EFFECT OF REWARD ON EMPLOYEE PERFORMANCE: A CASE OF KENYA POWER AND LIGHTING COMPANY LTD, NAKURU BRANCH, KENYA

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A Research Project Submitted to Graduate School in Partial Fulfillment of the Requirements for the Award of the Degree of Masters in Business Administration of Egerton University

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DECLARATION AND RECOMMENDATION

Declaration

I declare that this is my original work and has not been presented for an award of a degree in this or any other university.

Signature..... Date.....8/4/13.....

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Recommendation

This research project has been submitted with our approval as University Supervisors.

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ABSTRACT

Today's organizations are operating in a very dynamic and highly competitive environment. To remain relevant in the market, they have to be able to respond quickly to ever changing customer demands. Reward management is one of the ways used by organizations for attracting and retaining suitable employees as well as facilitating them to improve their performance. KPLC is an organization that offers essential energy services that support other sectors of the economy. The management has established rewards in their organization in pursuit of increasing employee performance so as to ensure prompt and quality service. However, the extent to which the rewards adopted at KPLC have influenced employee performance is not established. This study therefore aimed at determining the effect of rewards on employee performance at KPLC. Specifically the study sought to determine the effect of promotion on employee performance, effect of cash bonus on employee performance, effect of electricity allowance on employee performance, effect of educational sponsorship on employee performance and effect of medical cover on employee performance. The study also sought to establish the extent to which perception of rewards on performance differed among employees based on demographic characteristics. The research adopted survey research design. Data was collected using questionnaires. Descriptive statistics (frequency tables, percentages) were used to present data. Inferential statistics (chi-square, multiple regression, t-test and ANOVA) were used to analyze the relationship between reward and employee performance. Data was analyzed with the help of the Statistical Package for Social Sciences (SPSS) computer programme. The findings of the study showed that promotion and cash bonus had no significant effect on employee performance while medical cover showed significant effect on performance. Educational sponsorship had no significant effect on performance for management staff while for union staff it had a significant effect. Electricity allowance had significant effect on performance for management staff while it showed no significant effect on performance for unionizable employees. Results also showed that there were no significant differences in the perception of rewards on performance among employees in their different demographic backgrounds. Because reward and motivation is personal, the study recommends the organization to know their employees well so as to employ the right motivation strategy; they should also adopt better ways of measuring performance for employees. Further research can be done to find out impact of other rewards on performance e.g. owning equity. Research can also be done to identify other variables that contribute to performance.

TABLE OF CONTENTS

DECLARATION AND APPROVAL ii
COPYRIGHT iii
ACKNOWLEDGEMENT iv
ABSTRACT v
TABLE OF CONTENTS vi
LIST OF TABLES viii
LIST OF FIGURES x
LIST OF ABBREVIATIONS xii
CHAPTER ONE: 1
INTRODUCTION 1

1.1 Background to the Study 1
1.2 Statement of the Problem 2
1.3 Objectives 3
1.4 Research Hypotheses 3
1.5 Significance of the Study 3
1.6 Scope and Limitations of the Study 4
1.7 Assumptions 4
1.8 Operational Definition of Terms 4
CHAPTER TWO: 6
LITERATURE REVIEW 6

2.1 Designing Effective Reward Policies 6
2.2 Reward Systems 8
2.2.1 Promotion 9
2.2.2 Cash Bonus 9
2.2.3 Medical Cover 10
2.2.4 Electricity Allowance 10
2.2.5 Educational Sponsorship 10
2.3 Theoretical Foundation 11
2.4 Performance 11
2.5 Relationship between Rewards and Performance 12
2.6 Empirical Research 13

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2.7 Conceptual Framework 17

CHAPTER THREE: **18**

RESEARCH METHODOLOGY **18**

3.1 Research Design 19

3.2 Target Population 19

3.3 Data Collection and Research Instruments 19

3.4 Validity and Reliability 19

3.5 Data Analysis and Presentation 19

CHAPTER FOUR: **21**

RESULTS AND DISCUSSION **21**

4.1 Demographic Characteristics of the Respondents 21

4.2 Rewards offered in the organization 24

4.3 Effect of Promotion on Employee performance 26

4.4 Effect of Cash Bonuses on Employee performance 29

4.5 Effect of Electricity Allowance on Employee Performance 30

4.6 Effect of Medical Cover on Employee Performance 33

4.7 Effect of Educational Sponsorship on Employee Performance 36

4.8 Perception of Reward on Demographic Characteristics 39

CHAPTER FIVE: **45**

SUMMARY, CONCLUSION AND RECOMMENDATIONS **45**

5.1 Summary 45

5.2 Conclusion 46

5.3 Recommendations 47

REFERENCES **48**

APPENDIX 1: Questionnaire (Mangement) **52**

APPENDIX 2: Questionnaire (Union) **61**

LIST OF TABLES

Table 4.1: Gender distribution of the respondents..... 20

Table 4.2: Age distribution of the respondents..... 21

Table 4.3: The distribution of staff in terms of years of service..... 21

Table 4.4: Highest education level attained..... 22

Table 4.5: Types of rewards in existence..... 23

Table 4.6: Source of awareness of rewards..... 23

Table 4.7: Aim of rewards..... 24

Table 4.8: Frequencies of effect of promotion (Management)..... 25

Table 4.9: Frequencies of effect of promotion (Union)..... 26

Table 4.10: Chi-square test for effect of promotion (Management)..... 27

Table 4.11: Effect of promotion on performance (Union)..... 27

Table 4.12: Frequencies of effect of cash bonus on performance..... 28

Table 4.13: Chi-square test for effect of cash bonus on performance..... 29

Table 4.14: Frequencies of effect of electricity allowance (management)..... 29

Table 4.15: Frequencies of effect of electricity allowance (Union)..... 30

Table 4.16: Chi-square test for effect of electricity allowance on performance (Mgt).... 31

Table 4.17: Chi-square test for effect of electricity allowance on performance (Union)..... 32

Table 4.18: Frequencies for effect of medical cover on performance (Management)..... 32

Table 4.19: Frequencies for effect of medical cover on performance (Union)..... 33

Table 4.20: Chi-square test for effect of medical cover on performance (Management)... 33

Table 4.21: Chi-square test for effect of medical cover on performance (Union)..... 34

Table 4.22: Frequencies of effect of educational sponsorship on performance (Mgt)..... 35

Table 4.23: Frequencies of effect of educational sponsorship on performance (Union).... 35

Table 4.24: Chi-square test for effect of educational sponsorship on performance (Mgt)...36

Table 4.25: Chi-square test for effect of educational sponsorship on performance (Union).36

Table 4.26: Overall performance rating for management employees..... 37

Table 4.27: Duration before responding to complaints..... 38

Table 4.28: Duration before supplying electricity..... 38

Table 4.29: Duration before connecting a customer with meter..... 39

Table 4.30: T-test for gender..... 39

Table 4.31: ANOVA for Age..... 40

Table 4.32: ANOVA for years in service..... 40

Table 4.33: ANOVA for education level..... 41

Table 4.34: Regression Model (Management)..... 42

Table 4.35: Regression Coefficients (Management)..... 42

Table 4.36: Regression Model (Union)..... 43

Table 4.37: Regression Coefficients (Union)..... 43

LIST OF FIGURES

Figure 2.1: Conceptual Framework.....18

LIST OF ABBREVIATIONS

HR: Human Resource

KPLC: Kenya Power and Lighting Company

CHAPTER ONE

INTRODUCTION

1.1Background to the Study

Reward management is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation. As a result of these pressures, HR managers seek to design reward structures that facilitate the organizations strategic goals and the goals of individual employees. Reward systems are very essential in an organization (Maund, 2001).

