to their work to keep their job. This means that if only half of the employees in the company are working in full capacity, the company only has 50 percent of its expected revenue. Finding ways to motivate employees can be a challenging prospect for employers, but it is also a necessary component of any successful business. When employees have an increased sense of motivation, they will often have a greater job satisfaction and improved work performance and ultimately, when employees are highly productive, the entire organization reaps the rewards. Employee motivation has always been a central problem for leaders and managers. Unmotivated employees are likely to spend little

or no effort in their jobs, avoid the workplace as much as possible, exit the organization if given the opportunity and produce low quality work. On the other hand, employees who feel motivated to work are likely to be persistent, creative and productive, turning out high quality work that they willingly undertake (Wilson, 2003).

According to Pons *et. al.*, (1998) trade unions bring sense of belongings which is one of the intrinsic motivations to employees, if employees feel alienated it affects their morale and this leads to decline in their performance and hence the performance of the organization as a whole. It is very important for employees to view themselves as a significant member of their company. When employees consider themselves to be part of the group, they demonstrate higher work motivation and work performance. However, if employees identify themselves solely as part of a sub group within the work culture (for instance, part of the marketing or programming teams) instead of as part of the entire organization, employee motivation and performance is decreased (Kang, 2000). When employees set goals, primarily those that are challenging and very specific, they feel as if their contributions are important to the company and are thus more likely to strive to meet those goals (Wilson, 2003).

2.6.3 Equal Treatment and Employee Performance

Regardless of the factors that make up who a person is, employers bear the burden of treating workers equally. This includes not passing over certain people for promotions in favor of another person because of their race, gender or other personal factors. It also means making sure that all workers have the same equipment and peripherals to do their jobs. One of the most important equality practices that companies should employ deals with wages. Men should not be paid more than women solely because they are male. Whites should not be paid more than nonwhites because of their race (Gregory 2003).

Discrimination has been with mankind since time in memorial and people have experienced discrimination of one form or the other. According to the provisions of employment Act of Kenya Cap: 226 Article 5(2) of the Constitution of Kenya, it states that “An employer shall promote equal opportunity in employment and strive to eliminate discrimination in any employment policy or practice. (3) No employer shall discriminate directly or indirectly, against an employee or prospective employee or harass an employee or prospective employee

on grounds of race, color, sex, language, religion, political or other opinion, nationality, ethnic or social origin, disability, pregnancy, or mental status or in respect of recruitment, training, promotion, terms and conditions of employment, termination of employment or other matters arising out of the employment. Looking from this description as contained in the 2007 and revised in 2010 in the constitution of Kenya, it actually justifies that all persons must have the same privileges and be treated equally not only at the workplace but anywhere people are found.

Discrimination whether in recruitment and selection, promotion or transfer can have serious effect on performance of companies. An organization that discriminates a lot among its workforce tends to find majority of their employees not feeling happy at the workplace and with the least chance, the employees quits and finds a new job elsewhere. This shows that whenever discrimination is encouraged at the workplace, employees are more likely to be looking for new jobs as they feel that they have been wronged (Wilson, 2003).

In conclusion, this research purposed to show the effect of trade unions mediating role on employee performance (dependent variable) in family owned business and how this is affected by compensation, motivation, and equality (the independent variable) provided by management as pressurized by trade union. The researcher will seek to measure the employee performance by finding out the following; employee attendance at the work place, quality of their work and enthusiasm displayed by employees while performing their duties. These can either affect the performance of the employees positively or negatively.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research methodology which was used in the study and the approach used in data collection. This chapter covers areas such as research design, target populations, data collection procedures and data analysis methods.

3.2 Research Design

In this study, descriptive research design was used. This design included analyzing the relationship between unionization and employee performance. The research study sought to establish whether unionization has any effect on the performance of employees in family owned businesses. Data was collected using questionnaires, edited and entered into the Statistical Package for Social Sciences (SPSS) software version 21 to enable the carrying out of the analysis. This study used descriptive statistics using statistical indexes such as frequency, and percentages. In using inferential statistics, the data was analyzed using correlation, which was vital in making sense of the data. The analyzed data was presented in the form of tables and figures according to the research questions.

3.3 Target Population

In research, the concept of population refers to the totality of all the individual people or objects that possess the characteristics or qualities that are of interest to the research at hand. It refers to all the subjects that the researcher wants to investigate or study. All possible subjects of investigation such as people, events, and objects that combine to form a given known completely constitute what is referred to as the population (Liu *et. al.*, 2014). In this study the target population was all unionized and non unionized employees of Steel Structures Ltd who are 614.

Table 3.1 Target Population

Category	Target Population	Percentage
Unionized Employees	428	70
Non-unionized Employees	186	30
Total	614	100

Source: SSL, HR records

3.4 Sampling Size and Sampling Procedure

Stratified sampling was used to pick respondents from each stratum. The sample size will be arrived using Yamane's formulae (1967). The sampling formula is presented as;

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

Where;

n = sample size

e = level of precision (0.05)

N = population

$$n = \frac{614}{1 + 614 (0.05 \times 0.05)}$$

$$n = \frac{614}{2}$$

$$n = 307$$

The sample size is 307 and proportional stratified random sampling will be used to allocate the samples of each strata. The formula of proportional stratified random sampling allocation is:

$$P_n = \left(\frac{n}{N} \right) N_i$$

where;

n = Sample size N = Population Ni = Population of strata
Pn = Proportion of sample to be selected in each strata.

Table 3.2 Sample size

Category	Target Population	Sample Size PN
		$Pn = \frac{n}{N} \quad N_i$
Unionized Employees	428	214
Non-unionized employees	186	93
Total	614	307

Source: Researcher (2016)

3.5 Data Collection Procedures

The researcher collected primary data by use of questionnaires. Questionnaires are a written set of questions to which the respondents respond in writing. The questionnaires were used because people were to be pulled in, in a short period of time. The researcher also provided employees with the opportunity to confess a need on paper that they may have been too embarrassed to admit in a face-to-face meeting. The researcher used both close-ended and open-ended questions. Close-ended questions required the respondent to stay within certain perimeters set by the researchers. Being that the answers were limited, tabulating the data was simple. Open – ended questions allowed respondents to provide more feedback and introduce new ideas that might not have been considered initially, although tallying the results might be more difficult. The researcher also used secondary data to check the attendance of the employees in the organization this secondary data was provided by the management from their files.

3.6 Validity and Reliability

An instrument is valid if it measures what it is intended to measure and accurately achieves the purpose for which it was designed (Wallen & Frankel, 2003). According to Frankel (2003) content validity is determined by judgments on the appropriateness of the instruments

content. In this study, the researcher ensured validity of the data collection instrument by going through the questionnaire in relation to the set objectives and making sure that it contained all the information that could enable answer the objectives. To ensure reliability, the questionnaires were pre-tested on a small representative sample from Elite Tools Ltd, which is also a family owned business with both unionized and non-unionized employees. The objective of the pre-test was to allow modifications of various questions in order to rephrase clarify and clear up any shortcomings in the questionnaire.

3.7 Data Analysis and Presentation

In using inferential statistics, the data was analyzed using correlation, which was vital in making sense of the data. The analyzed data was presented in the form of tables and figures according to the research questions. Specifically the study was aimed to establish the degree to which unionization has effect on performance of employees. Item analysis was conducted to determine the internal consistency and reliability of each individual item. Regression analysis was used to produce a best fit line to predict independent variables from the dependent variable. This analysis was used to determine how the independent variables influenced the depend variable, to what extent each independent variable affected the dependent variable and which of those factors are more significant.

Quantitative and qualitative techniques were used to analyze the data. Qualitative analysis was involved in explanation of information obtained from the empirical literature of open ended questions from the questionnaire. Data was analyzed using quantitative analysis and the first process was by use of descriptive statistics. The study used frequency distributions, pie charts and percentages in presenting the data. Data was organized into frequency tables from which means were calculated. Data from the proposed research was coded, processed and analyzed using SPSS which is a software used in analyzing descriptive and inferential statistics. Analysis of the data was done using quantitative analytical techniques. Tables and percentages of the data gathered among others were used in the case of the quantitative technique. The data was coded and entered into the computer for analysis using SPSS. Descriptive statistics such as percentages and frequency distributions were used to describe data. Presentation of data was done on tables and charts.

Correlation analysis was used to test for measures of association between variables. Linear regression analysis which is also a statistical technique was also used to examine the way independent variables relate to dependent variable. The linear regression model was employed because it provides the most accurate interpretation of the independent variables. The coefficient of multiple correlations is symbolized by the correlation, R which indicates the strength of the correlation between the combination of the predictor variables and criteria variables.

The following regression model was used to analyze the data.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$$

Where:

Y is the dependent variable (Employee performance)

β_0 is the regression constant

β_1 , β_2 and β_3 are the coefficients of independent variables,

X_1 is compensation terms

X_2 is Motivation interventions

X_3 is Equal Treatment

ϵ is the Error Term.

The study also checked the model significances (f and t-significances) for statistical reporting.

3.8 Ethical Considerations

This research was conducted in a family owned business and the researcher was required to abide by the rules and regulations given by the owners of the company. The researcher was keen not to ask sensitive information which would not have been welcomed by both the employees and their employers. All data collected by the researcher was treated as confidential.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

The purpose of this study was to investigate the effect of unionization on employees' performance in family owned businesses in Kenya. The study was conducted in family owned businesses in Kenya. The research looked into how employee motivation, compensation and equal treatment as mediated by trade unions could affect employee performance. The study sampled 214 unionized members and 93 non-unionized members totaling to 307 respondents. The study managed to collect data from 205 unionized employees and 80 non-unionized employees. This represented 92.8 per cent response rate. This chapter describes the analysis, interpretation and discussion of findings.

