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# MEDIATING EFFECT OF PERSONAL FACTORS POSITIVELY INFLUENCE THE RELATIONSHIP BETWEEN FINANCIAL MOTIVATION AND EMPLOYEE PERFORMANCE

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**ABSTRACT**
*Human resource management is critical to organizational success, yet Kenya Highlands University has experienced challenges such as poor staff performance and high turnover. This study examined the influence of financial and non-financial motivation on employee performance, with a focus on the mediating role of personal factors among university staff in Kericho, Kenya. The study was anchored on Herzberg's Two-Factor Theory and Vroom's Expectancy Theory. Adopting a positivist research philosophy, the study employed a correlational research design targeting all 80 university employees. Data were collected using structured questionnaires and analyzed with SPSS version 26 and SMART-PLS version 4.0, utilizing both descriptive statistics (mean and standard deviation) and inferential statistics. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to test direct and mediated relationships. The results revealed no significant direct relationship between financial or non-financial motivation and employee performance. However, personal factors – including intrinsic motivation, commitment, and proactivity – were positively related to performance. Notably, financial and non-financial motivation exhibited significant indirect effects on employee performance through personal factors, indicating a full mediating role. The study concludes that personal factors are critical in translating motivation into performance and recommends that the university consider employee personal attributes when designing financial and non-financial incentive programs. Prioritizing proactive, committed, and intrinsically motivated employees can enhance the effectiveness of motivational strategies and improve overall performance.*
**KEYWORDS:** *Financial Motivation, Non-Financial Motivation, Personal Factors, Employee Performance, Herzberg's Two-Factor Theory, Expectancy Theory, PLS-SEM, Kenya Highlands University, Kericho.*

## INTRODUCTION

In the twenty-first century, human capital is widely recognized as one of the most valuable assets of any organization. Effective management of employees is central to achieving organizational goals, and Human Resource Management (HRM) plays a critical role in this regard (Chris, 2012). This is particularly evident in the education sector, where national governments allocate substantial resources to develop and enhance higher education systems. In countries like Saudi Arabia, for instance, significant investments have been made to improve institutional capacity, infrastructure, and academic workforce development.

Despite these investments, academic administrators continue to face challenges in motivating faculty members in higher education institutions (HEIs) (Weightman, 2008). A lack of understanding of motivational processes among academic managers can negatively affect faculty morale and, consequently, their performance (Hsieh, 2007). Conversely, research indicates that well-structured motivation strategies positively influence the productivity and teaching effectiveness of lecturers (Weightman, 2008). Faculty motivation, therefore, is a critical determinant of institutional performance, and understanding its mechanisms is essential for improving organizational outcomes.

Global economic pressures have forced many organizations to adopt cost-cutting measures, often targeting human capital, which is among the most significant operational expenses (Painter Young, 2015; Lane, 2011). While such measures may sustain productivity in the short term, they risk demotivating employees and reducing overall performance (McNaughton et al., 2015; Lucky et al., 2015). Job security, compensation, and recognition are crucial determinants of employee morale and performance (Hibberd, 2014). Organizations operating in competitive environments must, therefore, carefully balance cost control with strategies that sustain employee motivation and performance.

Motivation is a key driver of employee performance. Motivated employees are more likely to invest effort, exhibit commitment, and enhance organizational productivity (Ganta, 2014; Chaudhary & Sharma, 2012). Motivation can be intrinsic—arising from personal satisfaction, achievement, or growth—or extrinsic, such as financial rewards, incentives, and recognition (Ryan & Deci, 2000; Re'em, 2011). Both forms of motivation significantly influence employee behavior, engagement, and performance outcomes. Institutions that prioritize employee welfare and motivation are more likely to achieve long-term sustainability and organizational success (Dobre, 2013; Albeiti, 2015).

In the context of higher education in Kenya, institutions like Kenya Highlands University (KHU) face persistent challenges in retaining and motivating qualified faculty. High staff turnover, limited full-time lecturers, and the predominance of part-time lecturers have adversely affected teaching quality and institutional performance. Despite the availability of financial and non-financial incentives, there remains a need to understand how personal factors such as intrinsic motivation, proactivity, and job commitment mediate the relationship between financial motivation and employee performance. Previous studies have largely focused either on financial or non-financial motivation in corporate settings (Burton, 2012; Locke, 2008; Armstrong, 2007), leaving a conceptual gap regarding the mediating role of personal factors in higher education contexts.