Rewards include systems, programs and practices that influence the actions of people. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance (Wilson, 2003).

The only way employees will fulfil the employers dream is to share in their dream (Kotelnikov, 2010). Reward systems are the mechanisms that make this happen. They can include awards and other forms of recognition, promotions, reassignments, non monetary bonuses like vacations or a simple thank –you. The greatest management principle is that things that get rewarded get done (Kotelnikov, 2010). Employers get more of the behaviour they reward, not what they hope for, wish for or beg for but what they reward. Thus when employees surpass their target or exceed their standard they should be rewarded immediately as a way of motivating them. By doing this, employees directly connect the reward with behaviour and higher performance they have attained.

Effective reward systems need to actually focus on the overall positive reinforcement. Positive reinforcement is a very effective tool since it acts as a stimulator. It also encourages the desired behaviour in organizations. Normally, it stimulates the individuals to take positive actions since they would want to gain by getting valuable things which may either be external or internal in nature. Programs that are effectively designed and managed can help in the overall reinforcement of desired behaviour including performance. Organizations can realign the goals of the organization with the reward systems and this will help to improve the performance of their staff (Torrington and Hall, 2006).

Scottrade Inc.; a firm that deals with financial services delivered superior performance and took care of its employees even in the turbulent environment that had gripped the entire financial services industry. The firm had given good performance and industry observers felt that its performance management and reward system was responsible for this (Purkayastha and Chaudhari, 2011).

Kenya Power and Lighting Company Ltd now renamed Kenya Power, is a limited liability company which transmits, distributes and retails electricity throughout Kenya. KPLC was incorporated in 1922 as the East African Power & Lighting Company. It changed its name to the Kenya Power and Lighting Company Ltd (KPLC) in 1983. The majority shareholder is the Government of Kenya and its institutions, while the rest is owned by private shareholders. KPLC owns all the transmission and distribution assets. The company buys electricity from generating companies in bulk and retails to customers. The company's key operations include; ensuring sufficient transmission capacity to meet demand, planning design, construction and maintenance of the distribution network and customer service.

KPLC Ltd. is divided into four administrative regions which are Nairobi, Coast, Mount Kenya and Western and it has many branches country wide. The research will be carried out at KPLC Nakuru main office, which is the Central Rift Sub Region headquarters.

1.2 Statement of the Problem

Reward management is one of the strategies used in organizations to improve organizational performance. Researchers, practitioners and scholars have established that there is a positive link between reward management and desired performance. KPLC is an organization that offers essential energy services that support other sectors of the economy. The management has established rewards in their organization; these include promotions, cash bonus, electricity allowances, medical cover and educational sponsorship in pursuit of increasing employee performance so as to ensure prompt and quality service. However, the extent to which the rewards adopted at KPLC have influenced employee performance is not established. This study therefore aimed at determining the effect of rewards on employee performance at KPLC.

1.3 Objectives of the Study

The general objective of the study was to determine the effect of rewards on employee performance at KPLC Nakuru. The specific objectives of this study were:

i. To determine effect of promotions on employee performance
ii. To determine effect of cash bonuses on employee performance
iii. To establish effect of electricity allowance on employee performance
iv. To determine effect of medical cover on employee performance
v. To establish effect of educational sponsorship on employee performance
vi. To establish the extent to which perception of rewards differed among employees based on demographic characteristics namely; age, gender, education and years in service

1.4 Research Hypotheses

i. There is no statistically significant effect of promotion on employee performance
ii. There is no statistically significant effect of cash bonuses on employee performance
iii. There is no statistically significant effect of electricity allowance on employee performance
iv. There is no statistically significant effect of medical cover on employee performance
v. There is no statistically significant effect of educational sponsorship on employee performance
vi. There is no significant difference in perception of rewards among employees based on demographic characteristics

1.5 Significance of the Study

The study is significant to the KPLC employees because they will be able to assess their performance as well as determine what rewards motivate them and influence them to perform better. Specifically, the study will reveal to KPLC management about the rewards they have in place, employee attitude towards them and whether they have any effect on employee performance. This study will enable the management to modify reward policies in order to improve performance. The scholars will also benefit from the study as it will provide information on different types of reward and their effect on employee performance and also identify areas of further research. The HR managers and employers will use this knowledge and disseminate it in their fields of specialisation.

1.6 Scope and Limitations of the Study

The study was carried out among employees of KPLC however the study was limited to KPLC employees in the Nakuru main office. It featured management and unionisable employees (field workers). The findings of this study may be generalised to other organizations but only to a limited extent. Finally, the study concentrated at the five reward measures mentioned. The period for which data was referred was from 2006 – 2010.

1.7 Assumptions

In this study, it was assumed that:-

i. The rewards mentioned in this study are the most prominently used in the organization
ii. When an employee take minimum time to complete an assignment they are performing
iii. When employees complete their tasks once without having to repeat they are performing
iv. When employees attend work they are deemed to be performing
v. The respondents were honest with their responses during the study

1.8 Operational Definition of Terms

HR- Human Resource: Refers to the employees who work in an organization

Reward: Refers to financial and non- financial benefits employees receive to attract and reinforce desirable behaviour.

Employee performance: It will be indicated by customer satisfaction, timeliness, achievement of targets and objectives, attendance and quality work.

Motivation: A set of energetic forces that originate both within as well as beyond an individual being to initiate work related behaviour and to determine its form, direction intensity and duration

Promotion: Refers to the advancement of an employee from one job position to another job position that has a higher salary range, a higher level job title and often more and higher level job responsibilities.

Cash Bonus: An additional payment given in addition to regular pay to employees for outstanding work.

Medical Cover: Scheme which pays the cost of medical treatment for employees and their family members when injuries and sicknesses occur.

Electricity Allowance: Additional payment given to employees to cover their electricity bill.

Educational Sponsorship: Tuition fees reimbursed to an employee on successful completion of a course that will expand their skills and knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Designing Effective Reward Policies

The task of developing a strategic rewards framework for organizations is usually challenging but necessary to survive in the competitive and changing market place. The process however cannot be copied from the organizations but needs to be designed, developed and grown within the unique environment of the organization (Wilson, 2003).

A well designed incentive program rewards measurable changes in behaviour that contribute to clearly defined goals. The challenge in developing such a program lies in determining what rewards are effective agents of change, what behaviours can be changed and the cost and benefits of eliciting change (Hartman et al, 1994).

An organization should always have defined goals and objectives. Successful organizations always ensure that their employees' personal goals and career goals are attuned to the organization's goals so that synergy is achieved and employees are motivated to further the organization's goals and objectives. Having a proper employee reward system or incentive plan is a tool that management can use as an external motivation to keep employees focused on the important issues. A well-designed employee incentive compensation plan will make each department or individual focus on things they can control. The best plans encourage the behaviours that create successful results (Schoeffler, 2005). The employee reward system should be effective and achieve the desired results thus leading towards organizational success.