4.2 Background Information of the Respondents

The study sought to establish the demographic information of the respondents including their designation, level of education, duration of service in the SSL and membership in the trade union. The study results were as follows;

4.2.1 Designation of the Respondents

The study result on the designation of respondents was as follows;

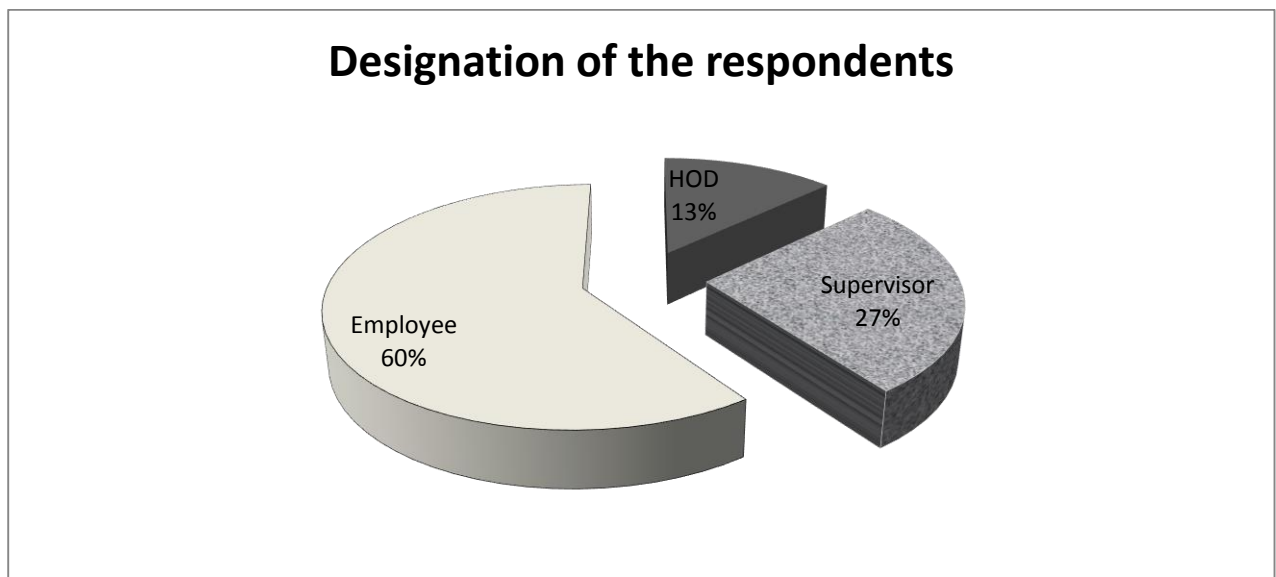


Figure 4.1 Designation of Respondents

Source: Researcher 2016

The study findings indicated that 13.0% of the respondents were head of departments; 27.0% of the respondents were supervisors while 60.0% were employees in the respective family owned enterprises. This shows that majority of the respondents who participated in the study were employees.

4.2.2 Level of Education of the Respondents

The study sought to establish the level of education of the employees. The findings were as follows:

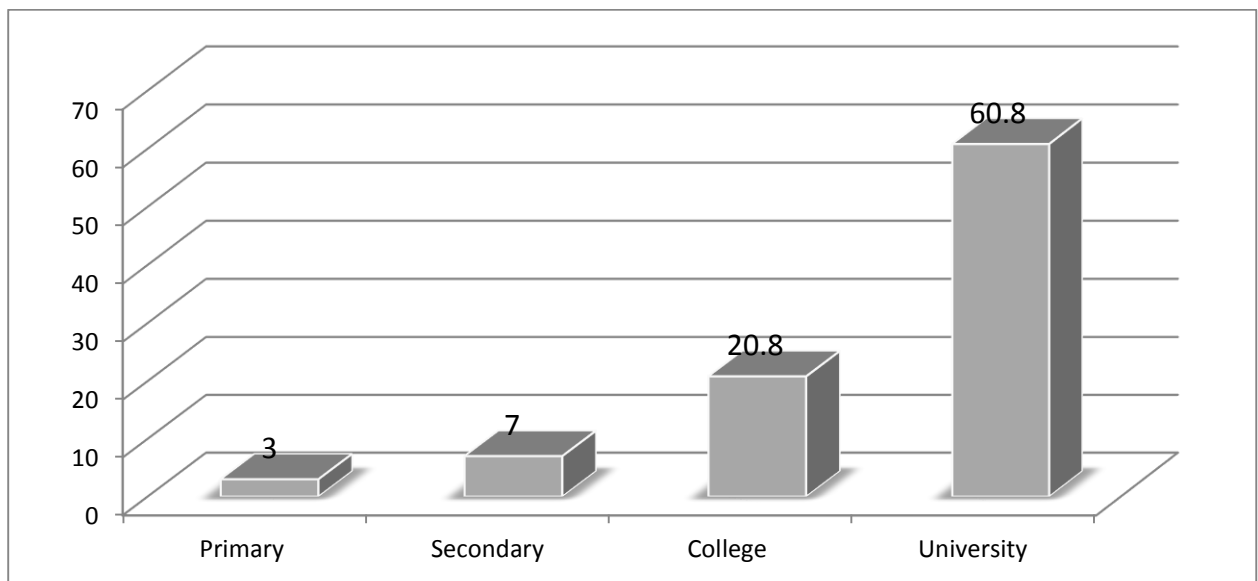


Figure 4.2 Level of Education of the Unionized Employees

Source: Researcher 2016

The study findings indicated that 69.2% of the respondents had university level education, 20.8% of the respondents had college level education; 7.0% had secondary level of education while 3.0% had primary and secondary level education among those employees. This indicated that the respondents were well educated.

Table 4.1 Level of Education of Non-Unionized Employees

Level of Education	Frequency (F)	Percent (%)
University	19	23.8
College	22	27.5
Secondary	34	42.5
Primary	5	6.3
Total	80	100.0

Source: Researcher, 2016

The findings on the level of education indicate that majority of the respondents 42.5% had secondary level of education; 27.5% had college level of education, 23.8% had university level of education and 6.3% had primary level. These findings implied that the respondents were learned people and understood what this study aimed at.

4.2.4 Duration of Service in SSL

The study also sought to establish how long the respondents had been in SSL, the response was as follows:

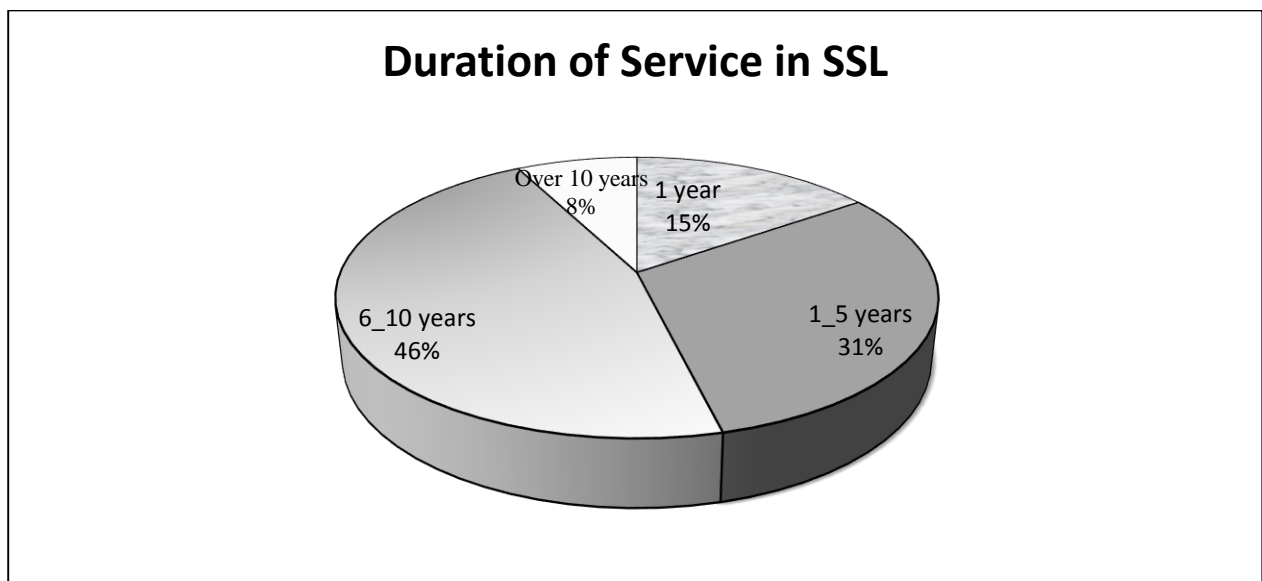


Figure 4.3: Years in working of Unionized Employees

Source: Researcher, (2016)

The study findings indicated that 15.4 % of the respondents had worked in the organization for less than 1 year, 30.8 % have worked in the organization for 1-5 years, 46.2 % had worked for 6- 10 years and 7.7 % of the respondents have worked in the organization for 10 years and above. This implies that majority of the respondents had therefore worked for a considerable period of time and were in a position to answer the questions.

