FACTORS INFLUENCING EMPLOYEE PERFORMANCE IN THE PETROLEUM INDUSTRY: A CASE STUDY OF KENGAS GROUP

FATUMA AHMED DIREYE

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR OF MANAGEMENT AND LEADERSHIP TO THE MANAGEMENT UNIVERSITY OF AFRICA

SEPTEMBER 2018
DECLARATION

The project presented is my original work that has not in the past been presented in any institution of higher learning.

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

Fatuma Ahmed Direye

BML/3/00451/12/2015

This research project report has been submitted for examination with my approval as the University Supervisor.

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

Mr. Samuel Thiongó

The Management University of Africa
DEDICATION

In life there is always an inspiration in any goal we undertake to achieve. I dedicate this work to my sister Zainab Ahmed for the support she gave me.
ACKNOWLEDGMENT

In starting, I would like to thank Allah for his guidance and protection through the entire process of this study. My utmost thanks go to my Samwel Thiong’o supervisor for his tireless effort in guidance, support and positive criticism during this study as their magnificent knowledge and experience which led to the success of the study.

I am also obliged to applaud Management University of Africa as a prestigious institution of higher learning for considering my request to pursue further education. Finally, glory be to the Almighty God, the most beneficent and the merciful, who gave me good health, knowledge and wisdom throughout the study.
ABSTRACT

The study investigates organizational factors contributing to the employee performance in the petroleum industry. The objectives of the study focused on: the effect of compensation on employee performance in the petroleum industry; establishing the existing relationship between leadership style and employee performance issues in the petroleum industry; and finding out the effect of training with regard to performance of employees in the petroleum industry. The research targets used descriptive research design while utilizing the qualitative and quantitative methods. The study chose to utilize the descriptive survey research design while exploring both the qualitative and quantitative methods of study. The study worked with a target of 172 respondents whereby only 146 turned in their survey questions, recording an indicating 85 per cent. The study findings indicate that 65% of the staff agreed that compensation has an influence on employee performance, 62% of the respondents stated that democratic leadership environments allowed employees to articulate their opinions although participating in decision making which creates a sense of ownership to occupation and process decisions, 73% agreed that lack of training and development programs can easily hinder performance of employees, 86% of the respondents agreed that work place environment will aid at enhancing coordination and thus increase output and lower rates of performance levels and 93% of the respondents that the organization sets targets equally with their managers in line with the organizational goals. The recommends that the organization should develop attractive compensation and remuneration policies to motivate employees thus improve their overall performance; create and execute clearly defined training and development program that is employee orientated to enables them to obtain the required knowledge and design job enlargement plans and program which in return have a positive influence on their performance; It is necessary to improve and develop managers’ leadership skills to make sure that managers adopt positive management and leadership styles and finally making sure that employee are inspired and natured in the organization by building a favorable working conditions stipulated with clear remuneration policies.
# TABLE OF CONTENTS

DECLARATION .................................................................................................................. ii
DEDICATION ................................................................................................................... iii
ACKNOWLEDGMENT ...................................................................................................... iv
ABSTRACT ....................................................................................................................... v
TABLE OF CONTENTS .................................................................................................... vi
LIST OF TABLES ............................................................................................................... ix
LIST OF FIGURES ............................................................................................................ x
OPERATIONAL DEFINITION OF TERMS ...................................................................... xi

## CHAPTER ONE ............................................................................................................. 1

INTRODUCTION TO THE STUDY ............................................................................... 1

1.0 Introduction ............................................................................................................... 1
1.1 Background of the Study ......................................................................................... 1
1.2 Statement of the Problem ....................................................................................... 2
1.3 Study Objectives ..................................................................................................... 2
1.3.1 General Objective .............................................................................................. 2
1.3.2 Specific Objectives ............................................................................................ 2
1.4 Research Questions ................................................................................................ 3
1.5 Significance of the Study ....................................................................................... 3
1.6 Basic Assumptions of the Study ............................................................................. 3
1.7 Limitations of the Study ......................................................................................... 4
1.8 Scope of the Study .................................................................................................. 4
1.9 Chapter Summary ................................................................................................... 4

## CHAPTER TWO ........................................................................................................... 5

LITERATURE REVIEW .................................................................................................. 5

2.0 Introduction ............................................................................................................... 5
2.1 Theoretical Review ................................................................................................ 5
  2.1.1 Maslow’s Hierarchical Theory ....................................................................... 5
  2.1.2 Herzberg’s Two Factor Theory ..................................................................... 6
2.2 Empirical Review ................................................................................................... 7
  2.2.1 Employee Performance in Organizations ...................................................... 7

vi
# Table of Contents

2.2.2 Compensation and the Performance of Employees ........................................... 9
2.2.3 Leadership and Performance of Employees .................................................... 11
2.2.4 Training and Performance of Employees ....................................................... 13
2.2.5 Working Conditions and Performance of Employees ..................................... 17
2.3 Summary and Research Gap .............................................................................. 19
2.4 Conceptual Framework ..................................................................................... 20
2.5 Operationalization of Variables ....................................................................... 21
2.6 Chapter Summary ............................................................................................. 21

## CHAPTER THREE

RESEARCH METHODOLOGY .................................................................................. 22
3.0 Introduction ........................................................................................................ 22
3.1 Research Design ............................................................................................... 22
3.2 Target Population ............................................................................................. 22
3.3 Sample Population and Sampling Procedure ................................................... 22
3.3.1 Sample Size Determination ......................................................................... 22
3.4.1 Questionnaires ............................................................................................ 23
3.4.2 Document Analysis ..................................................................................... 24
3.5 Validity and Reliability ..................................................................................... 24
3.6 Data Collection Procedures ............................................................................. 24
3.7 Data Analysis and Presentation ....................................................................... 25

## CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION ............................... 27
4.0 Introduction ........................................................................................................ 27
4.1 Questionnaire Response Rate ........................................................................... 27
4.2 Demographic Characteristics of the Respondents ............................................. 27
4.3 Influence of Compensation on Employee Performance .................................... 34
4.4 Leadership Style Influence on Employee Performance .................................... 37
4.5 Training and Development Influence on Employee Performance .................... 39
4.6 Effect of Work Environment on Employee Performance .................................. 41
4.7 Employee Understanding of Performance ....................................................... 43
**LIST OF TABLES**

Table 4.1 Gender .......................................................... 27
Table 4.2 Age Bracket ..................................................... 28
Table 4.3 Marital Status................................................... 29
Table 4.4 Level of education .......................................... 30
Table 4.5 Professional qualification .................................. 31
Table 4.6 Level of management ....................................... 32
Table 4.7 Terms of service .............................................. 33
Table 4.8 Whether Compensation affects Employee Performance ................................................. 34
Table 4.9 Extent to which Compensation affects Employee Performance ............................................. 35
Table 4.10 Whether Leadership Style affect Employee performance ............................................... 37
Table 4.11 Influence of leadership style on Employee performance ................................................... 38
Table 4.12 Whether training affects employee performance ............................................................. 39
Table 4.13 Rating of training on Employee Performance ................................................................. 40
Table 4.18 Whether Work Environment affects Employee Performance ...................................... 41
Table 4.19 Extent of Work Environment on Employee Performance ......................................... 42
Table 4.20 Understand of Performance Targets ................................................................. 43
LIST OF FIGURES

Figure 2.1 Conceptual Framework ................................................................. 20
Figure 4.1 Gender ..................................................................................... 28
Figure 4.2 Age Bracket ............................................................................ 29
Figure 4.3 Marital Status .......................................................................... 30
Figure 4.4 Level of education .................................................................. 31
Figure 4.5 Professional qualification ......................................................... 32
Figure 4.6 Level of management ............................................................... 33
Figure 4.7 Terms of service ....................................................................... 34
Figure 4.8 Whether Compensation affects Employee Performance ........... 35
Figure 4.9 Extent to which Compensation affects Employee Performance .... 36
Figure 4.10 Whether Leadership Style affect Employee performance ........ 37
Figure 4.11 Influence of leadership style on Employee performance ........... 38
Figure 4.12 Whether training affects employee performance ...................... 39
Figure 4.13 Rating of training on Employee Performance ......................... 40
Figure 4.18 Whether Work Environment affects Employee Performance .... 41
Figure 4.19 Extent of Work Environment on Employee Performance .......... 42
Figure 4.20 Understand of Performance Targets ....................................... 43
OPERATIONAL DEFINITION OF TERMS

**Good employee performance**  Most favorable employee output as a consequence of efforts-based on performance.

**Compensation/ Reward**  The compensation package entails remuneration and rewards.

**Leadership/management**  This is the type of the formal correlation that exists between the administrator and the supervisor in a work surrounding.