Addressing this gap is vital for several reasons. First, understanding the interplay between financial motivation and personal factors can help academic institutions design targeted interventions to enhance faculty performance. Second, it provides insights into how employee-related characteristics influence the effectiveness of motivation strategies. Finally, it contributes to theory and practice by proposing a motivation-performance model that integrates financial incentives with personal factors to improve overall organizational outcomes. Therefore, this study seeks to examine the mediating effect of personal factors on the relationship between financial motivation and employee performance among faculty at Kenya Highlands University, Kericho, Kenya. By exploring this relationship, the study aims to inform policies and practices that enhance employee engagement, productivity, and institutional effectiveness.

## REVIEW OF LITERATURE

### Motivation

Motivation is widely recognized as a key determinant of employee behavior, performance, and organizational effectiveness. James and Stoner (2009) define motivation as the individual psychological traits that enable a person to direct effort and persist toward achieving a goal. It consists of elements that guide, energize, and sustain goal-directed behavior. Jennifer and George (2006) emphasize that motivation is the mental energy that drives employees to perform effectively, particularly when facing challenges, and that organizational effectiveness is achieved when the workforce is adequately motivated, even when proper directives and strategic frameworks are in place. Similarly, Hellriegel (1996) describes motivation as any factor that causes, directs, or maintains goal-directed behavior, while Ivancevich (1994) notes that it regulates the duration, direction, and intensity of employee effort. Obikeze (2005) and Kreitner (1995) further emphasize that motivation aligns individual behavior toward achieving specific unmet needs, while George and Jones (2012) describe work enthusiasm as self-induced factors that determine the direction, effort, and commitment of employees toward accomplishing organizational goals. Collectively, these perspectives underscore that motivation is a critical internal driver that influences employee performance and organizational outcomes.

### Financial Motivation

Financial motivation refers to monetary rewards such as salaries, bonuses, merit pay, and other financial benefits that aim to encourage employee performance. Bates (2006) suggests that merit pay increases of at least 7% of base salary are necessary to effectively capture employee attention and motivation. While monetary incentives are often assumed to be primary motivators, studies show that their impact is limited and often short-term. For instance, Ellis and Pennington (2014) found that financial rewards attract employees but only temporarily increase motivation, while Kohn (Armstrong, 2007) argues that no controlled study has demonstrated a long-term improvement in work quality solely due to financial rewards. Slater (as cited by Armstrong, 2007) also contends that the universal belief in money as the ultimate motivator is overstated. Nevertheless, Gupta (2004) shows that money does have motivational effects when appropriately applied, but small or insufficient merit increases may lead to dissatisfaction. Studies indicate that financial motivation is more effective when combined with non-monetary incentives, as money alone may fail to sustain long-term commitment and performance (Wallace & Zeffane, 2011; Daft & Marcic, 2010).

### Non-Financial Motivation

Non-financial motivation involves intrinsic and organizational factors such as recognition, career development, autonomy, skill variety, and meaningful work. Herzberg's Two-Factor Theory (1959) highlights that while financial incentives (hygiene factors) prevent dissatisfaction, true performance improvements arise from motivators, which include these non-monetary elements. Research indicates that employees respond positively to recognition, opportunities for advancement,

decision-making autonomy, and a supportive work environment (Nelson, 2012; Daft & Marcic, 2010). These factors increase internal work drive, job satisfaction, and performance, particularly among lower-level or blue-collar staff, who benefit from flexibility, meaningful work, and recognition. Armstrong (2007) and Pfeffer (1998) further emphasize that meaningful work and purpose are stronger drivers of sustained employee effort than monetary incentives alone.

**Financial Motivation, Personal Factors, and Employee Performance**

Financial motivation, such as salaries and benefits, has been linked to employee commitment and efficiency (Ayeni, 2015). Myint and War (2020) found that financial rewards enhanced commitment as a personal factor, which subsequently improved performance compared to non-financial incentives. However, these studies did not establish a clear causal relationship between financial motivation, personal factors such as commitment and intrinsic motivation, and employee performance. This highlights the need to investigate the mediating role of personal factors in this relationship.

**Non-Financial Motivation, Personal Factors, and Employee Performance**

Non-financial motivation through training, recognition, and improved working conditions has been shown to influence employee performance by enhancing satisfaction (Ahmed, Oyagi, & Tirimba, 2015). While prior studies, including Myint and War (2020), suggest a link between non-financial motivation and performance, the specific role of personal factors—such as commitment, intrinsic motivation, and proactive behavior—remains underexplored. Examining how these personal factors mediate the impact of non-financial motivation on performance is essential to understanding the full dynamics of employee motivation.