Table 4.2 Working Experience of Non-Unionized Employees

Working Experience	Frequency (F)	Percent (%)
I year	27	33.8
1-5 years	45	56.3
6-10 years	8	10.0
Over 10 years	0	0.0
Total	80	100.0

Source: Researcher, 2016

The findings on work experience of the respondents indicate that majority 56.3% had work experience of between 1-5 years; 33.8 had work experience of 1 year; 10.0% of the respondents had working experience between 6-10 years and none had experience more than 10 years' work experience. These findings indicated that the respondents had worked for a considerable long period of time and therefore were in a position to give informed judgment to the study. These findings imply that these employees could have worked according to the set out policies of the SSL. They could also have improved their performance over time and the employer chose to retain them for that long period of time.

4.2.4 Membership in the Trade Union

The study results indicated that 64% of respondents were members of a union while 36% were not. This was interpreted that majority of the employees belonged to union.

Table 4.3 Union Membership

Membership	Frequency	Percent
YES	205	64.0
NO	80	36.0
Total	285	100

Source: Researcher, 2016.

4.3 Analysis of the Specific Objectives

In this section, the study sought to answer the specific objectives of the study. The objectives of the study were to; establish the effect of union mediated compensation terms on performance of employees in family owned businesses; determine the effect of union mediated motivation interventions on performance of employees in family owned businesses; examine the effect of union mediated equal treatment practices on performance of employees in family owned businesses and to compare aggregate employee performance of unionized employees to non-unionized employees in family owned businesses. The study results were as follows;

4.3.1 Union Mediated Compensation Terms

The study sought to determine effect of union mediated compensation terms on performance of employees in family owned businesses; the study results were as follows;

Table 4.4 Determinant of Level of Compensation

Determinant	Frequency	Percentage
Level of education	48	17.0
Years of experience	66	23.0
Company policy on pay	88	31.0
Individual performance	20	7.0
Trade union negotiations	63	22.0
Total	285	100

Source: Researcher 2016

The study findings indicated that 17.0% of the respondents noted that level of education determines the level of compensation; 23.0% noted years of experience determines the level of compensation; 31.0% noted company policy on pay determines the level of compensation; 7.0% noted individual performance determines the level of compensation while 22.0% noted trade union negotiations determines the level of compensation. These shows that majority of the respondents noted that company policy on pay determines the level of compensation.

Table 4.5 Last Salary Increment

Time	Frequency	Percent
Less than 6 months	31	11.0
1 year ago	123	43.0
2 years ago	74	26.0
More than 3 years ago	57	20.0
Total	285	100.0

Source: Researcher 2016

The study results indicated that 11.0% of the respondents got last salary increment in the last 6 months; 43.0% got last salary increment 1 year ago; 26.0% got last salary increment 2 years ago while 20.0% got last salary increment more than 3 years ago. This implies that majority of the respondents got last salary increment 1 year ago.

Table 4.6 Factors Considered in Salary Increment

Time	Frequency	Percent
Job Category	31	11.0
Performance	123	43.0
Current Salary Level	74	26.0
Trade Union Intervention	57	20.0
Total	285	100.0

Source: Researcher 2016

The study results indicated that 11.0% of the respondents noted job category is considered for salary increment; 43.0% noted performance is considered for salary increment; 26.0% noted current salary level is considered for last salary increment while 20.0% noted trade union interventions is considered for last salary increment. This implies that majority of the respondents noted performance is considered for salary increment.

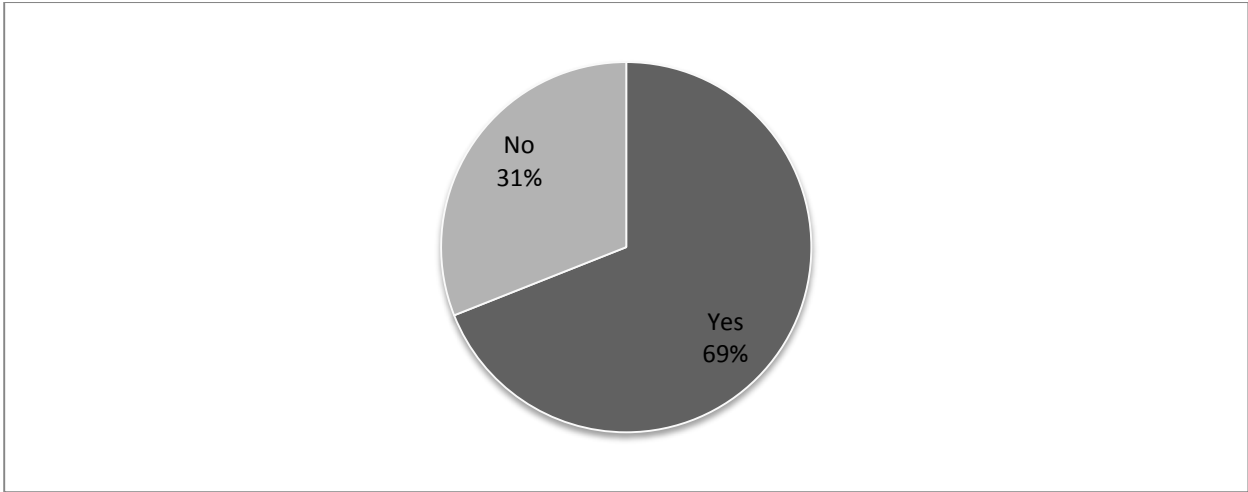


Figure 4.4 Experienced Industrial Conflict

Source: Researcher 2016

The study findings indicated that 69.0% of the respondents agreed that they have ever experienced an industrial conflict such as strikes or go-slow due to compensation while 31.0% disagreed that they have ever experienced an industrial conflict such as strikes or go-slow due to compensation. This implies that most of the respondents had ever experienced an industrial conflict such as strikes or go-slow due to compensation.

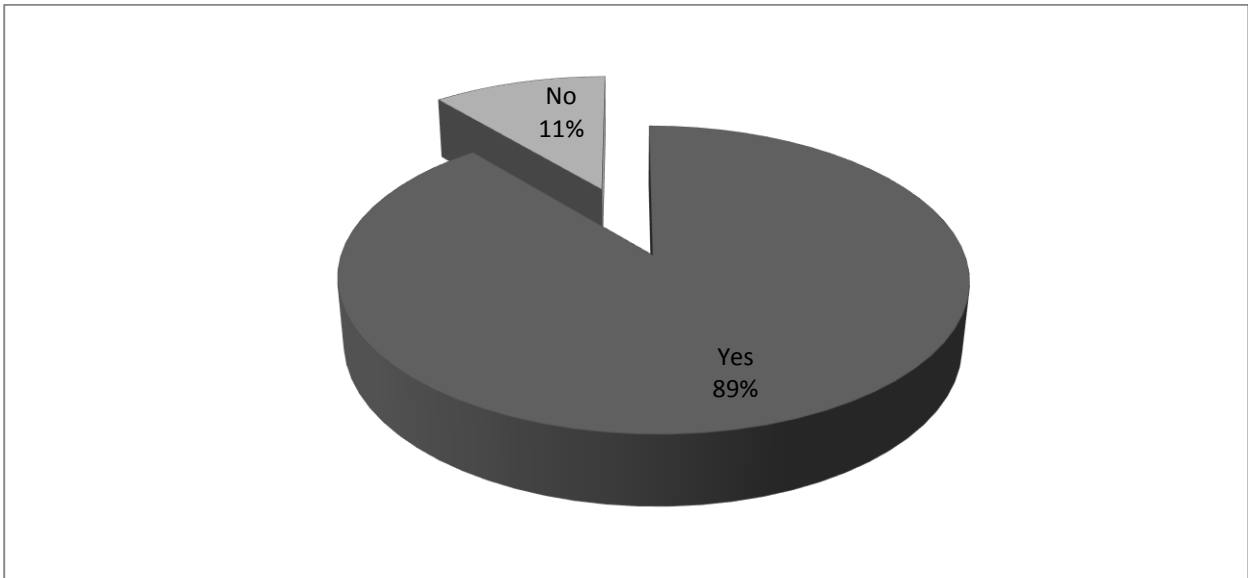


Figure 4.5 Raise Complaints over Compensation

Source: Researcher 2016

The study results revealed that 89.0% of the respondents noted that they are allowed to raise complaints related to their compensation while 11.0% noted that they are not allowed to raise

complaints related to their compensation. This shows that majority of the respondents are allowed to raise complaints related to their compensation in their organizations.