**Training**  Processes of enabling workers obtain skills (soft and technical) to better on their performance and skills of their areas of specialization.

**Favorable work environment**  Contains work procedures, the physical layout of workspace, protective and healthy equipment and flexible work timetable.
CHAPTER ONE

INTRODUCTION TO THE STUDY

1.0 Introduction
This chapter discussed the background to the study, statement of the problem, the objectives that the study will meet, research questions, justification of the study, scope of the study and summary of the chapter.

1.1 Background of the Study
The present times have seen the human resource field develop right from the traditional management approaches practiced in the 1900s to the present times (Newstrom, 2011). The earlier approaches featured managers control tasks to be done by employees that has over time undergone transformation with the introduction of the supportive systems that encourage employees contribute to decision making thus driving a sense of responsibility. The human resource approach has changed in the sense that the primary role of a manager has shifted from the control function to active support on employees to better performance and growth.

Kelly and Cole (2011) view human resource management as philosophy of management based on aspects that sustain a business success and thus organizations gain competitive advantage based on the manner in which they handle their human resources. In such, the reward scheme and flexibility guides the success path in the organization. The goal of HRM as brought out is to help organizations in meeting their target goals through attracting top employees and retaining the same towards profitability. Retaining of employees is a sure means towards active performance as specialization and career growth takes shape.

KenGas Link Limited is an ISO 9001:2008 certified company, offering total logistics solutions in East and Central Africa. KenGas offers bulk fuel and cargo transportation services alongside other support service. The Company has over 37 years’ experience and operates in some of the most demanding location. The company has a total of 300 employees.
1.2 Statement of the Problem
Petroleum business is a highly competitive venture around the world; it does attract many individuals for the sole purpose to make profits. Over the years, nations have gone to war because of petroleum products, many have lost their lives and jobs, and this is because everyone wanted to make a fortune out of it. In such an environment therefore, performance is paramount. The concept of employee performance in the petroleum business is a subject under discussion both locally and internationally. Many petroleum businesses have failed in their mandate to improve employee performance with an aim of intensifying service delivery to their clients.

Over the recent years, organizations have realized that conflict related issues have affected work relations which in turn has diminished employee performance levels. This was based on the fact that employees feel dissatisfied to perform their duties since most of them are not welcome to raise their concerns about organization performance. Based on this, KenGas value proposition is to increase productivity for its Clients with the efficient manageability of multiple services and multiple location delivery requirements. To achieve these, the company needs to ensure favorable performance by its employees. It was also apparent that poor leadership and work systems hinder employee performance in organizations. Thus, experienced performance challenges hinder prospects of achieving its desired goals. Based on this, the study focused on factors affecting employee performance in organizations operating in the petroleum industry.

1.3 Study Objectives
1.3.1 General Objective

The study focuses on the factors contributing to performance of employee’s purpose of employees in the petroleum industry.

1.3.2 Specific Objectives
The study objectives were guided by:

i. Determining the influence of compensation on employee performance in the petroleum industry.
ii. To understand the effect of leadership style on the employee performance in the petroleum industry.

iii. To establish how training influence the employee performance in the petroleum industry.

iv. To examine the effect of work environment in influencing employee performance in the petroleum industry.

1.4 Research Questions
This study purposes to deliver answers to the following research questions:

i. To what extent does competition affect employee performance in the petroleum industry?
ii. What is the influence of leadership style on employee performance in the petroleum industry?
iii. How does training affect employee performance in the petroleum industry?
iv. To what extent does work environment affect employee performance in the petroleum industry?

1.5 Significance of the Study
This study was done in advancing awareness on a diverse human resource management issues within petroleum industry which will provide greater efficiency to the company. The knowledge on the issues and their effect on the conduct of the institution can lead to progress on the human resource management processes. The factors to be highlighted in the research entail issues of management at workplace, training activities, working environment and conditions as well as compensation schemes.

1.6 Basic Assumptions of the Study
The study findings and research were guided by the assumption that the selected participants shall be cooperative and deliver necessary feedback and input without any reservations and that the response shall act as true picture to the human resource situation in the company.
1.7 Limitations of the Study
The study limited itself to the elements on human resource unique to the selected organization. The focus remains on the elements of compensation, leadership, working environment, and training opportunities within the organization. Besides the study is limited to the study on the organization and thus the utilization of institution as base of the case acts as a limitation.

Survey acted as the primary means in the study in data collection. The study experienced limits concerning information disclosure as it was dependent on the information that the respondents were willing to deliver. The study is also limited to the capability of the respondents and would not compel to have the rest of information disclosed due to confidentiality reasons.

1.8 Scope of the Study
The study focused on factors affecting employee performance in the petroleum industry. The study was confined at KenGas Limited, located at Standard Building, Standard Street in Nairobi. The study targeted 300 employees. The study took a period of four months from June 2018 to September 2018.

1.9 Chapter Summary
The chapter explains background information, statement of the problem in relation to the study, justification of why the research is being done, challenges facing State Corporations and the geographical scope of the study.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction
The section examines the relevance of the study using the existing literature as well as the contribution from other authors. All these shall focus on the human resource issues in the petroleum industry. The chapters therein shall be presented in a consistent form under subtitles recording the performance of workers in the organization, determine the performance standards, theoretical review, conceptual framework, and summative information on the literature review.

2.1 Theoretical Review

2.1.1 Maslow’s Hierarchical Theory
Abraham Harold Maslow’s hierarchical theory could possibly be of help to the equation in terms of determining the level of employee performance. (Gordon, 1965). Maslow’s theory, states that one is not aware of the subsequent wants until the first need have been fulfilled and the third one until the second one have also been fulfilled and so forth.

To begin with, employees are motivated by emotional wants: By authority of Maslow’s theory this emotional wants forms the fundamental requirement for continued existence these might consist of provisions, clothing and protection. Once someone is starving, lack housing and clothing, they are additionally motivated to satisfy these wants since these desires develop into the main influence on their actions.

On the other hand, while individuals don’t have a deficit in individual’s essential requirements (emotional wants), their wants will likely move to the next stage where it is similarly seen by Maslow as the first wants. The next stage is identified as need for protection need: safety usually is the most crucial necessity to individuals at this stage. This is articulated in safety of employees’ health and family. The third stage of wants identified by Maslow was the social wants. When feeling protected and secured at place of employment, staff will now put work associations as their centre that is trying to put together a good acquaintance, affection and closeness. As we maintain going up the
hierarchy we will have self-confidence wants: The fourth stage of wants by Maslow states the acknowledgment to be valued and appreciated by others.

The Final stage of Maslow’s need theory is self-actualization: Self-actualization was to be developed further.

The above-mentioned hypothesis may be applied to define roles of the organizations cultural and human resource administration in improving performance of employees regardless of some condemnation or restrictions of the theory. The idea on Maslow’s theory has generated both support and dissatisfaction on the idea of hierarchy need as an idea influenced by the western culture and thus becomes impractical in all scenarios of work (Richard, 2000).