**Research Gap**

Most prior studies have addressed motivation in general, without explicitly examining the mediating effect of personal factors. For instance, Bitesigirwe (2015) investigated the influence of social needs on staff performance in private schools, while Eshak, Jidi, and Zakaria (2015) examined the link between staff motivation and performance in private healthcare in Malaysia. However, no research has been conducted at Kenya Highlands University to assess how financial and non-financial motivation, mediated by personal factors, influence employee performance. This study seeks to fill this gap by exploring the interplay between financial motivation, personal factors, and employee performance in a higher education setting. Kenya Highlands University presents an appropriate context, given indications of low motivation, high absenteeism, delays in course completion, and staff turnover. By addressing these issues, the study provides insights into strategies for enhancing employee performance through effective financial and non-financial motivational practices.

**Theoretical Framework**

The study focuses on lecturer performance at Kenya Highlands University (KHU) as a unique case of employee performance, guided by staff performance theories which posit that both monetary and non-monetary factors influence employee behavior (Herzberg, 1959). In this study, Herzberg's Two-Factor Theory serves as the main theoretical foundation. Herzberg distinguished between hygiene factors**,** which prevent dissatisfaction, and motivators, which drive satisfaction and performance. Financial incentives such as salaries, bonuses, and allowances are classified as hygiene factors. While these factors may prevent employees from feeling dissatisfied, they alone are insufficient to enhance performance. Motivators, on the other hand, include intrinsic elements such as recognition, achievement, responsibility, and opportunities for career advancement. These personal factors are critical in fostering commitment, proactive behavior, and intrinsic motivation among employees, which in turn influence actual performance outcomes.

According to Herzberg (1959), employees derive satisfaction and enhanced performance primarily from motivators rather than from hygiene factors. In the context of this study, financial motivation acts as an independent variable whose effect on employee performance is not automatic but is channeled through personal factors. The mediating variables—intrinsic motivation, commitment, and proactive behavior—represent the internal drivers that determine how financial incentives translate into observable performance. This framework underscores the importance of recognizing that financial incentives alone may ensure compliance but do not necessarily lead to high performance unless personal factors are present to mediate the relationship.

Employee performance, the dependent variable in this study, is measured through task accomplishment, meeting deadlines, completion of assigned duties, and punctuality. Financial motivation, the independent variable, is operationalized through pay, incentives, and benefits, while personal factors as mediators include intrinsic motivation, commitment, and proactive behavior. By applying Herzberg's theory, the study is able to theoretically justify the mediating role of personal factors, explaining why employees who receive financial rewards may still perform variably depending on their personal motivation, commitment, and engagement. This approach provides a robust framework for understanding the dynamics between financial incentives and employee performance in educational institutions such as KHU.

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## RESEARCH METHODOLOGY

This study adopted a positivist research philosophy to ensure objectivity, as the phenomenon under investigation was examined without being influenced by the researcher's opinions. A correlational research design was employed to explore the direct and mediating relationships between financial and non-financial motivation, personal factors, and employee performance. This design aligns with the quantitative approach, enabling the use of both descriptive and inferential statistics. Descriptive statistics summarized the characteristics of the data, while inferential statistics, including correlation and regression analysis, tested the study hypotheses. The research was conducted at Kenya Highlands University (KHU) in Kericho County, Kenya, a private chartered institution offering programs across five schools: Business, Theology, Education, Library Sciences, and Computer Science. The study targeted all lecturers and relevant administrative staff responsible for performance evaluation, including the Quality Assurance and Registrar departments. A census design was adopted, encompassing all 80 employees (20 full-time lecturers, 52 part-time lecturers, and 8 HODs and management), ensuring complete coverage of the population and eliminating sampling errors.

Data were collected using a structured, self-administered questionnaire, adapted from Masinde (2010) and refined through a pilot test with ten participants from Great Rift University. The questionnaire consisted of four sections covering employee performance, financial motivation, non-financial motivation, and respondent demographics. Reliability was confirmed using Cronbach's alpha (>0.7), and validity was ensured through expert review for face, content, and criterion validity. Data collection followed ethical protocols, including voluntary participation, informed consent, confidentiality, and anonymity. Completed questionnaires were cleaned, coded, and analyzed using SPSS version 26 and SMART PLS version 4.0. Descriptive statistics summarized the data, while Structural Equation Modeling (SEM-PLS) assessed direct relationships between motivation variables and performance. The mediating role of personal factors was tested using the Baron and Kenny (1986) mediated regression approach. Findings were presented through tables, figures, and narrative interpretation to ensure clarity and transparency.