Employee reward systems should reward outstanding performance that achieves results beyond expectations. Rewarding for expected work activities are counterproductive and only work that is over and beyond the assigned duties or exceptionally well performed should be rewarded. A good incentive plan must be quantified must be a predictable result to the employees and must be directly related to measurable performance beyond the norm (Normand, 2010). Employees should be aware of the link between their efforts and the rewards they receive. Organizations should put in place performance management programs that help in planning employee performance, monitor performance through measurement and feedback, assess performance against established goals, determine employee development

needs, recognize and reward goal achievement. Rewards should be used as a way of strengthening good behaviour among employees as well as productivity. Hence reward systems should be used as a way to reinforce positive behaviour.

Aspects of work that are rewarded include working overtime, taking initiative, team work, reliability, exceptional attendance, outstanding customer feedback, meeting deadlines or timeliness and productivity. Employers and managers should then design or come up with a system to measure or quantify all these aspects so that rewards are then given accordingly. An employee reward system that focuses on rewarding individual employees and teams will work as a driving force for employees to have higher performance hence end up accomplishing the organizational goals and objectives.

A good employee reward system should have three components: immediate, short-term and long term. The typical employee incentive plan should include a three –tier approach of immediate recognition of a job well done, short- term rewards for performance over a month or quarter, and long- term rewards for being a loyal employee over the years (Schoeffler, 2005).

Immediate rewards should be given to employees repetitively so that they can see the effect of their outstanding performance. Immediate rewards could be in the form of praise, announcement of a special award or cash bonus to the employee or group of employees. Managers should make sure that when an employee is praised, it should be in the hearing of other employees so as to give a "feel- good" feeling to the employee with outstanding performance.

Short term rewards could be made monthly or quarterly based on performance. Such rewards could be lump sum cash benefits, monthly or quarterly awards for best performance in different fields, special gifts for exceptional performance etc. When rewarding, it is good to note that not only individual employees but also teams should be rewarded for excellent team performance. Areas such as in service or administration require team performance and hence teams that perform excellently should also be the recipients of rewards. Incentive gift also help to strengthen the relationship between employers and employees. Incentive gifts also serve to enhance the bond between employers and staff members and it is a cost effective means of recognizing success (Yokoyama, 2007). They are usually given to boost employee morale, improve customer service by encouraging employees to give their best, enhance productivity and foster teamwork.

Long-term rewards work like a golden handcuff. An employee who has been performing well and has accumulated a treasure chest of long term awards will think twice of leaving his current job for another. Long term rewards could be in the form of being made partner, offering incremental stock options or cash benefits that can only be redeemed after many years or at retirement. Such rewards are very strategic for retaining the best human resources (Yokoyama, 2007).

When employees view reward plans as unfair or unrealistic for example, promotion on the basis of seniority or favouritism, it will definitely have a negative effect as a motivator. Thus for rewards to be effective, they have to be generous and effective and they have to be structured to attain a proper balance of motivating people to purpose and at optimum effort. One key process involves the degree of openness with respect to information about how the reward system operates and how employees will be rewarded. A second issue involves the degree of participation that is allowed in the design of the reward system and the ongoing administration of it (Jenkins, 1992).

2.2 Reward Systems

Every organization needs a strategic reward system that addresses four major areas; compensation, benefits, recognition and appreciation. Reward systems in many businesses have two main problems; either they are missing one or more of these elements (usually recognition and/or appreciation) or the elements that are addressed are not properly aligned with the company's other corporate strategies. Managers should therefore identify the behaviours that are important to the company. Those activities might include enhancing customer relationships, fine tuning critical processes or helping employees to expand their managerial skills (Sarvadi, 2010).

Benefits such as car loans, medical covers, club membership, ample office space, parking slots and company cars are another type of reward in a strategic reward system and employees do note the types of benefit that their organization offers. Companies that do not match or exceed the benefit levels of their competitors will have difficulty attracting and retaining top workers. Recognition and appreciation is another integral component of a winning strategic reward system. Recognition means acknowledging someone before their peers for specific accomplishments achieved, actions taken or attitudes exemplified through their behaviour. Appreciation on the other hand centres on expressing gratitude to someone for his or her action. Employees like to know whether they are doing good, bad or average.

2.2.1 Promotion

A promotion is a reward that recognizes employees' professional growth, expertise and capacity to contribute to the organization in new roles. Employees view promotions as desirable because of the impact a promotion has on pay, authority, responsibility and the ability to influence broader organizational decision making. A promotion raises the status of the employee which is a visible sign of esteem from the employer (Heathfield, 2000).

Promotions are a form of recognition for employees with exemplary performance and who make significant and effective work contributions. For this reward to be effective and seen as fair, individual contributors must be eligible for promotions that recognize and reward their role as contributors. A promotion is a powerful communication tool about what is valued within an organization. Therefore, promotions must be awarded to employees who play any role in the contribution of work and value (Wilson, 2003).

2.2.2 Cash Bonus

Cash bonus is another form of reward that organizations use to reward employees for exemplary performance. If an employee scores higher than a pre-determined level, he or she is bonus – eligible (Finkle, 2011). The size of cash bonus is determined by both the employee's performance (as reflected in their average rating) and the employee's current salary range. Performance bonuses once offered solely to top level executives no longer are so exclusive. Increasingly, companies are giving performance bonuses to junior workers to increase output. The most important reason why performance bonuses are on the rise is because the cash bonuses allow organizations to link employee reward to performance (Block and Lagasse, 1997).

Companies use cash bonuses to reward their employees' performance during the year under appraisal. But there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. Employees who receive a large bonus will likely want to get it next year too. On the other hand, employees who receive a miserly bonus and it reflects how the company assessed their performance, might consider improving next year (Finkle, 2011).

2.2.3 Medical Cover

Medical cover can be considered as one of the most highly valued company benefits an organization can offer its employees. The organization allocates a certain amount every year for the employee and immediate family and the money is accessed only in the event that sicknesses or injuries occur. Prompt access to diagnostic tests and eligible treatment helps employees get back to work quickly. Employee health benefits often increases morale and ensure them that they will be protected by the company that they have been loyal to even in their times of sickness. A happy worker is a satisfied worker so employers should make sure to use this employee motivation tool in order to give employees' morale a much needed boost (Morris, 2007). Employee benefits such as medical insurance are all morale boosters as they remove a degree of uncertainity from employees's life which allows him or her to focus on work (Keener, 2012).

Employee medical cover has other benefits; it increases productivity, helps to attract best employees, improves employee retention and employees can get to cover their families.

2.2.4 Electricity Allowance

Employers can also use allowances to employees for example electricity allowance as a reward to boost performance. The employee receives extra pay in their pay slips to cover for their electricity bill. The amount of money allocated usually depends on the job scale. The higher you go the more allowance an employee receives. This is a visible reward that can be included in the benefit package and it is independent of salary (Gustafson, 2011).

2.2.5 Educational Sponsorship

Employer sponsorship of staff on professional degrees or other work-focused training courses is an effective way of providing an employee reward. By offering professional development opportunities in the workplace, employee sponsorship is not only a ready-made method of motivating staff; it also enhances individual and business performance. The company also encourages employees to participate in educational programs that will expand their skills and knowledge and that are relevant to their work by reimbursing their tuition fees (Morris, 2007).