2.1.2 Herzberg’s Two Factor Theory
Employee performance can easily be understood under the concepts of Herzberg’s two-factor theory where he studied factors that motivate and stimulate employee productivity. Relating his work with Maslow theory, Herzberg observed that employee needs will never be motivated unless their concerns are addressed. The author maintained that the basic employee benefits such as salaries and other facilities such as adequate working space, do not necessarily ensure that employees are happy and satisfied (Mehmood, Irun & Ahmed, 2012). Thus, satisfying employee needs is a major step towards improving their performance in the long run.

The theory also explains the main reason why employee needs must be fulfilled and satisfied before any commencements are initiated. Factors such as hygiene and financial rewards must be met first before other motivating factors can be initiated to stimulate and enhance the desire of employees to work according to the recommended standards. Thus, organizations must meet both the physiological and psychological needs of their staff. This is because these factors have positive significant association with the overall employee performance and career progression. In short, it is almost impossible for organization to function well without fulfilling employee’s hygiene factors.
Another aspect of Herzberg’s Motivation–hygiene theory is that it categorizes two important motivational concepts as intrinsic and extrinsic. Intrinsic is mainly based on interpersonal relationship, employee achievement and measure of employee responsibility. On the contrary, extrinsic motivation is based on hygiene factor that stimulate employee performance levels such as salary increment, conducive working environment and organization policies in place. These factors will either increase or decrease employee performance depending on how they are implemented across the organization (Mehmood et al, 2012).

Applicable to the study, the theory will enable the study to identify important factors that hinder employee performance in the energy sector.

2.2 Empirical Review

2.2.1 Employee Performance in Organizations

The performance is defined as the attained outcome of actions with the skills of employees who perform in some situation (Prasetya & Kato, 2011). According to Suhartini (1995) employee performance is a mutual result of efforts, abilities and perception of tasks. Superior performance in organizations is a sure means towards attaining prosperity, and as such efforts need to be placed towards improving performance on the side of the employees. Tarantino (2005) argues that business managers fail to appreciate their subjects, despite claiming their employees are more important than other assets.

Dharma (1991) notes that performance is an aspect done or products formed and offered by a group of people. Swasto (1996) said that employee performance is the actions or the completion of errands that were done by individuals within specific period of time.

According to Freeman (2005), one can link people’s feelings and performances, suggesting an association of employee performance and organizational climate. Further, it is noted that diverse groups within a similar organization can remain operated through several other aspects that points to the fact that an organizational climate determines by large the performance by workers.
The literature surrounding performance levels was researched and presented from diverse perspectives. Some authors are of the belief that as employees become empowered they tend to enjoy their career leading to increased performance thus helping organizations in avoiding high turnover costs (Aranoff et al, 2005). An employee who remains determined and focused is more likely to remain within an organization and produce at an optimum level compared to those who remain less enthusiastic about their work environment.

The employee performance cannot be increased merely by increasing the focus on the authority, discipline and control in the organizations (Hart & Willower, 1994). Training given to the employees improves their performance by the way of development in their skill (Harel & Tzafrir, 1999). Training empowers workers towards specialization and increased experience which leads to higher performance records. McEvoy (1997) concludes training of the employees can improve their commitment level, knowledge sharing and their honor to work in the organization. Burke and Day (1986) found that the managers’ performance can also be amplified in the organization by the way of providing them training. The cost of training refers basically to the company’s investment that offers benefit over a stretch of time. The reason for this is that the employee’s morale increase and they become more committed while performing their tasks in the organization (Bartel, 1994). Employee’s morale is important towards a proper undertaking in organizations as it determines the rate at which workers remain productive. The organizational justice when applied in its true sense, it may affect the employee performance, their commitment level in the organization and also their level of efforts towards achievement of their goals (Folger & Cropanzano, 1998).

According to ILO international conference report (2008) agreements on innovative human resources practices as well as implementation of people motivation policies are significant for labor productivity. Integrating and investing in workers in both on skills and capability, technology and research on diverse aspects as well as remuneration policies remain vital to increased performance. Buford (2006) points out human resources essentials that human service managers should address. Performance management assists in providing discipline to employees and informing them on their performance deficiency or skills gaps. All these when done in the proper manner lead to
growth and increased productivity among workers. Further, the author points out that organization’s success are directly proportional to the effectiveness and productiveness of its workers.

2.2.2 Compensation and the Performance of Employees

Compensation among the working force is a big factor that relates to the worker motivation. According to Dessler (2008), employee compensation entails all forms of pays delivered to the employees as a result of the labor provided. Rewards management policy serves as a critical element in recruiting and retaining their most competitive and valuable assets. Latest trends in the human resource management have identified best practices to be embraced and utilized towards increased productivity. Khan (2011) agrees that Human Resources serve as iconic drivers to the prosperity and success of organizations. As such, organizations have to match the market demands to remunerate its workers in a competitive manner to enhance efficiency and competency of its human resource

Khan (2006) further defines reward management as a complex process that demands accuracy and critical thinking to avoid negative concerns in organizations. Proper reward policies encourage individuals towards better performance which an integral part of the human resource development.

Compensation is served mainly in the form of a wage whereas fringe benefits exist involving cash and non-cash rewards based on one’s performance. Pay levels exist to meet the main objectives of efficiency, macro-economics, and stability. Grud (2008) notes that ordinarily large wages are in no way associated with increased performance but can rather lead to inefficient employees. Nawab (2011), through a study reveals the effect of compensation management in driving satisfaction and commitment rates among employees. The fact serves as a challenge to organizations to utilize compensation as a means to enhancing job satisfaction and commitment among its employees. It has been noted that the financial and non-financial compensations remain significant in developing commitment that maximizes employee contribution. International Labor Organization literature such as “an introduction to performance and skill-based pay systems” (1998)
points out pay as a critical and essential element in maintaining an employment relationship where the employer and the government have equal rights. All the three players have a role in the relationship where employees rely on the relationship to aid their living standards as a measure of their value and service. On the other hand, employers form a significant part of their costs as it affects their ability to either recruit or retain a qualified and quality labor force. The government as a player is interested in the salaries as they determine macro-economic stability on issues such as inflation and general employment aspects.

In the study, Tsai K et al (2005) demonstrated that employee benefits offer advantage in organization productivity through improvement of labor efficiency. Benefits, by large assist in increasing satisfaction among employees which guarantees a good management as well as a suitable environment for organizations. Benefits forwarded to employees push up their commitment and satisfaction levels thereby acting as a signal to good management as well as a happy environment. As such, it is essential to note the role of benefits in driving satisfaction which further turns into an increased production and organizational success. Performance based pay can thus act as a motivator to the workforce in that the workers understand the role played in influencing their increase or subsequent decrease in salaries. Further, Ismael et al, (2010) relates performance based pay as a precursor directly related to satisfaction at the workplace.

Studies from diverse sources indicate that the production process is activated whenever pay schemes are altered from monthly to the daily wages. As such this means that increased wages have direct effect on employee performance (Lazear, 2000). In case of fruit pickers, the progress of workers increased significantly when pay system was shifted from incentive pay (Bandiera et al., 2005).

Employee output is increased through managerial performance bonuses which enhance competition as an organization gains a competitive advantage on the larger scale. The core purpose of this activity is retaining efficient man power by providing more incentives (Bandiera et al., 2007). People who work on monthly pay system do not show
noticeable enhancement in their production while the workforce who is employed on piece rate system usually shows enhanced output (Fernie and Metcalf, 1999).

Larkin (2011) in his findings notes compensation as an inherently strategic as it sees different organizations select different strategies towards awarding or rewarding workers. Pay policies affect employee performances in diverse fields such as marketing, operations, and technological field. The information places it important for organization to design proper compensation schemes and systems to produce desirable behaviors.