4.3.2 Union Mediated Motivation Interventions

The study sought to determine the effect of union mediated motivation interventions on performance of employees in family owned businesses. The study results were as follows;

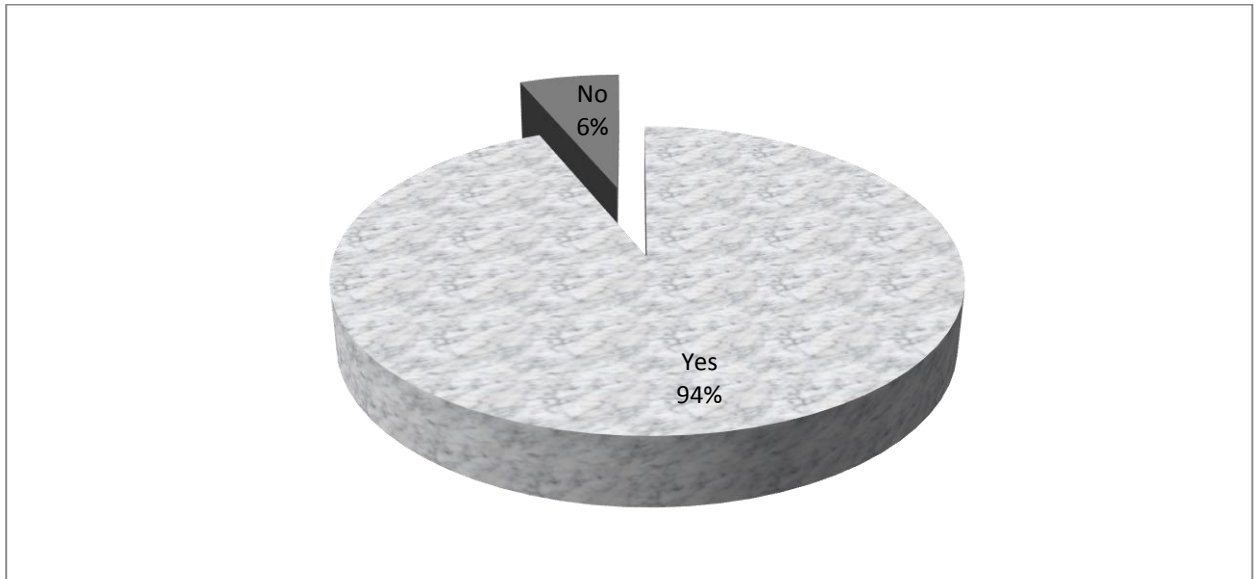


Figure 4.6 Feel Motivated at Work

Source: Researcher 2016

The study results revealed that 94.0% of the respondents agreed that feel motivated at their place of work; 6.0% of the respondents disagreed that feel motivated at their place of work. This shows that most of the respondents noted that they feel motivated at their place of work.

Table 4.7 Other benefits over Salary

Benefit	Frequency	Percent
Transport	74	26.0
Medical Cover	174	61.0
Overtime pay	11	4.0
Lunch	6	2.0
End of Year Tangible gifts	20	7.0
Total	285	100

Source: Researcher 2016

The study findings indicated that 26.0% of the respondents were given transport to and from work; 61.0% were given medical cover; 4.0% were given overtime pay; 2.0% were given lunch while 7.0% were offered end of year tangible gifts. This shows that majority of the respondents were given medical cover benefits apart from salary.

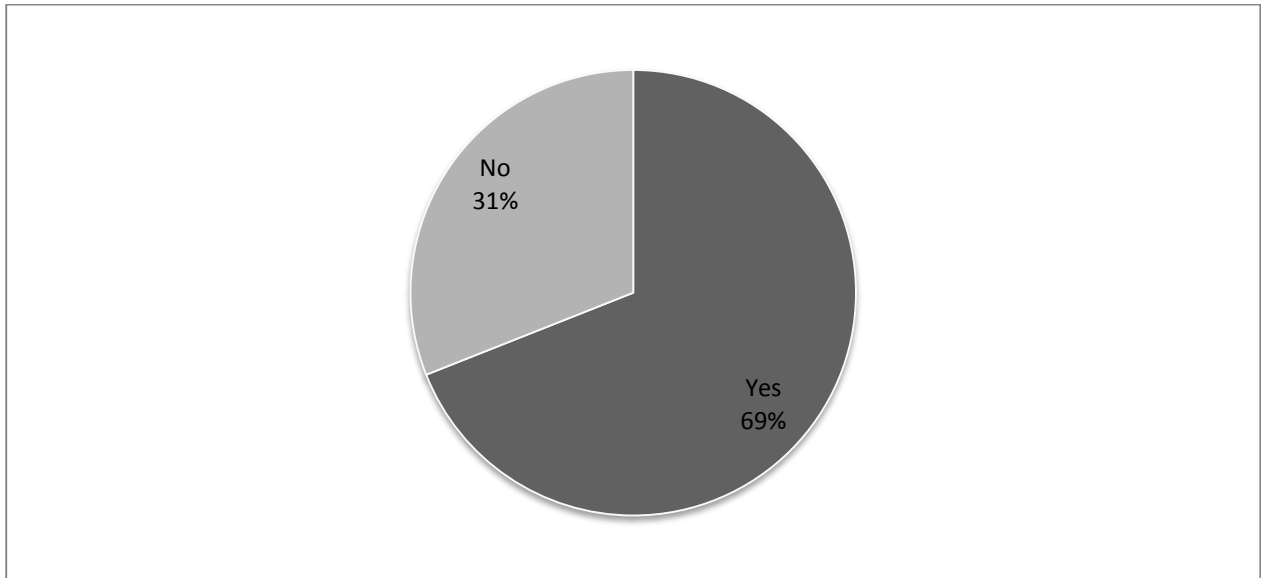


Figure 4.7 Perception of tangible and intangible forms of motivation

Source: Researcher 2016

The study results revealed that 69.0% of the respondents perceived tangible and intangible forms of motivation equally while 31.0% disagreed that they perceived tangible and intangible forms of motivation equally. This shows that majority of the respondents perceived tangible and intangible forms of motivation equally.

Table 4.8 Level of Satisfaction the motivation given by trade union

Response	Frequency	Percent
Highly satisfied	56	27.3
Satisfied	89	43.6
Undecided	29	14.0
Dissatisfied	27	13.4
Highly dissatisfied	3	1.7
Total	205	100

Source: Researcher, 2016

As to the level to which respondents agreed on level of satisfaction with motivation given by the trade union, 27.3% were highly satisfied with motivation given by the trade union, 43.6% were satisfied with motivation given by the trade union, 14% were undecided on level of

satisfaction with motivation given by the trade union; 13.4% were dissatisfied with motivation given by the trade union and 1.7% highly dissatisfied satisfied with motivation given by the trade union. From the results, over two-thirds of the respondents were satisfied with motivation given by the trade union.

Table 4.9 Satisfaction with the motivation given by the organization

Response	Frequency	Percent
Highly Satisfied	29	36.0
Satisfied	33	41.8
Dissatisfied	11	14.0
Highly dissatisfied	7	8.2
Total	80	100

Source: Researcher, 2016

The study results obtained indicated that 36.0% of the respondents were highly satisfied with the motivation given by the organization; 41.8% of the respondents were satisfied with the motivation given by the organization; 14.0% of the respondents were dissatisfied with the motivation given by the organization while 8.2% of the respondents were highly dissatisfied with the motivation given by the organization. These study results reveal that majority of the respondents were satisfied with the motivation given by the organization.

4.3.3 Union Mediated Equal Treatment Practices

The study sought to examine the effect of union mediated equal treatment practices on performance of employees in family owned businesses. The study results were as follows;

Table 4.10 Employees Treated Equally

Key: SD: Strongly Disagree, D: Disagree, U: Undecided, A: Agree, SA: Strongly Agree,

Statements		SD	D	U	A	SA	TOTAL	MEAN	Standard Deviation
Compensation	F	0	0	76	155	53	285	3.92	0.67
	%	0	0	26.5	54.9	18.6	100	79.4	
Equal Treatment	F	0	0	107	152	27	285	3.71	0.62
	%	0	0	37.4	53.3	9.3	100	74.2	
Motivation	F	0	0	54	175	57	285	4.01	0.62
	%	0	0	18.8	61.3	19.9	100	80.0	

Source: Researcher 2016

The study results indicated that 79.4% (mean=3.92) were of the view that are employees treated equally in your organization in terms of compensation; 74.2% (mean=3.71) were of the view that are employees treated equally in your organization in terms of equal treatment whereas 80.0% (mean=4.01) were of the view that employees treated equally in their organization in terms of motivation.

These study findings indicated that majority of the respondents were of the view that employees treated equally in their organization in terms of motivation.

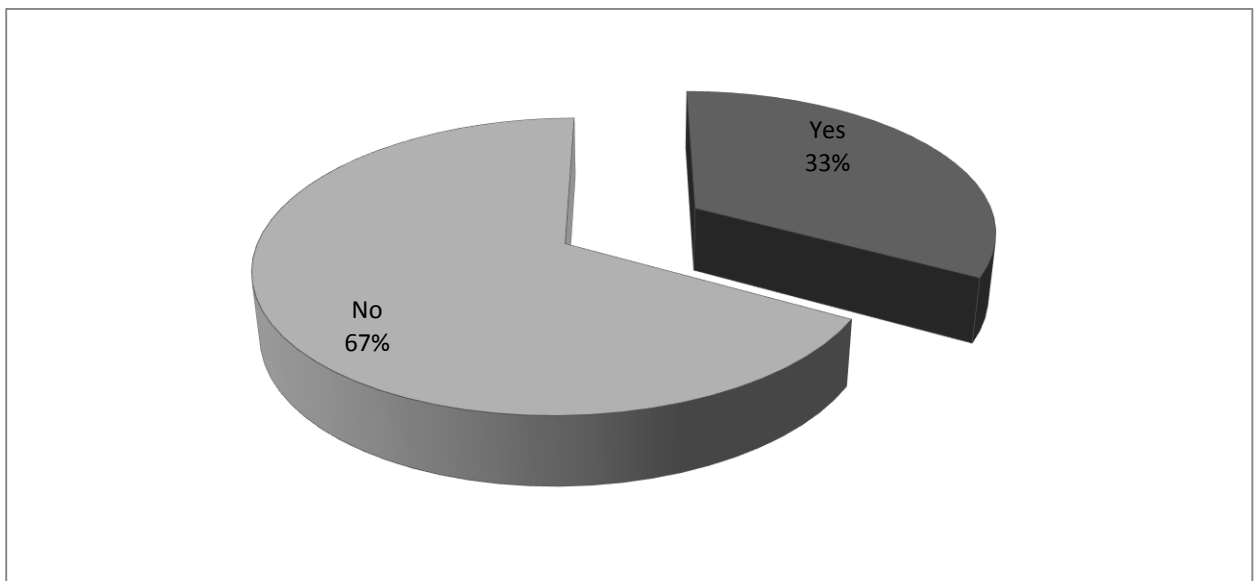


Figure 4.8 Represented Supervisors in Grievance Meetings

Source: Researcher 2016

The study results indicated 33.0% agreed that they had ever been represented by their supervisors in grievance meetings while 67.0% disagreed that they had ever been represented by their supervisors in grievance meetings.