2.3 Theoretical Foundation

When certain specific conditions exist, rewards have been shown to motivate performance (Blinder, 1990). An individual's motivation to behave in a certain way is greatest when; an individual believes that the behaviour will lead to certain outcomes that these outcomes are attractive and the individual believes that performance at a desired level is possible. Motivation therefore best explains element of reward and the effect it has on performance. This study will be based on the following motivational theory.

2.3.1 Vroom's Expectancy Theory

Vroom suggested that individuals choose work behaviours they believe will result in the achievement of specific outcomes they value. In deciding how much effort to put into work behaviour, individual are likely to consider; valence which is extent to which the expected outcome is attractive or unattractive, the second one is instrumentality, which is the degree to which they believe that a given level of performance will result in the certain achievement of the outcome or desired rewards. Finally we have expectancy that is degree to which the employee believe that putting in effort will lead to a given level of performance

All these factors are often referred to as 'VIE' and they are considered to influence motivation in a combined manner. Managers should therefore attempt to ensure that their employees believe that increased effort will lead to performance and that performance will lead to valued rewards (Ryan and Pointon, 2005).

The relevance of this theory to the study is that KPLC has put up rewards that are supposed to be attractive so as to achieve a desired outcome which is employee performance. Thus employees have to exert effort in their work that will lead to a certain level of performance that is desirable by management, which will then result to a reward.

2.4 Employee Performance

Performance measurement is key to the success of incentive plans because it communicates the importance of established organizational goals. What gets measured and rewarded gets attention (Bohlander et al, 2001). For example, if an organization desire to be a leader in quality, then performance indexes may focus on customer satisfaction, timeliness or being error free. When selecting a performance measure, it is necessary to evaluate the extent to

which the employees involved can actually influence the measurement. Employers must also guard against 'ratcheting up" performance goals by continually trying to exceed previous results because it will lead to employee frustration and the perception that the standards are unattainable.

In the discipline of human resource management, different writers suggest the following indicators for measuring employee performance they include; quality, it can be measured by percentage of work output that must be redone or is rejected. Customer satisfaction is also another measure. Timeliness is another indicator measured in terms of how fast work is performed by the employee when given a certain task. Another measure of performance includes absenteeism/tardiness; employees are obviously not performing when they absent themselves from work. Achievement of objectives can also be used to measure performance. When an employee has surpassed his/her set targets, then he/she is considered to have performed well (Hakala, 2008 and Armstrong, 2006).

The management of individual performance within organizations has traditionally centred on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation. It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central (Torrington, Hall and Stephen, 2008).

Human resource policies and practices indeed do affect organizational as well as individual performance. Job satisfaction for example, has for a long time been seen as key to affecting business performance as well as commitment. In addition researchers have also identified motivation as the mediating mechanism and some identify trust and morale. In spite of more recent attention to commitment, motivation is still considered to be an important influence to performance (Torrington et al, 2008).

2.5 Relationship between Rewards and Employee Performance

One of the ways through which organizations can use rewards to improve performance is by setting targets in relation to the job e.g. giving a sales agent some sales targets. When the employee surpasses their target, he or she is given a specific amount of money in addition to the salary that the employee is given. Through this employees will always strive to improve performance so that they can get the money added unto their basic pay. This will

automatically make the employees who normally have low sales to improve so that they can also get receive the money (Maund, 2001).

Another way through which an organization can use rewards to improve performance of employees is through praise. Research shows that when human being are appreciated and praised then they always tend to improve their performance. Employees who show commendable improvement can be praised in the organizational weekly, monthly and also in the annual meetings. Through this other employees will also improve on their performance so that they can also be praised. Managers should make time to meet with individual employees with good performance and praise them for the good work. This plays a big role in improving employees' performance (Torrington and Hall, 2006). Organizations need to move away from the issue of rewarding employees once a year. When the rewards are often, employee's performance is greatly improved as compared to having the rewards only once a year. This is because when the reward is carried out often, employees tend to easily relate it to the performance than when managers wait to reward them later on. This is normally effective (Thomson and Rampton, 2003).

Another way through which organizations can use reward systems is through personalizing the reward. When organizations put the rewards to be so general, employees do not value it. By personalizing the reward there is the anchoring of the meaning of achievement more deeply than if it is treated as an administrative task that is mechanical.

Organizations can use rewards to improve the performance of employees by incorporating appraisal or promotion for employees who have a good record of performance. Managers should be on the look out for employees who perform well. This plays a big role in improving the performance in an organization (Legge, 1995).

Bartol and Locke (2000) identified several important aspects of organizational reward systems that are useful for motivating individuals to perform targeted behaviours. They include perceived fairness of rewards, employees setting challenging goals to achieve attractive rewards and practices that ensure that employees possess high self efficacy for performing the tasks.

2.6 Empirical Research

Ahmed and Ali (2008) carried out a research on the impact of reward and recognition programs on employee motivation and satisfaction. The research design used was

exploratory. Sample chosen for the study was 80 employees of Unilever companies and the data collection instrument used was a questionnaire. Pearson's correlation was used to analyze data to determine the degree of relationship between reward and satisfaction and motivation. Major findings indicated that there is a positive relationship between rewards and work satisfaction as well as motivation. Factors affecting satisfaction were identified; payment 86%, promotion 74%, work conditions 61%, personal 37%. Analysis showed immense support for positive relationship between reward and employee satisfaction. The researchers recommended that further studies can be done on impact of reward and recognition on motivation and satisfaction for diverse groups of people example gender, race and disability.

Duberg and Mollen (2010) undertook a study on reward systems within the health and geriatric care sector. The problem of the study was how reward systems designed in health and geriatric care are and whether the current reward systems affect the care quality. The thesis aimed to extend the knowledge of reward systems in health and geriatric care and know how these systems are designed and what their effects on quality of health and geriatric care are. The methodology took a qualitative approach and interviewed a sample of six leaders in both private and public organizations. Two of the leaders worked in geriatric care and four in health care. The theoretical framework was based on scientific literature about motivation and reward systems. Also literature specifically about wage conditions in the health care sector and the public sector was used. Findings showed that salary is an important aspect in the reward system; however other incentives like bonuses and shares were seen to generate an enjoyable work place and happy workers than motivate employees to be more efficient. Results showed that conditions for working with reward systems in the public sector are limited due to the lack of resources and complex large organisation structures with old traditions. This must be reconsidered to be able to work with well designed reward systems similar to those in private care organizations. The researcher recommended that further studies should be done to compare reward system and investigate its impact on an organization in relation with one that does not.

Axelsson and Bokedal (2009) did a study on rewards – motivating different generations at Volvo Car Corporation. The purpose of this thesis was to create a deeper understanding for whether managers are motivated by a reward system, and their thoughts and preferences concerning this and also look at generational differences. The thesis was based on a case

study of Volvo Car Corporation in Göteborg. The empirical data was based on twenty interviews with managers at the company. Major findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating. Titles are not motivational at all. However, opportunities for growth are motivating for both generations. It was concluded that differences between the generations do exist, although they are not of enough importance to differentiate the reward system. Both generations consider salary to be the most important part of a reward system and non-monetary rewards to be of great importance. The variable parts of the reward system are not perceived as motivating as they are believed to be, although it is needed. The authors recommended studies to be carried out on reward systems and how they impact on other interesting aspects like gender, life stage.