## RESULTS AND DISCUSSIONS

### Level of Financial Motivation

Level of financial motivation in KHU was examined using descriptive statistics that were based a five-point Likert Scale where 1 is strongly agree and 5 is strongly agree. The summary of mean and standard deviation was obtained on the level of agreeability of adoption and utilization of different financial motivations in table 1.

**Table 1: Financial Motivation**

| Financial Motivation | Sub-Categorize | N | Minimum | Maximum | Mean | Standard Deviation |
|---|---|---|---|---|---|---|
| Pay | Financial Reward | 74 | 1.75 | 4.00 | 2.6182 | .60566 |
| | Salary | 74 | 1.00 | 4.67 | 3.0180 | .72547 |
| | Wages | 74 | 1.00 | 5.00 | 2.5912 | .80087 |
| | Average | 74 | 1.73 | 4.55 | 2.7174 | .59766 |
| Incentive | Commission | 74 | 1.00 | 3.67 | 2.5586 | .56565 |
| | Bonus | 74 | 2.00 | 4.25 | 2.4358 | .59545 |
| | Profitability Sharing | 74 | 1.00 | 4.25 | 2.3007 | .64768 |
| | Average | 74 | 1.79 | 3.50 | 2.4575 | .43471 |
| Benefits | Sick Pay | 74 | 1.00 | 5.00 | 2.5236 | .72760 |
| | Vacation Benefit | 74 | 1.00 | 5.00 | 2.4122 | .74189 |
| | Retirement Benefits | 74 | 1.00 | 5.00 | 3.0912 | .71622 |
| | Average | 74 | 1.25 | 4.00 | 2.7095 | .56855 |

The financial motivation variables that is pay, incentive and benefits were further subdivided. In the pay sub-variable salary was the highest but weak positive financial motivator (mean=3.0180). Financial rewards and wages are the lowest level of pay in financial motivation (mean=2.6182 and 2.5912 respectively). The variation registered are high with financial reward as the lowest from salary and wages. This indicates that salary and wages vary based on some underlying issues. Therefore, the revealed that pay is the mostly adopted financial motivation but had negative motivation among the lecturers based on the level of payment the lecturers receive in the university (Mean=2.7174). However, the pay method has higher variation than other financial motivation which will be examined later whether the difference is based on department or designation (Standard deviation=0.59766).

Incentive registered negative level of motivation where profitability share is the rarely adopted across all financial motivation (mean=2.3007). Bonus and commission are considered more as compared with profit sharing (mean =2.4358 and 2.5586 respectively). The variation register among the incentive are low than pay and benefit since it does not vary

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across the lecturers. Benefits is the second adopted method in financial motivation but with negative motivation based on it level of motivation in the institution (Mean =2.7095). It is also the second highest varying after pay (standard deviation =0.56855).

Finally, retirement benefit was adopted as it had positive level among the benefit (mean =3.0912). It was also found that sick pay and leaves had the lowest negative level of contribution among the benefits (Mean=2.5236 and 2.4122 respectively). The variation across this group is moderately high which indicates some level of difference among different lecturers. The last but adopted method of financial motivation is incentive which has the highest level of demotivation in to the lecturers (mean = 2.4575). It variation was also low indicating that it is highly homogenous across the lecturers (Standard deviation = 0.43471).

**Level of Non-Financial Motivation**

The level of non-financial motivation was also determined using descriptive statistics based on five-point Likert Scale. The results were summarized in table 2 below.

**Table 2: Non-Financial Motivation**

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

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

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

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

**Level of Employee Personal Factors**

Personal factors of the employees were also examined and the summarized in table 3. The results utilized mean and standard deviation derived from a five-point Likert scale.

**Table 3: Employee Personal Factors**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Job Commitment | 74 | 1.29 | 4.14 | 2.7664 | .74158 |
| Effort put in to Accomplish Tasks | 74 | 1.00 | 5.00 | 3.5135 | .84793 |
| Understanding Work Process | 74 | 1.00 | 5.00 | 3.2162 | .76338 |
| Customer Care | 74 | 1.00 | 5.00 | 3.2162 | .89550 |

The findings showed that effort put in to accomplishing task was the highest level of personal factors (mean = 3.5135). However, there is high variation among lecturers (standard deviation = 0.84793). The results further show that

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understanding work process and customer care had the same level of personal factor (mean = 3.2612). Nevertheless, customer care varies more that understanding work process across the lecturers (standard = 0.89550 and 0.76338 respectively). Job commitment was the lowest with negative level in personal factors of an employee (mean = 2.7664). It was had also the lowest variation among the lecturers (standard deviation = 0.74158).