Table 4.11Grievance Meetings**Key: SD: Strongly Disagree, D: Disagree, U: Undecided, A: Agree, SA: Strongly Agree,**

		SD	D	U	A	SA	TOTAL	MEAN	Standard Deviation
Employee’s complaints are dealt with effectively in the grievance meetings	F	71	119	8	37	8	285	2.14	1.10
	%	29.2	49.0	3.3	15.2	3.3	100	42.8	
All employees are treated fairly without discrimination in the grievance meetings	F	61	96	6	72	8	285	2.47	1.24
	%	25.1	39.5	2.5	29.6	3.3	100	49.4	
Employees suggestions and contributions are valued in the grievance meetings	F	114	99	9	16	5	285	1.76	0.95
	%	46.9	40.7	3.7	6.6	2.1	100	35.2	
Employees are told the truth about the state of their grievance cases during the meetings	F	91	90	12	43	7	285	2.11	1.18
	%	37.4	37.0	4.9	17.7	2.9	100	42.2	

Source: Researcher 2016

The study findings indicated that 42.8% (mean= 2.14) of the respondents were of the opinion that Employee’s complaints are dealt with effectively in the grievance meetings; 49.4% (mean =2.47) were of the opinion that the all employees are treated fairly without discrimination in the grievance meetings; 35.2% (mean=1.76) were of the view that employees suggestions and contributions are valued in the grievance meetings; 42.2% (mean=2.11) were of the opinion that employees are told the truth about the state of their grievance cases during the meetings.

These study findings indicated that majority of the respondents were of the view that all employees are treated fairly without discrimination in the grievance meetings.

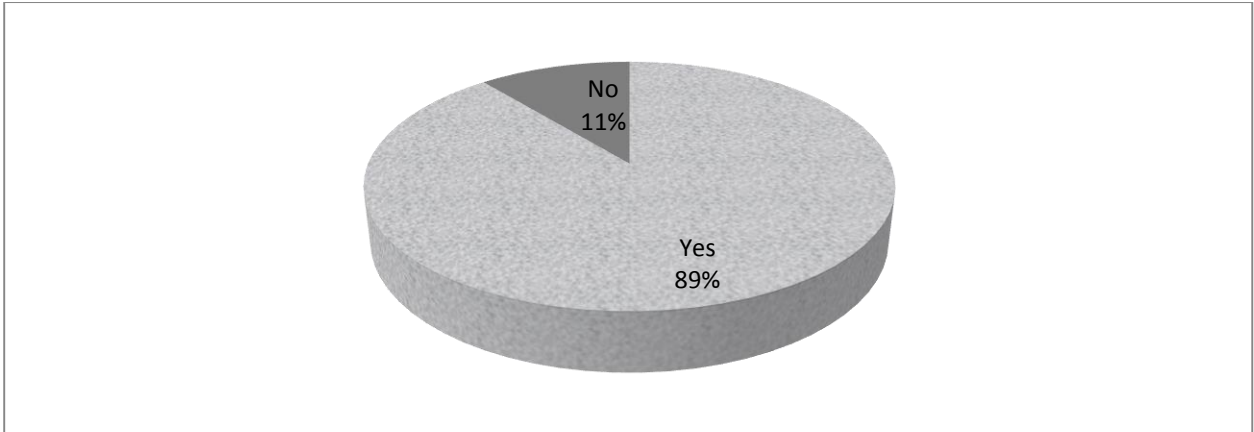


Figure 4.9 Happy with the Union

Source: Researcher, 2016

The study findings indicated that 89.0% agreed that they were happy with the union while 11.0% were not happy with the union. This implies that majority of the respondents were happy with the union.

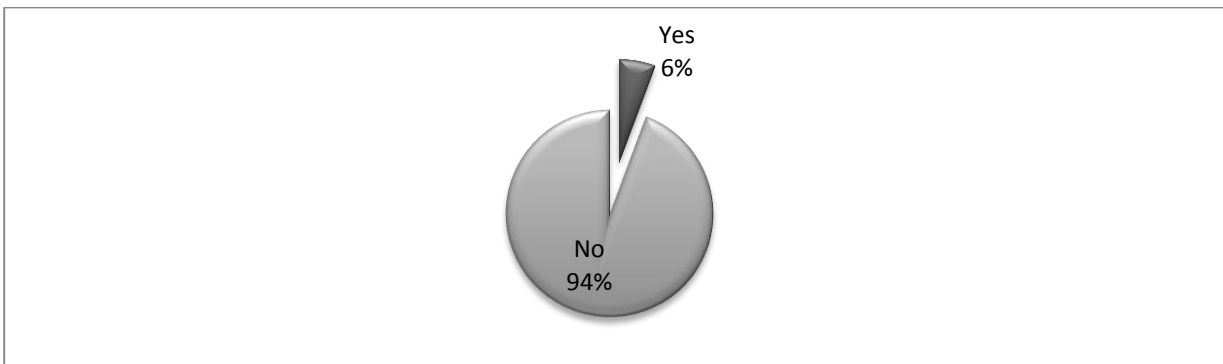


Figure 4.10 Change from unionized employment to non-unionized form

Source: Researcher, 2016

The study results revealed that 6.0% of the unionized members agreed that given chance they would change from unionized employment to non-unionized form of employment while 94.0% disagreed that given chance they would change from unionized employment to non-unionized form of employment. This implies that majority of the respondents given chance they would not change from unionized employment to non-unionized form of employment.

Table 4.12 Terms of Unionized Members

Key: SD: Strongly disagree, D: Disagree, U: Undecided, A: Agree, SA: Strongly Agree

Statements		SD	D	U	A	SA	TOTAL	MEAN	Standard Deviation
Motivation	F	0	0	17	126	63	205	4.22	0.58
	%	0	0	8.2	61.3	30.5	100	84.4	
Compensation	F	0	0	35	110	61	205	4.12	0.57
	%	0	0	17.3	53.5	29.2	100	82.4	
Equal Treatment	F	0	0	35	115	4	205	3.59	0.52
	%	0	0	42.7	56.0	1.3	100	71.8	

Source: Researcher 2016

The study results revealed that 84.4% (mean=4.22) of the unionized employees were of the opinion that get better terms of motivation than the non-unionized employees; 82.4% (mean=4.12) were of the opinion that get better terms of compensation than the non-unionized employees while 71.8% (mean=3.59) were of the opinion that get better terms of equal treatment than the non-unionized employees. These findings revealed that majority of the respondents were of the opinion that they get better terms of compensation than the non-unionized employees.

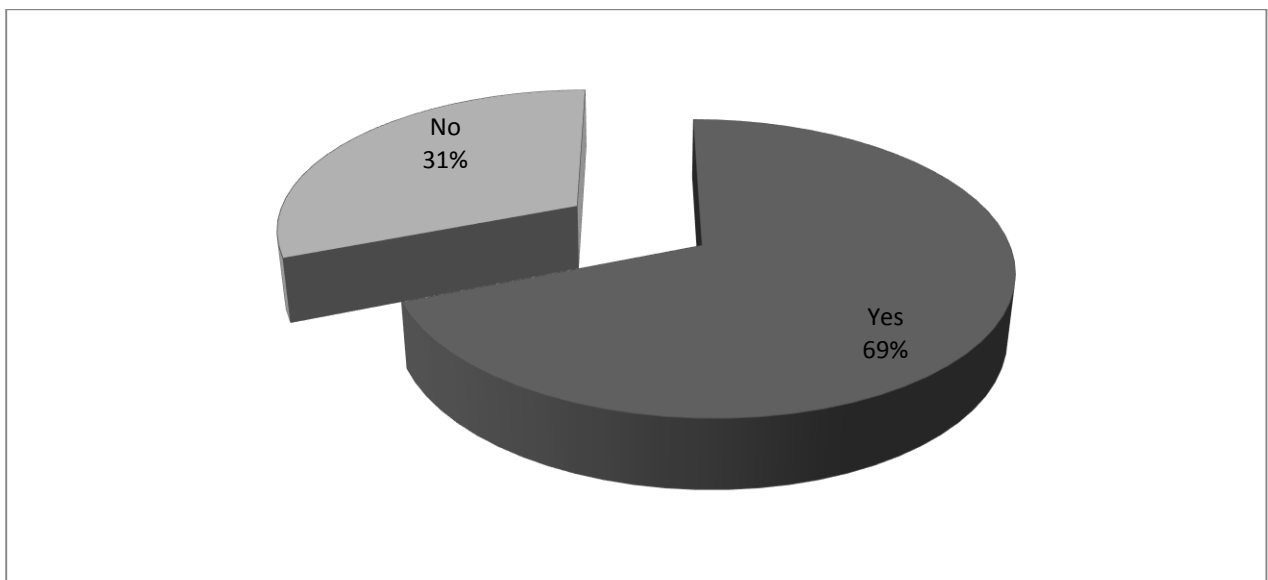


Figure 4.11 Happy with as a non-unionized employee

Source: Researcher 2016

The study results indicated that 69.0% of the non-unionized employees agreed that they were happy with being employed as a non-unionized employee while 31.0% disagreed that they were happy with being employed as a non-unionized employee.