2.2.3 Leadership and Performance of Employees

Leadership is a process of a person to stir others by leading, guiding and influencing to do something in order to achieve certain results and goals (Edy Sutrisno, 2010). According to Voon, et al (2011), Leadership is a process of interaction between leaders and employees in which a leader tries to influence the behavior of employees to achieve organizational goals. The indicators demonstrate that the leaders should be able to inspire, make decisions, and remain responsible in their planning and development.

Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000). Managers in their diverse levels have to maximize their abilities whether during supervision or not. The trend calls for innovative leadership that develops understanding of the best compensation according to market forces and business scenarios.

Buford (2006) identified poor management as a major reason for low morale and unsatisfactory employee performance, yet organizations are usually tempted to promoting employees’ to management and leadership roles without assessing their readiness to the roles and neglecting provision of sufficient orientation and training. In selecting managers, it is proper to understand that managers with skills in one section cannot automatically translate the same to another. As such, critical decisions have to be made to have the best experts in leadership to gain competitive outcomes. The situation calls for organizations to select the right managers using the best recruitment tools and psychological assessments to realize increased production and worker retention.
Guest (2010) in their study noted that relations between managers and employees have a significant effect on productivity. Poor relations at times lead to violation and hurting on psychological contracts, low self-esteem and commitment all of which lead to poor performance. Bosses at workplaces are supposed to be at par relationship-wise with their employees to maximize good relationship. Sutton (2010) notes that bosses are expected to take charge effectively of the team they lead. It is also crucial for them to bolster performance through watching their peoples back in terms of making it safe for them to learn new aspects, act accordingly and take intelligent risks; shielding them from unnecessary distractions that may deter their performance. Expressing confidence, taking responsibility and providing psychological safety are some of the responsibilities a sound supervisor should take up (Sutton, 2010).

Hands-on transactional management offers an opportunity to supervisors to produce results from their working teams. As such, it is assumed that a good supervisor is likely to translate into bolstered employee performance. Bruce (2004) in the article “the under-management epidemic” notes that in an effort to be hands off and not become “micromanagers” supervisors have gone to the opposite extreme and completely abdicated their primary role as managers. At all times, managers are supposed to outline requirements to performance and standard operating procedures assigned on each task for posterity reasons and have feedback reports on the functionality. Besides, managers are required to define parameters in performance, measurable goals and attainable standards and expectations deadlines for tasks assignments where reporting shall act as a source of determining the performance levels. Making such arrangements assists in boosting performance while giving workers the right environment. Chalhoub (2009) notes that the techniques must start from within the organization and they should include mechanisms to ensure commitment, communication, quality management, benchmarking, process improvement and measurement.

Accurate levels of monitoring and evaluation as well as documentation of work performance are important. Bruce (2004) further notes that specific feedback on work performance with guidance for improvement and fairly distributed rewards and detriments helps managers provide their direct reports with the most basic elements of
supervision. Paauwe (2004) argue that managers put performance management into practice and by doing so affect employees’ perception as well as their commitment, motivation and trust. Both organizational and supervisory support influences an employee’s performance and as well affect the quality of supervision.

Abusive supervision leads to a drop in levels of performance. Tepper (2011) defines abusive supervision to include undermining, public denigration and explosive outbursts. Continuous exposure to abusive supervision is linked to severe negative outcomes both for the victims and organizations. The losses registered translate into low self-esteem, reduced motivation, employee loss of interest, and loss of productivity.

The relationship between leadership and performance was indirect as well as direct (Gadot, 2007), which proves the importance of developing leaders through leadership development programs.

Leadership development is becoming an increasingly critical and strategic imperative for organizations in the current business environment (Sheri-Lynne, Parbudyal 2007). Leadership development relates to an essential area of concern considered and implemented in organizations towards increasing human capability. Some developmental assignments can be carried out concurrently with regular job responsibilities, whereas others require taking a temporary leave from one’s regular job (Yukl, 2002). The development assignments can be essential in developing and promoting managerial skills at current jobs while some may be used to develop upcoming projects or begin new projects serving as department representative on a cross functional teams. Training sessions play an important role to improve the performance of organizational managers regarding communication skills, listening skills, motivate others, support others, and share information (Klagge, 1997).

2.2.4 Training and Performance of Employees
Training remains of essential benefit to organizations in improving performance while increasing productivity in the long-run. All these put companies in a best position to compete favorably with the rest in the market. This means that there is a significant difference between the organizations that train their employees and organizations that do
not (April, 2010). Training is a type of activity which is planned, systematic and it results in enhanced level of skill, knowledge and competency that are necessary to perform work effectively (Gordon, 1992). In the business environment, there exists a positive relation between training and employee performance. Training is responsible for generating benefits for the employee and for the organization by positively influencing employee performance through the development of employee knowledge, skills, ability, competencies and behavior (April, 2010). Organizations that are dedicated to generating profits for its owners (shareholders), providing quality service to its customers and beneficiaries, invest in the training of its employees (Evans and Lindsay, 1999). It is apparent that a high level of training translates into faster production and acquisition of knowledge. That is why training should be related to money, job promotion, and recognition etc, i.e. something which the trainee desires (Flippo, 1976). There exist four conditions for learning where Motivation comes first, Cue as second where a learner can recognize related indicators (cue) and relate them with the desired responses with the aid of training. Response comes third where training efforts have to be monitored and evaluated to help in strengthening to aid learners in getting response. Feedback comes in the last stage where the information learned/received is observed. This response must be given as quickly as possible to make sure successful learning (Leslie, 1990).

Performance is defined as the achievement resulting from work or duties that are evaluated against an already determined goals and standards with regard to quality, quantity, and the speed as specified within an employment contract. In an employment contract, performance is an aspect of essence where an organization looks forward to be reinforced towards achieving goals. As such, it becomes an iconic aspect in performance where the different sets of compensation are mentioned therein. Efficiency and effectiveness are ingredients of performance apart from competitiveness and productivity and training is a way of increasing individual’s performance (Cooke, 2000). Kenney et al., (1992) stated that performance among employees is determined against the performance standards that are set by the organization. Good performance therefore relates to how effective and efficient workers carry out their assigned tasks. Every organization has standards and expectations upon which employees are meant to be
evaluated and gauged as performers or non-performers. The roles of functioning and presentation at different stages of employment among employees are also termed as employee performance. The situation points to the fact that effective administration reflects the quality of task required by an organization. Despite the importance of training in increasing the production pace, the concept has been left for the developed country in comparison to its frequency in the developing nations. As a matter of fact, workers receiving training are better placed to be motivated and steer growth in an organization.

However, a relationship complementary in nature was found to exist between receiving informal training and that of receiving on-the-job training. Differentials in earning were not found to correlate with the divergent types of training. Unlike in developed countries, training in China was usually intended to remedy skills deficiencies, rather than enhance productivity (Ying Chu Ng, 2004). Therefore, it can be noted that a positive relationship exists between employee training and their respective performance levels.

Training generates benefits for the employee as well as the organization by positively influencing employee performance through the development of employee knowledge, skills, ability, competencies and behavior (Benedicta and Appiah, 2010). As such, it becomes apparent that the role in which training plays is critical to the wholesome development of an organization in terms of increasing its productivity. The statement points to the existence of a significant difference between an organization that engages in training activities of its employees and that of organizations that fail to practice the same (Benedicta and Appiah, 2010). Any organization that presents dedication to generating profits for itself in terms of (shareholders) and other beneficiaries usually invests in the all-round training of its employees (Evans and Lindsay, 1999).

Galindo-Rueda (2005) in the literature records of a considerable interest amongst organizations as to which type of workplace characteristics are more appealing to higher levels of productivity. Investment in several elements of human capital remains a strategic goal towards enhancing and sustaining long-term productivity durable in nature. Despite the fact that the given investments provide direct returns to employees, research indicates that there exist sustainable possibilities for a wider return. Wider returns
possibly arise whenever workers seem to gain from the set of skill developed through training activities. This particular research focused on the effects of improving employee skills levels on the subsequent performance. The ILO report (2008) points out that training for new skills gives opportunity for better career paths within the organization, higher income and employability. The new skills identified assist in developing skills that assist organizations to remain competitive in the markets.