Prasetya and Kato (2009) undertook a study on the effect of financial and non financial compensation to the employee performance. A sample of 131 employees was selected. Based on results of multiple regression analysis, it was noted that promotion did not influence employee performance. Jamil and Raja (2011) investigated the impact of three HRM practices namely compensation, performance evaluation and promotion practices on employee performance of both public and private sector organizations of Pakistan. Three hypotheses were formulated with respect to previously discussed variables. 208 questionnaires were returned and regression coefficients were used to test the hypotheses. Result indicated that compensation and performance evaluation practices were significantly and positively associated with employee performance of both public and private sector organizations of Pakistan. On the other hand promotion practices were found to be insignificantly associated with employee performance of both public and private sector organizations.

Garlick (2009) carried out an online study of 1913 full-time employees and asked people to rank order 14 potential performance incentives in order of preference. These performance incentives included common extrinsic rewards such as cash bonuses, gift cards, award points, and travel awards, as well as intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects, and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people (74%) surveyed. Nine-out-of-ten (89%) listed cash bonuses within their top three preferences. However, the primary issue the study investigated was whether

offering cash bonuses really influenced employee attitudes, as well as other business outcomes. The results showed that offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact cash bonuses are nearly everyone's preferred reward. While cash bonuses are the most preferred reward for three-out-of-four, and among the top three rewards for nine-out-of-ten, those who only receive a cash bonus are just slightly more satisfied than those who get no reward at all. Furthermore, offering exclusively cash bonuses only seems to have very little impact on company performance, either in terms of increased customer service, or in increased profitability.

The above studies have dealt with reward in organizations and its relationship with factors such as employee motivation, employee performance, employee satisfaction and effect on quality of work done. Overall the studies show reward to have a positive effect. However, different rewards seem to have a different impact on employee attitude, satisfaction and performance. There are mixed findings when it comes to individual rewards and their effect on performance.

2.7 Conceptual Framework

In this study the dependent variable is employee performance and the independent variable is rewards. The variables and how they are related is shown in figure 2.1 below.

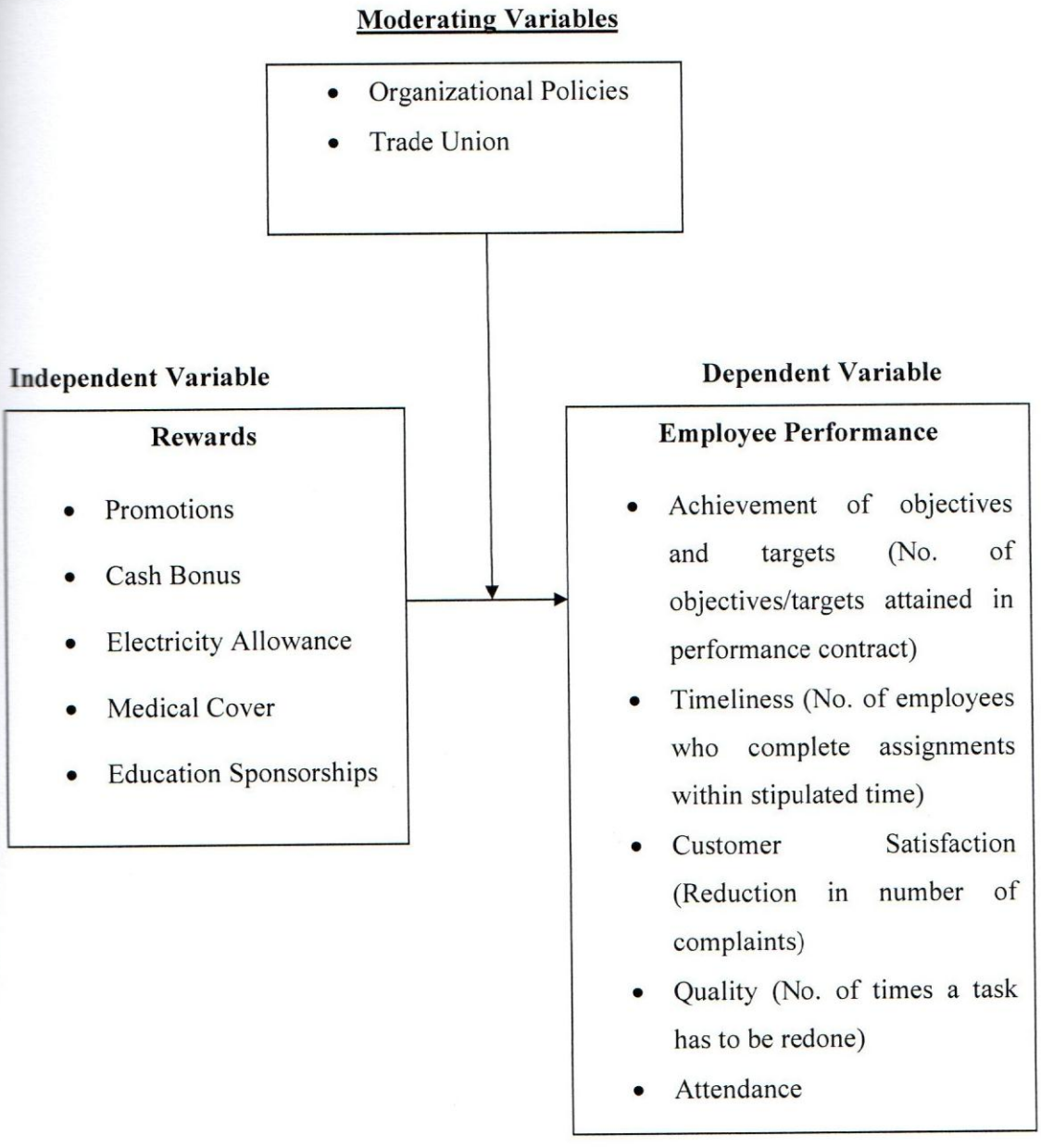


Fig 2.1: Conceptual Framework

(Source: Own conceptualization, 2012)

The conceptual framework has been used to show the various rewards in an organization in relation to employee performance. Specifically it has been used to illustrate the specific

rewards that have been selected for this study that is; promotion, cash bonus, electricity allowance, medical cover and educational sponsorship and how they may influence employee performance at KPLC. The performance indicators include achievement of targets, timeliness, customer satisfaction, quality and employee attendance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

In this study, correlational research design was used; a case study of KPLC. This design includes analysing the relationship between reward and employee performance. The researcher sought to establish the rewards applied at KPLC and find out if they have any effect on employee performance.

3.2 Target Population

The study population included management and union employees of Kenya Power and Lighting Company in Nakuru main office which had a total population of 183 employees. The study population consisted of 99 field workers who are among the unionizable workers and 84 employers from the management level. A census study was used, since the population was not too high.

3.3 Data Collection and Research Instruments

Questionnaires for management and union employees were designed based on the study objectives so as to provide in depth information for the study. The researcher obtained an authorization letter from the Faculty of Commerce, Egerton University. The questionnaires were issued to 183 respondents comprising of both union and management staff. The respondents were then given two weeks to complete the questionnaire.