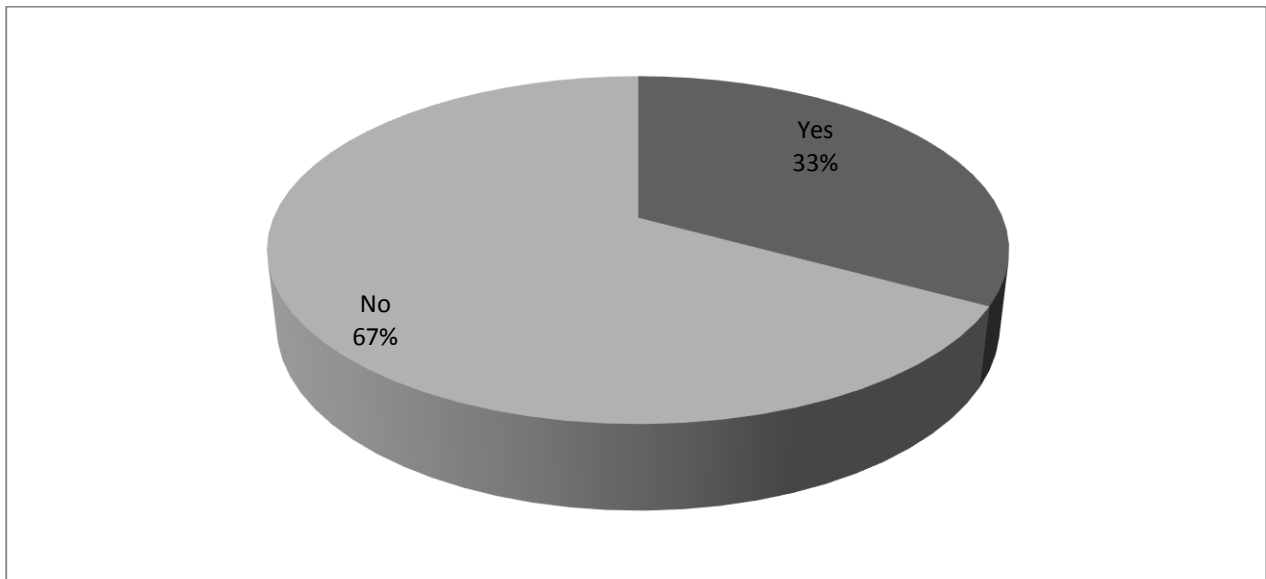


Figure 4.12 Change from Non-Unionized to Unionized Member

Source: Researcher 2016

The study findings indicated that 33.0% of the non-unionized employees agreed that given chance they would change from non-unionized to unionized employee while 67.0% disagreed that that given chance they would change from non-unionized to unionized employee.

Table 4.13 Terms of Non-Unionized Employees

Key: SD: Strongly Disagree, D: Disagree, U: Undecided, A: Agree, SA: Strongly Agree

Statements		SD	D	U	A	SA	TOTAL	MEAN	Standard Deviation
Motivation	F	0	0	7	59	14	80	4.09	0.49
	%	0	0	8.2	74.3	17.5	100	81.8	
Compensation	F	0	0	0	49	31	80	4.38	0.49
	%	0	0	0	61.3	38.7	100	84.6	
Equal Treatment	F	0	0	7	59	14	80	4.09	0.50
	%	0	0	8.2	74.3	17.5	100	81.8	

Source: Researcher 2016

The study findings indicated that 81.8% (mean=4.09) were of the view that as not unionized they get better terms of motivation than unionized employees; 84.6% (mean=4.38) were of

the view that as not unionized they get better terms of compensation than unionized employees while 81.8% (mean=4.09) were of the view that as not unionized they get better terms of equal treatment than unionized employees. These study results revealed that majority of the respondents were of the view that non-unionized they better terms of compensation than unionized employees.

Table 4.14 Level of Satisfaction

Key: VS: Very Satisfied, **MS:** Moderately Satisfied, **NS:** Not Sure, **S:** Satisfied, **NS:** Not satisfied

Statements		VS	MS	NS	S	NS	TOTAL	MEAN	Standard Deviation
Compensation	F	43	58	32	96	14	285	2.92	1.25
	%	17.7	23.9	13.2	39.5	5.8	100	58.4	
Motivation	F	23	43	19	128	30	285	3.41	1.19
	%	9.5	17.7	7.8	52.7	12.3	100	68.2	
Trade Union	F	19	40	10	144	30	285	3.52	1.14
	%	7.8	16.5	4.1	59.3	12.3	100	70.4	
Management	F	24	29	16	147	27	285	3.51	1.14
	%	9.9	11.9	6.6	60.5	11.1	100	70.4	
Overall job satisfaction	F	27	27	27	139	23	285	3.43	1.15
	%	11.1	11.1	11.1	57.2	9.5	100	68.6	

Source: Researcher 2016

The study results showed that 58.4% (mean=2.92) were of the opinion that they were satisfied with compensation; 68.2% (mean=3.41) were of the opinion that they were satisfied with motivation; 70.4% (mean=3.52) were of the view that they were satisfied with trade unions; 70.2% (mean=3.51) were of the view that they were satisfied with management while 68.6% (mean=3.43) were of the view that they were satisfied with overall job satisfaction. The study findings indicated that majority of the respondents were of the opinion that they were satisfied with trade unions.

4.3.4 Overall Employee Performance

The researcher sought to find out the overall employee performance by asking the employees to rate themselves in terms of attendance, quality of work, enthusiasm displayed in performing their duties and their response on whether deadlines were met on time.

Table 4.15 Indicators of Employee Performance

Key: SD: Strongly disagree, D: Disagree, N: Neutral, A: Agree, SA: Strongly Agree

		SD	D	N	A	SA	TOTAL	MEAN	Standard Deviation
Attendance is excellent	F	24	29	16	147	27	285	3.51	1.14
	%	9.9	11.9	6.6	60.5	11.1	100	70.2	
Quality of work is excellent	F	20	30	31	139	23	285	3.47	1.09
	%	8.2	12.3	12.8	57.2	9.5	100	69.4	
Enthusiasm is displayed when performing duties	F	24	29	26	138	26	285	3.47	1.14
	%	9.9	11.9	10.7	56.8	10.7	100	69.4	
Deadlines are met on time	F	46	88	21	67	21	285	2.71	1.29
	%	18.9	36.2	8.6	27.6	8.6	100	54.2	

Source: Researcher 2016

The study findings indicated that 70.2% (mean=3.51) of the respondents were of the view that attendance is excellent; 69.4% (mean=3.47) were of the view that quality of work is excellent; 69.4% (mean=3.47) were of the view that enthusiasm is displayed when performing duties; 54.2% (mean=2.71) were of the view that deadlines are met on time. The study findings indicated that majority of the respondents were of the opinion that that attendance is excellent.

4.4 Correlation Analysis

The study performed correlation analysis to determine the relationship between the independent variables. The study results were as follows;

Table 4.16 Relationship between the Independent Variables

		Correlations			
		Union mediated compensation	Union mediated motivation	Union mediated equal treatment	Employee Performance
Union mediated compensation	Pearson Correlation	1	.306**	.564**	.270**
	Sig. (2-tailed)		0.033	0.009	0.044
	N	285	285	285	285
Union mediated motivation	Pearson Correlation	.306**	1	.272**	.200**
	Sig. (2-tailed)	0.033		0.021	0.002
	N	285	285	285	285
Union mediated equal treatment	Pearson Correlation	.564**	.272**	1	.203**
	Sig. (2-tailed)	0.009	0.021		0.001
	N	285	285	285	285
Employee Performance	Pearson Correlation	.270**	.200**	.203**	1
	Sig. (2-tailed)	0.044	0.002	0.001	
	N	285	285	285	285

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

The study results indicated that there was a significant relationship between union mediated compensation and union mediated motivation (p=0.033), there was a significant relationship between union mediated compensation and union mediated equal treatment (p=0.009), there was a significant relationship between union mediated compensation and employee performance (p=0.044). The study results also indicated that there was a significant relationship between union mediated motivation and employee performance (p=0.002) and that there was a significant relationship between union mediated motivation and union

mediated equal treatment. The study findings also indicated that there was a significant relationship between union mediated equal treatment and employee performance ($p=0.001$). It can be said that there is a positive correlation among the independent variables.

4.5 Regression Analysis

The study performed regression analysis to determine the relationship between the independent variables and the dependent variable. The equation for the regression model was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$$

Where:

Y is the Employee performance

X_1 is compensation terms

X_2 is Motivation interventions

X_3 is Equal Treatment

ϵ is the Error Term.