Mutsotso (2010) in his research agrees to the fact that education coupled with training tends to increase employees’ skill levels and their overall perception towards efficiency in carrying their operations. The situation further cause employees to illustrate increased desire of satisfaction, motivation and eventually deliver an increase in production. Therefore, the situation justifies that organizations that have a high capacity building remain more likely to experience an increase in performance that has been motivated by a motivated workforce. As such, it is essential to engage workforce in skills building initiatives in order to remain productive. Hameed (2011) note that the skills building activities performed by organizations indicates that the organization cares for its employees. Investing in employees remains a critical step towards increasing productivity and motivation as well, and thus urge organizations to venture into the activities towards wholesome development. Development depends on the willing nature of workers that is determined through a positive culture from the top management as well as the existing opportunities in an organization. Gong (2009) in his study notes the role of managers in generating and building employee creativity. In this respect, managers need to create necessary conditions for the learning orientation to take shape while bringing forth creativity to the workforce. All these remain instrumental in providing a proper environment that triggers creative self-efficacy models. Creativity remains of essence in the equation as it provides new opportunities to learn and enhance knowledge on productivity.
2.2.5 Working Conditions and Performance of Employees

Working conditions refer to the activities and general environment presented to workers which include work load, job hours, legal rights, organizational culture, and all circumstances surrounding a work location.

The environment refers to the immediate surrounding where a man manipulates activities for his existence. Manipulation in the negative aspect introduces hazards to organizations that render the environments unsafe and in the long run impede the productive ability of workers. Therefore, the workplace entails an environment in which the worker performs his work (Chapins, 1995) while an effective workplace defines an environment where results can be achieved as expected by management (Mike, 2010; Shikdar, 2002). Physical environment affects the rate at which workers interact with each other, perform tasks assigned, and respond to the leadership in place. Physical environment as a whole bears a direct effect to the human sense and consequently alters interpersonal interactions and eventually the rate of productivity. The workplace environment remains a critical factor in maintaining workers satisfied in today’s challenging and competitive business world. The present day workplace remains diverse and constantly changing given the high competition for survival and meeting the demands of clients. The typical employer/employee relationship that existed in the past seems to fade as people engage in all new models of interaction to sustain a positive performance. The situation creates a new employer employee relationship that sustains the interests of both parties while instilling a high productivity rate (Smith, 2011).

A large number of researchers in the work environment field reveal that employees/staff are pleased with mention to precise workstation. The preference by staff remain critical to their efficiency and contentment at diverse workstations, these are lights, aeration, access to natural light and sound environment (Becker, 1981; Humphries, 2005; Veitch, Charles, Newsham, Marquardt & Geerts, 2004; Karasek & Theorell, 1990). Lighting and other factors such as ergonomic furniture has been discovered to bear a positive influence on employees’ health (Dilani, 2004; Milton, Glencross & Walters, 2000; Veitch & Newsham, 2000) and consequently on productivity. The situation remains true because
access to light has a huge bearing on employee’s Mental, physiological and emotional wellbeing, and generally on their performance at the workplace. Conducive features existing in office environments, such as sufficient lighting, moderate temperature situation, presence of enough windows, free air movement etc, suggest that these elements of the physical environment influence employee’s attitudes, behaviors, satisfaction, performance and productivity (Larsen, Adams, Deal, Kweon & Tyler, 1998; Veitch & Gifford, 1996).

Closed plan office layout, whether every member of staff has a separate workplace of their own or there is a small number of staff in each closed office, it allows workers a bigger amount of freedom from interruption than one with an open plan office design. It gives employees a chance to carry out their duties in serene and calm environment, it enables them to focused on the tasks at hand devoid of any distraction by what other co-workers are doing. The situation offers workers sufficient time to deliberate and be innovative without causing much distraction (Mwbex, 2010). In an open office plan, noise existence causes stress and in the long run acts as a de-motivating factor is stressful coupled with low privacy level (Evans & Johnson, 2000).

Firms that get their productivity potential from firm-specific knowledge always desire to provide superior working conditions in the faith that the act would reduce worker turnover and in turn minimize the risks of their productivity advantage spilling over to competing firms (Fosfuri et al., 2001; Glass & Saggi, 2002).

According to Yesufu (1984), the nature of the physical condition subjected to the employees remains related to the output. For instance, offices spaces and production stores too high or improperly ventilated reduce production. There ought to be adequate provision of high-quality protective gears, water to drinking, wash rooms, first aids kits and other social amenities etc. Both administration and staff should emphasis on safety at all times and all fire and safety regulation of the organization observed at all times.

Demanding efficiency from public sector has been in existence over time. These components may be very essential; however, this believes that the approach and management styles of middle level managers are what actually persuade employee yield.
Bornstein (2007) is of the idea that a stressful work environment affects productivity negatively and thus impacts the service delivery standards of individuals working in similar environments. From another point of view, if work environment are friendly then output is boosted and there is a constructive outcome on the deliverance of service.

2.3 Summary and Research Gap

In reaction to the current organizational performance gaps, Management of performance enables supervisors and managers to utilize these means and tools to facilitate employees to do their best in their individual work roles and coursework. Analysts have studied elements affecting workers performance over the years with a number of opinions and hypotheses being developed. It is apparent from several studies that there cannot be standardized characterization or standardized quantify of performance since what constitutes performance differ among varies categories. Researchers in their interpretations concur to the fact that performance of employees is dependent on numerous components and they emphasize that incorporated investments in personnel, equipment, to research on growth of human resources and compensation policies are important to achieve and get high performance form employees.

From the research it is apparent that performance of employee is significant to an organizations continuous existence however in Africa and south Asian countries (except for India) where performance of employee as well as that of labor productivity remains discouraging. In a similar manner, the impact of employee performance in an organization remains of critical importance.

The employee performance can never be increased through increased reliance on core aspects of management such as lines of authority, control functions, and general discipline (Hart & Willower, 1994). Training offered to employees act positively towards improving their performance through skill development (Harel & Tzafrir, 1999). Further, McEvoy (1997) agrees and views training of employees of essence in improving their levels of commitment, knowledge sharing and general dedication to work in the organization. Burke and Day (1986) discovered that the managers’ performance can be enhanced through increased training and innovativeness within an organizational setting.
Excellent Performance deemed to be a stepping stone for professional growth. If a worker has exceptional performance in his organization then there are big chances that other competitors would attempt to offer him an attractive package in their organization.

2.4 Conceptual Framework
A conceptual framework is a graphical or diagrammatic representation of the relationship between variables in a study, Mugenda and Mugenda (1999). He additionally explains that it is a theory identified ideas under the research. The independent variables suggest possible determinants of employee performance in the petroleum industry which entails issues such as attractive compensation/remuneration, diverse leadership styles of managers and favorable work situations. On the other hand, the dependent variable therein remains employee performance. There are also other variables such as; government policies on work and the sustaining variables related to work-life balance.

Figure 2.1 Conceptual Framework

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>Employee Performance</td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Work environment</td>
<td></td>
</tr>
</tbody>
</table>
2.5 Operationalization of Variables

2.5.1 Compensation
The compensation offered by Kengas limited to its employees includes remuneration, bonuses and token and appreciation for work job well done. These compensation packages which the employees are entitled by virtue help improve employee performance.

2.5.2 Leadership
This is the type of the formal relationship that exists between the employees and the organization also influences employees’ performance in the organization. A good relationship will encourage innovation and improve employees’ general performance.

2.5.3 Training
Training programs offered to employees by the organization will allow employees to acquire technical skills required. The acquired skills will help in enhancing performance of employees.

2.5.4 Work Environment
Work environment consists of procedures and policies for work, the physical layout of workstation, protective gear, healthy equipment and flexible work timetable.