3.4 Validity and Reliability

Validity refers to the extent to which the instrument collects data that it is meant to collect. It is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. In this study, ensuring validity of the data collection instrument involved going through the questionnaire in relation to the set objectives and making sure that it contains all the information that can enable answer these objectives. Reliability measures the degree to which a research instrument yields consistent results or data after repeated trials. To ensure reliability, the questionnaire was pre-tested on 20 respondents at KPLC Molo office. In this study a reliability co-efficient (Alpha value) of more than 0.7 was assumed to reflect the acceptable reliability. The objective of pre-testing was to allow for

modifications of various questions in order to rephrase, clarify and clear up any shortcomings in the questionnaire.

3.5 Data Analysis and Presentation

Data from the proposed research was coded, processed and analyzed using computer based statistical package for social sciences (SPSS). Multiple regression was used to measure the effect between reward and employee performance (Kothari, 2004).

Model 1

$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + Ui$-------n

Where Y= dependent variable (employee performance)

b_0= constant

$b_1 - b_5$ = regression coefficient

$x_1, x_2, x_3 x_4, x_5$= Independent variables (promotion, cash bonus, electricity allowance, medical cover & educational sponsorship)

Ui=stochautic random error term

ANOVA (analysis of variance) was used to determine whether there are significant differences between three or more groups or samples at a selected probability level. It was used to determine effect of reward on employee performance in relation to education level, years in service and age (Mugenda and Mugenda, 1999). Independent samples t-test was used to determine whether there are significant differences among two groups i.e. gender.

Chi-Square was used to establish the relationship between two variables both of which are categorical in nature. Specifically, it sought to establish degree to which promotion, cash bonus, electricity allowance, medical cover and educational sponsorship influence employee performance. Contingency table is a type of table in a matrix format that displays the multivariate frequency distribution of the variables in a matrix format. It was used to record and analyze the relationship between two or more categorical variables.

Descriptive statistics in form of frequencies, percentages, mean, was used to present data.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Demographic Characteristics of the Respondents

This section presents a brief description of the demographic characteristics of the sampled respondents involved in this study. Such a description is considered to be very important in providing a better understanding of the respondents included in the study and therefore provide a good foundation for a detailed discussion of the results based on the stipulated objectives of the study. The demographic characteristics included age, gender, and level of education and years of service.

Out of the questionnaires issued, the researcher got back 118 comprising of 50 from union members and 68 from management staff. It was easier to get more respondents from management staff because most of the unionisable staff were out in the field.

4.1.1 Gender of respondent

The study sought to find out the gender distribution of the respondents within the organization as shown in the table below.

Table 4.1 Gender distribution of the respondents

	Management Staff		Unionisable staff	
Gender	Frequency	Percent	Frequency	Percent
Male	39	57.4	41	82.0
Female	29	42.6	9	18.0
Total	68	100.0	50	100.0

From the table, 57.4% of the management staff were male while 42.6% were female, 82% of the unionisable employees were male while 18% were female. Overall the males are a majority; however this figure is seen to be higher among unionisable staff, this could be attributed to the nature of their work which prompts the organization to higher more male workers.

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4.1.2 Age of Respondents

Table 4.2 Age distribution of the respondents

	Management		Union	
Age	Frequency	Percent	Frequency	Percent
20-29	12	17.6	11	22.0
30-39	35	51.5	16	32.0
40-49	16	23.5	21	42.0
50-60	5	7.4	2	4.0
Total	68	100.0	50	100.0

For management staff, it was evident that majority of them 51.5% were aged between 30-39 years, 23.5% were aged between 40-49 years, and 17.6% are aged between 20-29 years while 7.4% are aged between 50-60 years. This goes to show that majority of the management staff are relatively young between the ages of 30-49. Majority of unionisable staff 42% were aged between 40-49 years, 32% were aged between 30-39 years, and 22% fell in the age bracket of 20-29 while only 4% were aged 50-60 years.

4.1.3 Number of Years in Service

The research was also interested in determining the distribution of respondents by working experience. The results are summarized in table 4.3.

Table 4.3 Distribution of staff in terms of years of service

	Management		Union	
Years	Frequency	Valid Percent	Frequency	Valid Percent
<5	23	34.3	12	24.0
5-10	9	13.4	14	28.0

11-15	19	28.4	2	4.0
16-20	7	10.4	5	10.0
>20	9	13.4	17	34.0
Total	67	100.0	50	100.0

From the findings, majority of management staff 34.3% had worked less than 5 years, 28.4% had worked between 11-15 years, 13.4% had worked for 5-10 years as well as over 20 years, whereas 10.4% had worked 16-20 years. This goes to show that majority of the management workers are relatively new in the organization and have been with the organization for less than 15 years. However, majority of the union workers 34% have been with the organization for over 20 years, 28% have worked for 5-10 years, 24% have worked for less than 5 years, 10% have been with the organization for 16-20 years and 4% have worked there for 11-15 years.

4.1.4 Education Level of Respondents

Table 4.4 Highest education level attained

	Management		Union	
Education level	Frequency	Percent	Frequency	Percent
Basic education	7	10.3	20	40.0
Diploma	29	42.6	21	42.0
Graduate	25	36.8	6	12.0
Post graduate	7	10.3	3	6.0
Total	68	100.0	50	100.0

According to the findings, 42.6% of management staff were diploma holders, 36.8% were graduates, 10.3% had post graduate degrees, while another 10.3% had basic education which comprised of primary and secondary education. The data showed that majority of management staff had at least a diploma or a higher degree. Also, majority of unionisable staff 42% were diploma holders. 40% had basic education, 12% were graduates while 6% had postgraduate degrees. This goes to show that majority of union workers also have a good education background. The findings from the data go to show that overall the organization is

interested in hiring employees with good education background and majority of the employees whether management or unionisable have at least a diploma.

4.2 Rewards offered in the organization

The study sought to find out whether the rewards of promotion, cash bonus, electricity allowance, educational sponsorship and medical allowance are offered in their organization. The results were as follows;

Table 4.5 Types of rewards in existence

	Management		Union	
Reward	F	%	F	%
Promotion	64	94.1	45	90
Cash bonus	65	95.6	-	-
Electricity allowance	64	94.1	42	84
Education sponsorship	54	79.4	36	72
Medical allowance	65	95.6	45	90

When asked about the rewards offered in their organization, 94.1% of management staff said yes to promotion, 95.6% agreed that cash bonuses are offered, 94.1% agreed that electricity allowance is offered, 79.4% agree that there is educational sponsorship in their organization while 95.6% agreed that medical allowance is offered. For union members, 90% agreed that promotions are offered in their organization, 84% agreed electricity allowance is offered, 72% agreed there is educational sponsorship while 90% agreed that medical allowance is offered. Therefore majority of the employees both management and union acknowledged that these rewards are present in their organization. The table below shows how the employees became aware of the reward system.