The study results were as shown in the model as follows;

Table 4.17 Relationship between Unionization and Employee Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
	0.840	0.706	0.701	0.312	143.162	0.000
Model	Unstandardized Coefficients	Standardized Std. Error	Coefficients Beta	T	Sig.	
(Constant)	0.464	0.120		3.873	0.000	
Union mediated motivation	0.298	0.033	0.392	8.916	0.003	
Union mediated compensation	0.251	0.026	0.358	9.568	0.012	
Union mediated equal treatment	0.199	0.033	0.263	6.115	0.001	

Dependent Variable: Employee performance

Source: Researcher, 2016

The study results indicated that in the regression model 70.6% of the data was used and the overall model was significant at $p=0.000$. This shows that the regression model was correctly computed.

From the regression model it was deduced that;

$$Y = 0.464 + 0.392 + 0.358 + 0.263 + 0.120.$$

The regression equation indicated union mediated motivation contributed 39.2% to industrial relations, union mediated compensation contributed 35.8%; union mediated equal treatment contributed 26.3% while institutional factors contributed 16.3% to industrial relations.

The regression model further revealed that there was a significant relationship between union mediated motivation and employee performance ($p=0.003$); there was a significant relationship between Union mediated compensation and employee performance ($p=0.012$); there was a significant relationship between Union mediated equal treatment and employee performance ($p=0.001$).

These findings could be interpreted to mean that industrial relations involves the management of work-related obligations and entitlements between employers and their employees. These obligations are taken seriously because they affect the work environment and performance of employees. Industrial relations laws cover employment issues such as minimum wages, employment standards and pay equity. Unionization defends the interest of workers for adjusting the reasonable salary or wages. It has also helped the workers to seek perfect working condition for producing maximum output. Workers/employees are concerned with social security measures through this. Unionization has also helped in achieving the democracy by allowing worker to take part in management, which helps to protect human rights of individual.

Table 4.18 T – Test for Level of performance of unionized and Non-Unionized

Tests of Between-Subjects Effects					
Transformed Variable: Average					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Intercept	1835573	1	1835573	23.744	0.000
regions	12034.39	2	6017.194	0.078	0.925

Source: Researcher, 2016

The study findings revealed that there was a significant difference between performance of employees who are unionized and those who are not ($p=0.000$).

4.6 Test of Hypotheses

H₀₁: There is no significant difference between performance of employees who received union mediated compensation and those who do not in family owned businesses. The study results indicated that there was a significant relationship between union mediated motivation and employee performance ($p=0.003$); the null hypothesis was therefore rejected. This showed that union mediated compensation affected performance of employees in family owned businesses.

H₀₂: There is no significant difference between performance of employees who received union mediated motivation interventions and those who do not in family owned businesses. The study results indicated that there was a significant relationship between Union mediated compensation and employee performance ($p=0.012$); the null hypothesis was therefore rejected. This indicated that union mediated motivation interventions affected performance of employees in family owned businesses.

H₀₃: There is no significant difference between performance of employees who received union mediated equal treatment practices and those who do not in family owned businesses. The study results indicated that there was a significant relationship between union mediated equal treatment and employee performance ($p=0.001$); the null hypothesis was therefore rejected. This revealed that union mediated equal treatment practices affected performance of employees in family owned businesses.

H₀₄: There is no significant difference between performance of employees who are unionized and those who are not in family owned business. The study results indicated that there was a significant difference between performance of employees who are unionized and

those who are not ($p=0.000$); the null hypothesis was therefore rejected. This shows that there is variation in performance of employees who are unionized and those who are not in FOB.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to investigate the effect of unionization on employees' performance in family owned businesses in Kenya. The study was conducted in family owned businesses in Kenya. The research looked into how employee motivation, compensation and equal treatment as mediated by trade unions could affect employee performance. This chapter presents the summary of findings, conclusions and recommendations.

5.2 Summary of Findings

5.2.1 Effect of Union Mediated Compensation on Performance of Employees.

The study findings indicated that 17.0% of the respondents noted that level of education determines the level of compensation; 23.0% noted years of experience determines the level of compensation; 31.0% noted company policy on pay determines the level of compensation; 7.0% noted individual performance determines the level of compensation while 22.0% noted trade union negotiations determines the level of compensation. The study results indicated that 11.0% of the respondents got last salary increment in the last 6 months; 43.0% got last salary increment 1 year ago; 26.0% got last salary increment 2 years ago while 20.0% got last salary increment more than 3 years ago. The results further indicated that 11.0% of the respondents noted job category is considered for salary increment; 43.0% noted performance is considered for salary increment; 26.0% noted current salary level is considered for last salary increment while 20.0% noted trade union interventions is considered for last salary increment. This findings do not compliment those of manda et al. (2015) who conducted a study on the relationships between membership to trade unions and the amounts of earnings in Kenya's manufacturing firms. The study found out that contrary to earlier findings, trade unions in Kenya had a positive impact on wages. They also established that trade unions are able to force wage increments for their members. This difference is because this study focused family owned businesses which are unique in terms of management and the HR policies used.

Majority of the respondents agreed that when well paid they are motivated to work better and performance increases. As an employee the salaries will form the bond that will keep them closer with the company. When this need is achieved it will trigger another dimension of thinking to realize another achievement. This perception is in accordance with Maslow's hierarchy of needs theory.

5.2.2 Effects of Union Mediated Equal Motivation Interventions on Performance of Employees

As to the level to which respondents agreed on level of satisfaction with motivation given by the trade union, 27.3% were highly satisfied with motivation given by the trade union, 43.6% were satisfied with motivation given by the trade union, 14% were undecided on level of satisfaction with motivation given by the trade union; 13.4% were dissatisfied with motivation given by the trade union and 1.7% highly dissatisfied satisfied with motivation given by the trade union. From the results, over two-thirds of the respondents were satisfied with motivation given by the trade union. The results also indicated that 36.0% of the respondents were highly satisfied with the motivation given by the organization; 41.8% of the respondents were satisfied with the motivation given by the organization; 14.0% of the respondents were dissatisfied with the motivation given by the organization while 8.2% of the respondents were highly dissatisfied with the motivation given by the organization. These study results reveal that majority of the respondents were satisfied with the motivation given by the organization. The findings compliment the findings of Fisher (2015) who reviewed the 15 studies Pawel (2013) used in his research and added another 20 more recent studies, which they concluded that employee motivation and performance are indeed related.

5.2.3 Effect of Union Mediated Equal Treatment Practices on Performance of Employees

Findings on equal treatment indicated that 79.4% (mean=3.92) were of the view that are employees treated equally in your organization in terms of compensation; 74.2% (mean=3.71) were of the view that are employees treated equally in your organization in terms of equal treatment whereas 80.0% (mean=4.01) were of the view that employees treated equally in their organization in terms of motivation. The study findings indicated that 42.8% (mean= 2.14) of the respondents were of the opinion that Employee's complaints are dealt with effectively in the grievance meetings; 49.4% (mean =2.47) were of the opinion that the all employees are treated fairly without discrimination in the grievance meetings; 35.2%

(mean=1.76) were of the view that employees suggestions and contributions are valued in the grievance meetings; 42.2% (mean=2.11) were of the opinion that employees are told the truth about the state of their grievance cases during the meetings.

The findings also indicated that 89.0% agreed that they were happy with the union while 11.0% were not happy with the union. The study results indicated that 69.0% of the non-unionized employees agreed that they were happy with being employed as a non-unionized employee while 31.0% disagreed that they were happy with being employed as a non-unionized employee.

The research results revealed that 84.4% (mean=4.22) of the unionized employees were of the opinion that get better terms of motivation than the non-unionized employees; 82.4% (mean=4.12) were of the opinion that get better terms of compensation than the non-unionized employees while 71.8% (mean=3.59) were of the opinion that get better terms of equal treatment than the non-unionized employees. These findings revealed that majority of the respondents were of the opinion that they get better terms of compensation than the non-unionized employees.

The study outcome indicated that 81.8% (mean=4.09) were of the view that as not unionized they get better terms of motivation than unionized employees; 84.6% (mean=4.38) were of the view that as not unionized they get better terms of compensation than unionized employees while 81.8% (mean=4.09) were of the view that as not unionized they get better terms of equal treatment than unionized employees. These results revealed that majority of the respondents were of the view that as not unionized they get better terms of compensation than unionized employees.

The research results showed that 58.4% (mean=2.92) were of the opinion that they were satisfied with compensation; 68.2% (mean=3.41) were of the opinion that they were satisfied with motivation; 70.4% (mean=3.52) were of the view that they were satisfied with trade unions; 70.2% (mean=3.51) were of the view that they were satisfied with management while 68.6% (mean=3.43) were of the view that they were satisfied with overall job satisfaction. The study findings indicated that majority of the respondents were of the opinion that they were satisfied with trade unions. By letting employees to partake in decision making for the company and employees are free to make decisions for the interest of the company will enable the employees to have an additional motivation. The utilization of the employee

ability, free to make decision at their job area and valuing their services further support the theoretical understanding of esteem needs put forth by Abraham Maslow (1970).