2.6 Chapter Summary
This chapter highlights theoretical literature review, empirical review, summary and research gaps, conceptual framework and operational variables. It also explains how the theories that can be used to derive meaningful conclusion in relation to the study variables and objectives.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction
The section opens up with the methodology of the study that covers areas such as the research design, study population, methods of sampling, sample size, instruments of data collection, quality control, and general procedure of analysis of the data from the research. All these enhance credibility for the study.

3.1 Research Design
This research uses a descriptive survey research method. Mugenda and Mugenda (1999) in their study discern a survey as concerted efforts in gathering data from members of a population towards establishing the position of individuals towards a given aspect of research or study.

3.2 Target Population
The population targeted was all the workers at KenGas group limited. KenGas as of recent survey showed that the total population was 300 employees working across East Africa. The target population in the study who were KenGas employees were observed to be adequate to permit generalizations of factors determining employee performance in the petroleum industry.

3.3 Sample Population and Sampling Procedure
The segment is responsible for covering the sample size of individuals involved in the study and the procedure used to describe the information therein. Simple random sampling will be used on the population.

3.3.1 Sample Size Determination
The method according to Yamane 1967 is essential in obtaining the sample size of a given population. Simple random sampling will be of essence in the study findings.
n₀ = ______ N ______.

1+N (e)²

n₀ = Sample size  N = Population size  e = Precision (5%)

n₀ = ______ 300 ______.

1 + 300 (0.05)² = 172

Total Sample = 172

3.3.2 Sampling Procedure

The research applied stratified sampling in choosing the sampled staff at KenGas Group Limited were grouped into three levels. The levels were based on three large employee group in the organization which include management levels from the top management, middle management to the lower level management where simple random sampling remained in utility whenever selecting individuals in the relevant strata.

3.4 Data Collection Instruments

3.4.1 Questionnaires

Questionnaires were given randomly to chosen personnel in their individual offices. It has given a prospect for participants to ponder on their response and seek clarifications when needed. Despite the open nature of the questionnaires, pre-tests were conducted to do away with difficult and out of context questions for easier understanding. Mugenda and Mugenda (2003) notes that using questionnaires that are well structured guide respondents to provide relevant and precise information needed for the research.

Moreover, their presence makes summary of information so as to make it easy to comprehend among other benefits of using the instrument.
3.4.2 Document Analysis

Document analysis was carried out to give institutional awareness and written down facts on staff performance recently. This incorporated account of earlier performance, employee turn-over and skills acquired.

3.5 Validity and Reliability

3.5.1 Validity of Research Instrument

Validity of a study draws reference to the length at which a given instrument relays information according to the researcher’s objective (Nachmas, 1958). A study tool is applicable depending on how the data gathered is connected in terms of how efficient the substances have sampled crucial segments of the case. Moreover, a pilot research was carried out to help ascertain content validity of the instrument. The questionnaires were written using suitable wordings with reasonable sequencing of questions to make sure consistent flow of information and their thought process of participants. The study instrument underwent review and possible amendment by experts in the respective field.

3.5.2 Reliability of Research Instruments

Koul (2003) informs that the reliability of a test has a relation to the ability of the given test to yield results whenever presented to the same situation.

To determine the validity of the questionnaires as an instrument was administered to a total of 17 participants (at least 10% of the sample size). The validity of matter was based on the estimates of the inconsistency among the items. The validity coefficient was arrived at by the use of Pearson Product-Moment Correlation method which resulted at 0.5 thus finding the questionnaires adequate for the study.

3.6 Data Collection Procedures

The researcher, as a standard guide in research got an authority letter from the respective institution and from the National Council of Science and Technology for consent reasons regarding the study. The researcher presented the letter to human resource manager to be
given consent to collect to data and conduct the research. The researcher went ahead to gather data after getting consent was given.

3.7 Data Analysis and Presentation
In the research both qualitative and quantitative data were collected. Data was grouped according to characteristics and its properties. Participants total scores and percentages were used to examine the data. Participant’s scores were presented in descriptive statistics using tables and percentages. Cross summary and triangulation was done to certain biasness and distortion of data was examined.

3.8 Ethical Considerations
3.8.1 Informed Consent
This was represented by an introduction letter attached to questionnaire. Consequently, the selected respondents were consulted before they participate in the research study.

3.8.2 Voluntary Participation
The respondents were not forced to participate in the study. Instead, respondents were informed about the purpose of the study before they made their own informed consent. The respondents were also on liberty to choose whether to participate or not.

3.8.3 Confidentiality
Respondents were briefed on the code names they used instead of their real names. This ensured that their identity was protected from any other participant and the organization itself.

3.8.4 Privacy
Kothari (2008) asserts that any respondent participating in a research study is entitled to privacy as part of the ethical consideration. To ensure the privacy of the respondents, the questionnaires were distributed to the respondent’s workstation or any other private area they feel safe. This ensured that there was no interference or influence from other respondents.
3.8.5 Anonymity
The research collected and presented the research findings without revealing the identity of the participants or any other details that might lead to them. Based on this, the respondents were advised not to include their names or identification details. Rather, they were assigned code names during the research process.

3.9 Chapter Summary
This chapter focused on identifying appropriate research design for the study; the target population and the right sampling design and technique to be used; construct and explain research instrument to be employed and explain how the pilot study was instituted. Also, the chapter elaborated on the data analysis techniques used and how respondents’ ethical considerations was met.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.0 Introduction
This section discusses scrutiny of the data gathered from the several participants. The data was decoded alongside the research questions. The data analyzed was later presented in form of frequency as well as percentage tables including the tabulation of data analysis of the five variables: salary, guidance, training, work setting and performance of employees in the Petroleum Industry.

4.1 Questionnaire Response Rate
The study targeted 172 respondents and 146 questionnaires were returned for tabulation giving a percentage of 85%. The participant rate was attained since the research was carried out in an organization of good work principles, as harmonization of the data compilation task in assistance with the human resource department of the respective organization.

4.2 Demographic Characteristics of the Respondents
Demographic is defined as numerical data about the distinctiveness of a population, such as the age factor, gender differences and income levels and potentials of the individuals in a given population. Gathering demographic information in this case shall involve census on the age and gender of the respondents.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>79</td>
<td>54</td>
</tr>
<tr>
<td>Female</td>
<td>67</td>
<td>46</td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>100</td>
</tr>
</tbody>
</table>
The results in Table 4.1 and figure 4.1 show that 54% (n= 92) of the sampled population were male and 46% (n=80) were female. These results show that there is fair gender distribution in the organization.

**Table 4.2 Age Bracket**

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25 years</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>26-35 years</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>36-45 years</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>46-55 years</td>
<td>38</td>
<td>26</td>
</tr>
<tr>
<td>56-59 years</td>
<td>24</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The table and figure 4.2 show that 8% (n=13) of sampled population were in the age bracket of 18 – 25 years, 20% (n=34) were in the bracket of 26 -35 years, 30% (n=52) were in the bracket of 36 - 45 years, 26.3% (n=45) were in the bracket of 46 – 55 years and 15.9% (n=27) were in the age bracket of 56 – 59 years. The results reveal that most of employees were over 25 years of age indicating a youthful workforce.

**Table 4.3 Marital Status**

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>27</td>
<td>19</td>
</tr>
<tr>
<td>Married</td>
<td>84</td>
<td>58</td>
</tr>
<tr>
<td>Divorced/Separated</td>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>Widowed</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Figure 4.3 Marital Status

The Table 4.3 shows that 18.8%, 57.5%, 15%, and 8.7% of Participants were single, married, divorced/separated and widowed respectively.

Table 4.4 Level of education

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>42</td>
<td>29</td>
</tr>
<tr>
<td>College</td>
<td>53</td>
<td>36</td>
</tr>
<tr>
<td>Secondary</td>
<td>32</td>
<td>22</td>
</tr>
<tr>
<td>Primary</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
With regards to education standards, the information records that 29% (n=50) had university level of education, 36% (n=62) had college level, 21% (n=37) had secondary level and 13% (n=23) possessed primary level of education.