Table 4.6 Source of awareness of rewards

	Management		Union	
Source	Frequency	Percent	Frequency	Percent
Through Booklet	23	34.3	10	20.4
Workshop	14	20.9	6	12.2

Induction Course	25	37.3	9	18.4
Company Newsletter	23	33.8	13	26.0
Human Resource	39	57.4	19	40.0
Co. Policy Documents	25	36.8	7	14.0
Website	12	17.6	4	8.0
Other	2	3.0	3	6.3

From the findings above, majority of the employees became aware of the existence of their reward system through the HR department, other popular sources include induction courses, company newsletter, and employee booklet as well as company policy documents for management staff. Workshops and the company website proved not to be popular sources for finding out about the reward system for most employees.

Table 4.7 Aim of rewards

Aim of reward	Management		Union	
	F	%	F	%
Increase employee performance				
Agree	58	89.30%	38	86.40%
Not sure	1	1.50%	3	6.80%
Disagree	6	9.20%	3	6.80%
To attract and retain best employees				
Agree	43	67.2%	26	59.1%
Not sure	5	7.80%	5	11.40%
Disagree	16	25%	13	29.6%
To motivate staff				
Agree	58	86.60%	41	83.70%
Not sure	7	10.40%	1	2.00%
Disagree	2	3.00%	7	14.20%
Its a legal requirement				
Agree	20	31.80%	15	35.70%
Not sure	28	44.40%	15	35.70%
Disagree	15	23.80%	12	28.50%

From the table above, 89.3% of management staffs agree that the aim of having rewards is to increase performance, 1.5% were not sure while 9.2% disagreed. 67.2% agreed that the aim of having rewards was to attract and retain best employees, 7.8% were not sure while 25% disagreed. 86.6% agreed that the aim of rewards is to motivate staff, 10% were not sure while

only 3% disagreed. 31.8% of the respondents thought that it's a legal requirement, 44.4% were not sure while 23.8% disagreed.

From the table above, 86.4% of union staffs agree that the aim of having rewards is to increase performance, 6.8% were not sure while 6.8% disagreed. 59.1% agreed that the aim of having rewards was to attract and retain best employees, 11.4% were not sure while 29.6% disagreed. 83.7% agreed that the aim of rewards is to motivate staff, 2% were not sure while 14.2% disagreed. 35.7% of the respondents thought that it is a legal requirement, 35.7% were not sure while 28.5% disagreed that it is a legal requirement.

The findings go to show that majority of the employees management as well as unionisable staffs believe that the organization has put up rewards so that they can motivate staff and also increase performance.

4.3 Effect of Promotion on Employee performance

The study sought to find out the perception of respondents as to whether promotion motivates them to perform better. The results are presented in table 4.8 for management staff and table 4.9 for union staff.

Table 4.8 Frequencies of effect of promotion (Management)

	To achieve set targets		To attend work regularly		To complete assignments timely		To do quality work		To be productive	
Scale	F	%	F	%	F	%	F	%	F	%
Agree	64	97	45	69.2	45	69.3	47	72.3	63	94
Not sure	0	0	4	6.2	4	6.2	4	6.2	4	6
Disagree	2	3	16	24.6	16	24.6	14	21.6	0	0

The results in table 4.8 show the management response as to whether promotion motivates performance. In regards to achievement of set objectives, majority of the respondents 97% agree that promotions motivate them to work hard to achieve their set objectives and targets and 3% disagree. Majority of respondents 69.2% agree promotions motivate them to attend work regularly, 24.6% disagree, while 6.2% were not sure. 69.3% of the respondents agree that promotions motivate them to be timely in completing their assignments, 24.6% disagree while 6.2% were not sure. Majority of the respondents 72.3% agree promotion motivate them

to do quality work, 21.6% disagree, and 6.2% are not sure. 94% of the respondents agree that promotion help them to be more productive in their work and 6% were not sure.

From the findings, promotion is seen to have a positive effect, in terms of employee performance, we can tell that employees perceive that promotions are more effective when it comes to motivating employees to achieve their set objectives and targets as well as increasing productivity in the work place.

Table 4.9 Frequencies of effect of promotion (Union)

	To serve customer better		To attend work regularly		To complete assignments timely		To do quality work	
Scale	F	%	F	%	F	%	F	%
Agree	38	79.2	25	52.1	37	77.1	39	79.6
Not sure	2	4.2	1	2.1	0	0	0	0
Disagree	8	16.7	22	45.8	11	23	10	20.4

Table 4.9 shows frequencies of the union members respondents in regards to effect of promotion. Majority of the respondents 79.2% agree that promotions motivate them to serve customers better, 16.7% disagreed and another 4.2% were not sure. Majority of the respondents 52.1% agree that promotions motivate them to attend work regularly, 45.8% disagreed while 2.1% were not sure. 77.1% of the respondents agree that promotions motivate them to be timely in completing their duties, while 23% disagree. 79.6% agree that promotion motivate them to do quality work, while 20.4% disagree.

The results show that for union members, promotions do have a great influence when it comes to serving customers well, doing quality work and meeting deadlines. However, promotions did not seem to greatly influence the workers to attend work regularly.

The study sought to identify the number of employees promoted since they joined KPLC. It also sought to test the hypothesis that there is no significant effect of promotion on employee performance. Chi- Square test was used to establish the relationship between the two variables i.e. promotion and employee performance. Contingency tables were used to display the frequency distribution of the variables. The results were as follows;

Table 4.10 Chi-Square test for effect of promotion on employee performance (Management)

Ever been promoted	Categorised mean promotion		
	Moderate	High	Total
No	2	15	17
Yes	16	31	47
Total	18	46	64

(X^2=3.065, d.f=1, p=0.080)

The findings show that majority (73.4%) of the management staff had been promoted, at least once, since they joined KPLC while 26.5% have never been promoted.

Table 4.10 shows from the chi square analysis for management staff that there is no relationship between promotion and employee performance. Therefore promotion has no significant effect on employee performance (p=0.080).

Table 4.11 Effect of promotion on employee performance (Union)

Response	Categorised mean promotion effect			
	Low	Moderate	High	Total
Yes	2	12	29	43
No	0	1	4	5
Total	2	13	33	48

(X^2=0.439, d.f=2, p=0.803)

Table 4.11 shows that majority of the unionisable members had been promoted at least once since they joined the organization. The chi- square analysis shows no relationship between promotion and employee performance. Therefore there is no significant effect of promotion on employee performance for union members at (p=0.803). This means that the employees who were promoted and those who were not promoted perceived that promotion affected their performance in the same way. Therefore the null hypothesis that there is no significant effect of promotion on employee performance was accepted.

Promotion is the advancement of an employee from one job position to another job position; it normally comes with a higher salary range and a new job title. Promotion is a strong motivator for employees; it motivates employees towards professional development and

higher performance. Promotion is not only a motivator due to higher position and increased compensation package, but the fact of recognition and trust as well.

Promotions are very important because they allow employees to grow professionally, however for this reward to be effective, it must be seen as fair. If employees perceive the promotion system to be unfair, then it will not motivate them to exert effort to perform. Also, promotion difficulty is considered to lower employee's motivation, fairness in the practice of promotion exerted a strong influence, suggesting that the promotion system functioned as a motivator only if administered in a fair and just manner (Kiyoshi, 2006).

4.4 Effect of Cash Bonuses on Employee performance

The study sought to find out the perception of respondents as to whether cash bonuses motivates them to perform better. The results are presented in table 4.12 below.