5.2.4 To Compare Aggregate Employees Performance of Unionized and Non Unionized Employees

The findings indicated that 70.2% (mean =3.51) of the respondents were of the view that attendance is excellent; 69.4% (mean=3.47) were of the view that quality of work is excellent; 69.4% (mean=3.47) were of the view that enthusiasm is displayed when performing duties; 54.2% (mean=2.71) were of the view that deadlines are met on time. The study findings indicated that majority of the respondents were of the opinion that that attendance is excellent

5.3 Recommendations

There are two main organs in every organization that is the management and the employees, every effort should be made to ensure that the goals of these two organs are all geared towards putting the interest of the organization first as proposed by Henri Fayol in one of his fourteen principles of management. Unions see the survival of their organizations as paramount and as such are not willing to take decision that will liquidate their organizations including picketing, boycotting or strikes. It is up to management to be transparent and see employees as the assets that can turn the fortunes of their businesses. For many of the causes of strikes which have been branded as union actions to sabotage companies performance, it comes as a result of breakdown in negotiation between the two parties and this breakdown is as a result of management not trying to be transparent and also imposing their authority vested in them by the employer on the employees. Management can avert this by ensuring that all policies pertaining to human resource in their organizations are not done in isolation but those whom the policies are meant for are involved. Management should also partner with union leaders and fine-tune how their activities can be promoted since unions uphold the principle of subordination of individual union members' interest against that of the organization.

The issue of compensation in workplace is vital since it is from within the satisfaction that the employees perform. Development of the intellect, emotion, and spirit are crucial to good teaching. The policy makers should maintain a well-balanced compensation system. The

researcher recommends that family owned businesses should develop a competitive advantage in a global economy by adopting compensation programs that totally supports the strategic plans and actions of the organization. The researcher recommends the management to ensure that employees' remuneration packages are paid when due since their job satisfaction is very much related to enhanced productivity. Management should increase employee's remuneration package to ensure greater efficiency and accelerated growth efficiency of the organization.

To retain the best or good employees means increasing their remuneration package. As it becomes a sound instrument of manipulating performance of employees, the growth and survival of the organization. To boost the morale of employees, management should implement the required government minimum wage as well as its attendant package and even pay more to their workers. This is to minimize the rate of labor turnover. Compensation has a big influence in the recruitment of employees, motivation and employee turnover. The level and magnitude of compensation should be of concern because the level of compensation will determine the lifestyle, self-esteem, and the value of the company. The study recommended that the organization should review its organizational policy on performance incentives which offers to its workforce because this could strengthen the fragile existing Industrial relations.

Workers' participation in management is an essential ingredient of Industrial democracy. The concept of workers' participation in management is based on Human Relations approach to Management which brought about a new set of values to labour and management. Management aim and goal should be the motivation of its employees, and to satisfy their psychological needs. They should increase workers' self-esteem and create an atmosphere of friendship between workers and their supervisors. Managements need to increase their interactions with employees in staff meetings and increasing guided discussions of topics related to issues in the organization. Employee suggestion schemes and attitude surveys should be implemented where employees can be interviewed to determine their perceptions of various organizational issues especially those that affect their working life. Effort should be made to increase employee participation.

Employees should be allowed to make contribution in policy development since they play a major role in policy implementation and this among others can increase organizational commitment. According to the study it therefore recommends that in order to have a sound industrial relations, conscious efforts should be made by management by having employees' participation in decision making before any implementation is made. These managerial decisions that ban individuals personality may grow its full stature for the benefit of the industry. The study recommends that Management should take into consideration type of non- monetary benefits that their employees most prefer at given situations in order to retain employees and indirectly employees will be motivated and also be more committed to their employer.

This study found that mandatory benefits are common unlike other benefits which are not required by law. Governments should make effort to enact laws that will make it compulsory for every employer to provide some form of benefits to their employees especially in family owned businesses where the application of these benefits is low and most of these benefits are mediated by trade unions is organizations where employees are allowed to join trade unions. Some of the benefits can be in form of favorable retirement plans, educational assistance for the employees and possibly their children. Therefore, the organization and the general management should consider implementing policies and practices that positively affect employees' motivation and performance. Such a strategy should be taken in respect with the general organizational goals and objectives and should contribute to both the long term and the short term human resource strategy.

5.3.1 Suggestions for Further Academic Research Studies

This study is not conclusive but a beginning for further research on family owned businesses in Kenya. This study only investigated the effect of unionization on employees' performance in family owned businesses in Kenya. Future researcher should use the current study as part of their literature review and conduct more research on the influences of trade unions especially on management of family owned organizations and use the issues that this study has examined in order to improve the current study and the general understanding of employee performance.

5.4 Conclusion

The study concluded that unionization of employees can result in better performance of family owned businesses this is because it aids in achieving better decisions in organization through the existence of trade unions, it also brings sense of belongings which is one of the intrinsic motivations to employees. When employees feel alienated it affects their morale and this leads to decline in their performance and hence the performance of the organization as a whole. The existence of trade unions in organizations means that employees through their representatives are involved in many decisions that take place in the organization.

Unionization in organizations means that employees have leaders (union leaders) whom they can report to in a situation where they feel aggrieved. If employees do not know where they should report their displeasure to, it prolongs the conflict they have with management and this actually affects their performance. When wages and salaries are not determined through the collective bargaining system employees tend to reject these wages and salaries increment but when this salaries are bargained through the CBA the employees accept them and therefore cases of strikes by the employees due to salary disputes is minimized and employees perform better.

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APPENDIX I: INTRODUCTORY LETTER

Dear Respondent,

REF: ESTHER WAUSI WOIYE - GMB/NBE/0189/01/15

The above named is a student at Kabarak University pursuing Masters in Business Administration (Human Resource Option). As part of the fulfillment of the requirements of this degree, she has to undertake a field research. Her chosen field is on effect of unionization on performance of employees in family owned businesses in Kenya.

Therefore, I kindly request you to help her in this regard by filling out this questionnaire as accurately as possible. The information collected will be treated with utmost privacy and confidentiality. Thanks in advance.

Yours faithfully,

Dr. Irene Asienga

Director Nairobi Campus

APPENDIX II: QUESTIONNAIRE
RESEARCH PROJECT ON EFFECT OF UNIONIZATION ON PERFORMANCE OF
EMPLOYEES IN FAMILY OWNED BUSINESSES IN KENYA; A CASE STUDY OF
STEEL STRUCTURES LTD, NAIROBI

The general objective of this research is to investigate the effect of unionization on performance of employees in family owned businesses in Kenya.

Instructions

Answer all questions.

Part A – General questions

1. What is your current designation? _____.

2. What is your level of education?

University

College

Secondary

Primary

3. How long have you worked for Steel Structures Ltd? _____.

4. Are you a member of a trade union?

Yes

No

If yes, indicate the duration you have been a member of the union _____.

If not, state reason _____.

Part B – Questions on compensation

1. In your knowledge, what determines the level of your compensation in this firm?
 - Level of education
 - Years of experience
 - Company policy on pay
 - Individual performance
 - Trade union negotiations

2. When did you last get a salary increment?
 - Less than 6 months ago
 - 1 Year ago
 - 2 Years ago
 - More than 3 years ago

3. What factors are considered in salary increment?
 - Job category
 - Performance
 - Current salary level
 - Trade union intervention

5. Have you ever experienced an industrial conflict such as strikes or go-slow due to compensation?
 - Yes
 - No

6. Are you allowed to raise complaints related to your compensation?

Yes

No

Part C – Questions on employee motivation

1. In your own opinion, do you feel motivated at your place of work?

Yes

No

2. Apart from your monthly salary, what other benefits are you given?

Tick where appropriate (maximum of three)

Transport to and from work

Medical cover

Overtime pay

Lunch

End of year appreciation gifts

4. Do you perceive tangible and intangible forms of motivation equally?

Yes

No

5. Are you satisfied with the motivation given by trade union (if unionized)?

Highly satisfied Satisfied Undecided

Dissatisfied Highly dissatisfied

Are you satisfied with the motivation given by the organization (non-unionized)?

Highly satisfied Satisfied Undecided

Dissatisfied Highly dissatisfied

Part D – Question on equal Treatment Practices

1. In your own opinion, are employees treated equally in your organization in terms of compensation, motivation and equal treatment?

Item	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Compensation					
Equal treatment					
Motivation					

2. Have you ever been represented by your supervisors in grievance meetings?

Yes

No

If yes, tick where appropriate

Item	Strongly Agree	Agree	Neutral	Strongly Disagree
Employee's complaints are dealt with effectively in the grievance meetings				
All employees are treated fairly without discrimination in the grievance meetings				
Employees suggestions and contributions are valued in the grievance meetings				
Employees are told the truth about the state of their grievance cases during the meetings				

Answer this if you are unionized employee

4. Are you happy with your union?

Yes

No

5. Given the chance would you change from unionized employment to non-unionized form of employment?

Yes

No

7. To what extent do you agree that even though you are unionized you get better terms of compensation, motivation and equal treatment than the non-unionized employees

Category	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Motivation					
Compensation					
Equal Treatment					

Answer the following questions if you are non-unionized employee

4. Are you happy with being employed as a non-unionized employee?

Yes

No

5. Given the chance would you change from non-unionized to unionized employee?

Yes

No

6. To what extent do you agree that even though you are not unionized you get better terms of compensation, motivation and equal treatment than unionized employees?

Category	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Motivation					
Compensation					
Equal Treatment					

For all employees

7. What is your level of satisfaction with the following?

Item	Very satisfied	Moderately satisfied	Not Sure	Satisfied	Not Satisfied
Compensation					
Motivation					
Trade union					
Management					
Overall job satisfaction					

Question on performance E

For all employees

1. Kindly rate yourself in terms of overall performance at the work place

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Attendance is excellent					
Quality of work is excellent					
Enthusiasm is displayed when performing duties					
Deadlines are met on time					

THANK YOU