Table 4.5 Professional qualification

<table>
<thead>
<tr>
<th>Professional qualification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post graduate</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>Higher diploma</td>
<td>20</td>
<td>14</td>
</tr>
<tr>
<td>Diploma</td>
<td>42</td>
<td>29</td>
</tr>
<tr>
<td>Certificate</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>None</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
On professional qualification the table and figure 4.5 shows that 4% had post graduate degree, 20% had under graduate degree, 14% had higher diploma, 29% had diploma, 30% had certificates and 3% had no professional qualifications. These findings show that KenGas Link Ltd had sourced staff with diverse qualifications related to education as well as other skills and professional qualification levels.

**Table 4.6 Level of management**

<table>
<thead>
<tr>
<th>Level of management</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Middle management</td>
<td>45</td>
<td>31</td>
</tr>
<tr>
<td>Low management</td>
<td>92</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The sample gave an ideal description where the performance gives a direct relation to the compensation/reward, leadership style involved, training activities and work conditions. A total of 6% of the employees were in the top management level, 31% were in the middle management level and 63% remained at the lower management level. Moreover, the number of workers increases downs the hierarchy from top to lower management level.

**Table 4.7 Terms of service**

<table>
<thead>
<tr>
<th>Terms of service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>117</td>
<td>80</td>
</tr>
<tr>
<td>Contract</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Figure 4.7 Terms of service

The information on table and figure 4.7 notes that on terms of service 80% of employees were on permanent basis and 20% were on contract basis.

4.3 Influence of Compensation on Employee Performance

In determining the influence of employee compensation on employee performance, the study respondents were supposed state whether compensation affects employee performance. The results yielded were tabulated in table 4.8

Table 4.8 Whether Compensation affects Employee Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>95</td>
<td>65</td>
</tr>
<tr>
<td>No</td>
<td>51</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>100</td>
</tr>
</tbody>
</table>
Table and figure 4.8 indicate that 65% of the respondents agreed that compensation affects employee performance while 35% of the respondents disagreed with the statement. The response indicates that a large number of respondents in the study agree on compensation having an influence on employee performance and those few who did not agree further owed their explanation on the delayed compensation.

Table 4.9 Extent to which Compensation affects Employee Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high extent</td>
<td>48</td>
<td>33</td>
</tr>
<tr>
<td>High extent</td>
<td>56</td>
<td>38</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Low extent</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>No effect</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The analysis on table and figure 4.9 indicate that compensation affects employee performance to a high extent, followed by 33% who noted very high extent, 12% indicated moderate extent, 10% and 7% indicated low extent and no effect respectively. The analysis indicates an improved performance and cultured motivated employees within the organization to a high extent. As noted by Nawab (2011) compensation management can affect job satisfaction and employees’ organizational commitment. A similar sentiment is also shared by Grud (2008) as they note that extraordinarily high wage increases do not translate to increased performance and as such how organizations formulate their rewards policy determines their success. It is vital to note that a high workers turnover has a negative consequence on employee performance and the organization as a whole.
4.4 Leadership Style Influence on Employee Performance

The respondents were asked to indicate their views as to whether leadership style affects employee performance. Their responses were analyzed and presented in a table and figure below:

**Table 4.10 Whether Leadership Style affect Employee performance**

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>91</td>
<td>62</td>
</tr>
<tr>
<td>No</td>
<td>55</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>100</td>
</tr>
</tbody>
</table>

**Figure 4.10 whether Leadership Style affect Employee performance**

Table and figure 4.10 show that 62% of the respondents stipulated that leadership style affects employee performance while 38% of the respondents stated that it does not. From the answers were clear that Kengas Group Ltd managers have democratic setting ground for employees to do extremely well in their duties and everyday jobs. Democratic leadership environments allow employees to articulate their opinions although participating in decision making which creates a sense of ownership to occupation and
process decisions. This allows individual member of staff and the organization at large to enhance their performance.

Table 4.11 Influence of leadership style on Employee performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>82</td>
<td>56</td>
</tr>
<tr>
<td>High</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>Moderate</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Low</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>No effect</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.11 Influence of leadership style on Employee performance

In table and figure 4.11, 56% of the participants rate the effect of leadership style is very high, 30% indicated high, 9% indicated moderate, 4% and 1% of the respondents indicated low and no effect respectively. This as a result implies that Kengas Group Ltd practices encouraging leadership and embraces discussion in its management processes. This sets the arena for propelling employees to higher performance levels thus enhancing the organizations broad performance.
4.5 Training and Development Influence on Employee Performance

In order to establish how employee training influences their growth in the organization, participants were asked to affirm their opinion of career enlargement in the organization. The results were summarized in table 4.7 and 4.8.

Table 4.12 Whether training affects employee performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>107</td>
<td>73</td>
</tr>
<tr>
<td>No</td>
<td>39</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>100</td>
</tr>
</tbody>
</table>

The respondents were asked to indicate whether training affected employee performance in the organization. The analysis reveals that majority of the respondents at 73% agreed while 27% of the respondents disagreed. The analysis implies that training has a major effect on employee performance. Thus, lack of training and development programs can easily hinder performance of employees.
Table 4.13 Rating of training on Employee Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>44</td>
<td>30</td>
</tr>
<tr>
<td>High</td>
<td>47</td>
<td>32</td>
</tr>
<tr>
<td>Moderate</td>
<td>37</td>
<td>25</td>
</tr>
<tr>
<td>Low</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>No effect</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.13 Rating of training on Employee Performance

In table and figure 4.13, 30% of the participants to high extent concurred that training affects employee performance, 32% indicated the effect to be very high, 25% indicated moderate, 10% and 3% of the respondents indicated low and no effect respectively. The analysis implies that there was clearly defined carrier path for development, most of them reported that the organization offered online training courses, study leave and a favorable environment that was in line with their career development while those who were not in concurrence reported that the path for carrier growth was not obvious in the organization.
4.6 Effect of Work Environment on Employee Performance

In establishing the effect of workplace conditions in the organization, participants were asked to state their opinion of elements that influence employee’s behavior and the physical factors.

Table 4.18 Whether Work Environment affects Employee Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>123</td>
<td>84</td>
</tr>
<tr>
<td>No</td>
<td>23</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.18 Whether Work Environment affects Employee Performance

Table and figure 4.18 indicate that 86% of the respondents agreed with the sentiment that work environment affects employee performance against 16% of them who disagreed. The result illustrates that work place environment will aid at enhancing coordination and thus increase output and lower rates of performance levels. This is in line with the finding of Hameed and Amjeed (2009) that accomplishing daily task with dim light by employees causes eyestrain, headaches and irritability. Owing to these situations’ employees’ performance are significantly reduced.
Table 4.19 Extent of Work Environment on Employee Performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high extent</td>
<td>54</td>
<td>37</td>
</tr>
<tr>
<td>High extent</td>
<td>60</td>
<td>41</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Low extent</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>No effect</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.19 Extent of Work Environment on Employee Performance

From the table and figure 4.19, 37% of the respondents noted that work environment affects employee performance to a very high extent, 41% indicated high extent, 13% indicated moderate extent, 6% and 3% indicated low and no effect respectively. The analysis implies that the organization has instituted measures in place to handle issues that may arise due to work environment.
4.7 Employee Understanding of Performance

To create employees’ knowledge of performance, contribution in developing performance targets and the universal appreciation of performance management in the organization, participants were asked to affirm their perceptions. The findings were tabulated in Table 4.20 and figure 4.20.