**Level of Employee Performance**

Level of employee performance was also examined and presented using descriptive statistics. The results were summarized in table 9 using mean and standard deviation based on five-point Likert scale.

**Table 4: Employee Performance**

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

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

**Hypothesis 1:** *Mediating effect of personal factors positively influence the relationship between financial motivation and employee performance*

The mediating effect of personal factors was examined on the relationship between financial motivation and employee performance. The analysis done in relationship to individual aspect of financial performance as well as collective aspect in comparison with direct effect of financial performance. This assisted in ascertaining whether it is no- mediation, partial mediation or full mediation. The summary results were presented in table 5.

**Table 5: Mediating Effect of Personal Factors on Financial Motivation and Employee Performance**

| Details | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/ STDEV\|) | P values |
|---|---|---|---|---|---|
| Financial Motivation -> Personal Factors -> Employee Performance | 0.309 | 0.324 | 0.110 | 2.812 | 0.005 |
| Financial Motivation -> Employee Performance | 0.001 | 0.009 | 0.157 | 0.004 | 0.997 |

Table 1 results for individual path analysis from pay, incentives and benefit in financial motivation through personal factors to employee performance were positive and significant (P<0.05). Personal factor mediates relationship between pay, incentive and benefit with employee performance. This implies that whether pay, incentives or benefit are utilized by the organization it has positive influence on personal factor which eventually leads to employee performance. Personal factors were also found to positively mediate the relationship between financial motivation and employee performance (t=2.812, P<0.05).

Personal factors had full positive mediating effect in the relationship between financial motivation and employee performance, since there exists no direct relationship between financial motivation and employee performance. This implies that financial motivation that not directly affect employee performance but must first affect personal factors which would eventually lead to improvement of employee performance.

**Hypothesis 2:** *Mediating effect of personal factors positively influence the relationship between non-financial motivation and employee performance.*

The mediating effect of personal factors was examined on the relationship between non-financial motivation and employee performance. The mediating effect of personal factors was also examined on the sub variable of non-financial motivation

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to revealed which factors affected the employee performance. The summary results were presented in table 6.

**Table 6: Mediating Effect of Personal Factors on Non-Financial Motivation and Employee Performance**

| Details | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|
| Non-Financial Motivation -> Personal Factors -> Employee Performance | 0.329 | 0.322 | 0.093 | 3.525 | 0.000 |
| Non-Financial Motivation -> Employee Performance | 0.062 | 0.099 | 0.186 | 0.331 | 0.741 |

Among non-financial motivation indicators only promotion and career development had was not moderated by personal factor in relation to employee performance (P>0.05). This implies that promotion and career developed had no significant impact on employee performance through personal factors. However, autonomy, recognition, responsibility, achievement and work condition was positively and significantly mediated by personal factor in relation to employee performance (P<0.05). This implies that autonomy, recognition, responsibility, achievement and work condition contribute significantly to personal factors which leads to improvement in employee performance. In general, personal factors had mediating effect on the relationship between non- financial motivation and employee performance (t=3.525, P<0.05). Since there was no significant direct relationship between non-financial motivation and employee performance resulting to full mediation effect. It implied that personal factors fully mediated the relationship between non-financial motivation and employee performance.

**Proposed Employee Performance Model**

The study proposes motivation performance model where employee personal factors mediate their relationship between financial and non-financial motivation on employee performance. This implies that the institution should considered strategies improving personal factors like job commitment, intrinsic motivation and proactive as well as improve financial and non-financial motivation in the organization. Otherwise, if financial and non-financial motivation only considered then there will be no change in employee performance. The institution can select and recruit employee who are part-time to full-time based on commitment, proactive and intrinsic motivation before investing on the lecturer through financial and non-financial motivation.

**Theoretical Implication**

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

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

**Managerial Application**

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

## CONCLUSIONS AND RECOMMENDATIONS

The study concludes that financial motivation has no direct relationship with employee performance. Similarly, non-financial motivation had no direct relationship with employee performance. However, personal factor fully mediated the relationship between financial motivation and employee performance. Similarly, personal factors had full mediating effect on the relationship between non-financial motivation and employee performance.

The study recommends that organization should consider both financial and non- financial motivation in respect to

personal factor through enhancing job commitment that is effective, continuance and normative as well as improving the effort put in accomplishing the work, understanding work process and customer care. Through improving these personal factors, the organization will be able to enhance performance of employees.

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