Table 4.20 Understand of Performance Targets

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>136</td>
<td>93</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>146</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.20 Understand of Performance Targets

As illustrated in table and figure 4.20, 93% of the respondents agreed that they understand their performance targets clearly while only 7% do not comprehend their performance targets clearly. The analysis indicates that the organization sets targets equally with their managers in line with the organizational goals. This suggests that the organization has well well-versed workforce who recognize their job demand and responsibilities.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The segment of the study represents a consolidated report of the conclusion, findings, and recommendations for further study. The aim of the study was to; determine the effects of remuneration and compensation on the performance of employees, to ascertain the effects of leadership style to enhance worker performance, find determine influence of training and development to enhanced employee performance and to ascertain the effects of workplace conditions on the performance of employees. Findings of the research validates that the performance of employee is determined.

5.1 Summary of Findings

Data collected from sampled respondents allowed the study to assess factors that affect employee performance in the petroleum industry. Factors examined by the study consist of; remuneration, leadership style, training and growth of employees, workplace environment. Each of these factors was examined on the degree to which it affects employee performance in the petroleum industry.

From the study it is apparent that there is clearly defined policy for compensating and rewarding staffs, therefore this improves their performance and motivated them to put more effort into their work. This was represented by 33% of the respondents who asserted that compensation can improve and culture motivated employees to perform better.

65% of the staff agreed that a large number of respondents in the study agree on compensation having an influence on employee performance. This therefore reaffirms that KenGas group Ltd is one of the best paying organizations in the region. Perhaps this might be the reason the organizations retain their employees. Therefore, it is imperative to note that a high employee turnover has a negative consequence on employee performance and entire firm.
In view to the leadership style, 62% of the respondents stated that democratic leadership environments allow employees to articulate their opinions although participating in decision making which creates a sense of ownership to occupation and process decisions. This allowed individual member of staff and the organization at large to enhance their performance. Also, 56% of the respondent agreed encouraging leadership and embracing discussion in its management processes has a very high effect on employee performance levels. Thus, a platform for propelling employees to higher performance levels thus enhances the organizations broad performance.

Majority of the respondents at 73% agreed that training has a major effect on employee performance. Thus, lack of training and development programs can easily hinder performance of employees. Moreover, 32% of the respondents asserted that a clearly defined carrier path for development such as online training courses, study leave and a favorable environment enhanced employee performance levels to the maximum. Thus, it is evident that workers consider training to be a great value to their improvement development.

The findings also established that 86% of the respondents agreed that work place environment will aid at enhancing coordination and thus increase output and lower rates of performance levels. Consequently, 41% of the respondents indicated that the organization has instituted measures in place to handle issues that may arise due to work environment. These findings confirm that sufficient aeration in place of work is necessary for employee well being and output. Elegant design good aeration system reduces the risk exposure to airborne diseases thus avoiding job-related diseases, non-attendance and employee turnover.

The study also availed that 93% of the respondents that the organization sets targets equally with their managers in line with the organizational goals. This suggests that the organization has well well-versed workforce who recognize their job demand and responsibilities.
5.2 Conclusions
On effect of remuneration on workers’ performance, the findings determine that most of the staff whose performance was lacking complained that they were not remunerated well and those who agreed that they were remunerated performed well.

On effect of leadership on staff performance, the findings showed that most of the workers were open with their managers and this allowed them to like their work and attain targets in comparison to the ones who did not agree that they had excellent managers.

On effect of training and job enlargement on the performance of employee, the findings indicated that the company did not regular training program for their staff and this influenced their performance negatively.

On effect of workplace environment on the performance of employee, the findings indicated that conducive working place environment improves employees’ performance.

5.3 Recommendations
To enhance employee performance in the petroleum industry, the study recommends the following:

5.3.1 Compensation
The organization should develop attractive compensation and remuneration policies to motivate employees thus improve their overall performance. Well paid employees tend to perform better than their counterparts.

5.3.2 Training
Create and execute clearly defined training and development program that is employee orientated to enables them to obtain the required knowledge/competency and design job enlargement plans and program which in return have a positive influence on their performance.
5.3.3 Leadership
Similarly, it is necessary to improve and develop managers’ leadership skills to make sure that managers adopt positive management and leadership styles such as egalitarian leadership and enable staff sense that they are natured and supported by their leaders. This is essential since the research has visible indicates that management styles have a vital role on the performance employees.

5.3.4 Working Environment
Making sure that employee are inspired and natured in the organization by building a favorable working conditions, stipulation a clear remuneration policies, as well as making sure quick response is accorded to them on issues that are touching general performance.

5.4 Suggestions for Further Research
The study focused on four key variables that is; compensation, training, work environment, leadership style and work environment. On the other hand, there are possible factors that may influence employee performance in the petroleum industry. Based on this, a further study should be done to find out strategies designed at eliminating fraud so as to improve performance of employees and the organization.
REFERENCES


Tsai Kuen-Hung, Yu Kung-Don, & Fu Shih-Yi (2005). *Do employee benefits really offer no advantage on firm productivity? An examination of Taiwans shipping industry*, National Taiwan Ocean University, Taiwan.


APPENDICES

Appendix I: Introduction Letter

Date: ______________________

Dear Respondents,

RE: TO WHOM IT MAY CONCERN

I Fatuma Ahmed Direye a student from Management University of Africa is pursuing Bachelor of Management and Leadership specializing in Business Management. As a requirement from the University, I am supposed to conduct a research study on Factors Influencing Employee Performance in the Petroleum Industry: A Case Study of Kengas Group.

Kindly assist in answering questions on the attached questionnaire with accurate information that will be used for academic purpose only. Confidentiality will be observed and no information will be shared to any third-party organization.

Your assistance will be highly appreciated.

Yours faithfully,

Fatuma Ahmed Direye
Appendix II: Research questionnaire.

Part I: Personal Information

Please tick or select ONE applicable option

1. Please indicate gender of the respondent
   [ ] Female
   [ ] Male

2. Age of the respondent
   [ ] 18 – 25 years
   [ ] 26 – 35 years
   [ ] 36 – 45 years
   [ ] 46 – 55 years
   [ ] 56 – 59 years

3. Marital status of the respondent
   [ ] Single
   [ ] Married
   [ ] Divorced/ Separated
   [ ] Widowed

4. What is your highest level of education?
   [ ] University
   [ ] College
   [ ] Secondary
   [ ] Primary

5. Please state your professional qualification
   [ ] Post graduate
   [ ] Undergraduate
   [ ] Higher Diploma
   [ ] Diploma
   [ ] Certificate
   Other (specify) .................................................................

6. Which level of management do you belong?
[ ] Top management
[ ] Middle management
[ ] Low management

7. Please indicate your terms of service
[ ] Permanent
[ ] Contract

**Part II Compensation**

8. Does competition affect employee performance in the petroleum industry in Kenya?

[ ] Yes
[ ] No

9. To what extent does compensation affect employee performance in the petroleum industry in Kenya?

[ ] Very high extent
[ ] High extent
[ ] Moderate extent
[ ] Low extent
[ ] No effect

**Part III Leadership**

10. Does leadership affect employee performance in the petroleum industry in Kenya?

[ ] Yes
[ ] No

If yes, please explain

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

11. What is the influence of leadership style on employee performance in the petroleum industry in Kenya?
Part IV Training

12. Does training affect employee performance in the petroleum industry in Kenya?

[ ] Yes
[ ] No

If yes, please explain

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

13. How would you rate the effect of training on employee performance in the petroleum industry in Kenya?

[ ] Very high
[ ] High
[ ] Moderate
[ ] Low
[ ] No effect

Part V Work environment

14. Does work environment affect employee performance in the petroleum industry in Kenya?

[ ] Yes
[ ] No

If yes, please explain

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

55
15. To what extent does work environment affect employee performance in the petroleum industry in Kenya?

[ ] Very high extent
[ ] High extent
[ ] Moderate extent
[ ] Low extent
[ ] No effect

**Part V: Employee Performance Targets**

16. Do you understand employee performance targets set by your organization?

[ ] Yes
[ ] No

If yes, please explain

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

Thank You for your Response