Table 4.12 Frequencies of effect of cash bonuses on performance

	To attend work regularly		To work hard to achieve targets		To be timely		To do quality work		To be productive	
Scale	F	%	F	%	F	%	F	%	F	%
Agree	42	64.6	53	82.9	49	75.4	51	78.5	53	81.6
Not sure	9	13.8	5	7.8	7	10.8	6	9.2	8	12.3
Disagree	14	21.6	6	9.4	9	13.8	8	12.3	4	6.1

From the above findings, 64.6% of management staff agree cash bonuses motivate them to attend work regularly, 21.6% disagree and 13.8% were not sure. Majority of the respondents 82.9% agree cash bonuses motivate them to achieve objectives and targets, 9.4% disagree, and 7.8% were not sure. In respect to whether cash bonuses motivate employees to be timely in completing their duties, 75.4% agreed, 10.8% were not sure, while 13.8% disagreed. 78.5% agree that cash bonuses motivate them to do quality work, 9.2% were not sure and another 12.3% disagreed. Majority of the respondents 81.6% agree cash bonuses motivate them to be productive in their work, 12.3% were not sure while 6.1% disagreed.

The results show that majority of employees have a perception that cash bonuses motivate performance. Cash bonuses were perceived to have a great influence in motivating employees to achieve their targets as well as in motivating them to be more productive in their work; however it only has significant influence when it comes to motivating employee attendance.

The second objective of this study sought to establish the effect of cash bonuses on employee performance. A chi square test was hence used to test the null hypothesis that there is no statistically significant effect of cash bonus and employee performance. The results are as shown in table below.

Table 4.13 Chi-square test for effect of cash bonuses on employee performance

Receive cash bonus	Categorised mean cash bonus			
	Low	Moderate	High	Total
No	0	2	6	8
Yes	1	10	44	55
Total	1	12	50	63

(X^2=0.338, d.f=2, p=0.8)

The results in table 4.13 show that there is no relationship between cash bonuses and employee performance. Hence, there is no significant effect of cash bonus on employee performance (p=0.08). This is because those who receive cash bonuses and those who do not all agree that the cash bonus affects their performance the same. Therefore the null hypothesis that there is no statistically significant effect of cash bonuses on employee performance was accepted.

Cash bonuses are used to reward employees' performances during the year under appraisal, but there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. This explains why there is no difference in perception of cash bonus in regards to performance for those employees who have received it and those who have not. Also employees who have received it once will want to get it the next year too, those who did not get will consider improving so that they can get it next time (Finkle, 2011).

4.5 Effect of Electricity Allowance on Employee Performance

The study sought to find the perceptions of the respondents in regards to whether they are motivated to perform by electricity allowances. The results are illustrated in tables 4.14 and 4.15 below.

Table 4.14 Frequencies of effect of electricity allowance (Management)

	To be timely		To attend work regularly		To achieve set targets		To do quality work		To be productive	
Scale	F	%	F	%	F	%	F	%	F	%
Agree	31	48.5	30	46.9	32	50.1	29	45.3	46	71.8
Not sure	14	21.9	11	17.2	10	15.6	13	20.3	9	14.1
Disagree	19	29.7	23	36	22	34.4	22	34.4	9	14

From the study, 48.5% of management staff agree electricity allowances motivate them to be timely in completing their duties, 29.7% disagree and 21.9% were not sure. Majority of the respondents 46.9% agree that electricity allowances motivate them to attend work regularly, 17.2% were not sure while 36% disagree. 50.1% of the respondents agree electricity allowances motivate them to achieve their targets, 34.4% disagree, while 15.6% were not sure. The findings also show that 45.3% of respondents agree that electricity allowances motivate them to do quality work, 34.4% disagree and 20.3% were not sure. 71.8% agree electricity allowances motivate them to be more productive in their work, 14.1% were not sure and another 14% disagree.

The results show that electricity allowances are perceived to be motivational only to some extent for management staff however when it comes to performance, they are perceived to have a great influence in motivating employees to increase productivity in their work place and somewhat significant in motivating employees to achieve their objectives and targets. However, majority of the respondents indicate that electricity allowances are not motivational in influencing attendance.

Table 4.15 Frequencies of effect of electricity allowance on performance (Union)

	To be timely		To attend work regularly		To serve customers better		To do quality work	
Scale	F	%	F	%	F	%	F	%
Agree	17	37	14	31.9	15	33.3	15	34.1
Not sure	2	4.3	3	6.8	2	4.4	2	4.5
Disagree	27	58.7	27	61.4	28	62.2	27	61.4

Table 4.15 above shows the findings of the frequencies of electricity allowance on employee performance for unionizable staff. The results indicate that 58.7% of the respondents disagree that electricity allowances motivate them to be timely in completing their duties,

37% agree and 4.3% were not sure. Another majority of 61.4% disagree that electricity allowances motivate them to attend work regularly, 31.9% agree, while 6.8% were not sure. In regards to serving customers well, 62.2% disagree, 33.3% agree and 4.4% were not sure. 61.4% of the respondents disagree that electricity allowances motivate them to do quality work, 34.1% agree while 4.5% were not sure.

These findings greatly indicate that electricity allowances are perceived to be not motivational for unionizable staff. Majority of the respondents feel that electricity allowances did not have much influence when it came to serving customers, attending work regularly, being timely in their duties and doing quality work.

The study sought to test the null hypothesis that there is no significant effect of electricity allowance on employee performance. The chi- square results for management employees in table 4.16 below show that there is a relationship. Electricity allowance was perceived to significantly influence employee performance ($p=0.047$). Therefore the null hypothesis that there is no significant effect of electricity allowance on employee performance was rejected. This means that employees who receive electricity allowance perceive it to affect performance highly than those who do not receive.

From the table 4.16 below, majority of management employees who reported to have received electricity allowance agree that it affect their performance highly, while those who said no, their responses were distributed and a majority said it affected their performance moderately.

Table 4.16 Chi-square test for effect of electricity allowance on performance (Management)

Receive allowance	Categorised mean electricity			Total
	Low	Moderate	High	
No	1	3	1	5
Yes	1	27	31	59
Total	2	30	32	64

($X^2=6.118$, d.f =2, $p=0.047$)

However, when the same hypothesis was tested for unionizable employees, chi- square results as showed in table below show that there is no significant effect of electricity allowance on employee performance ($p=0.972$). Therefore the null hypothesis that there is no

significant effect of electricity allowance on employee performance was accepted. Therefore employees who received electricity allowance and those who did not perceive it to affect their performance the same, which is moderately as shown in table 4.17 below.

Table 4.17 Chi square test for effect of electricity all. on employee performance (Union)

Received allowance	Categorised mean electricity allowance effect			Total
	Low	Moderate	High	
No	3	5	3	11
Yes	8	15	10	33
Total	11	20	13	44

(x^2=0.056, d.f=2, p=0.972)

4.6 Effect of Medical Cover on Employee Performance

The study also sought to find out the perception of respondents as to whether medical allowances motivate them to perform. The results are illustrated in tables 4.18 for management staff and table 4.19 for unionizable staff.

Table 4.18 Frequencies for effect of medical cover on performance (Management)

	To do quality work		To attend work regularly		To be productive		To achieve set targets		To avoid delays	
Scale	F	%	F	%	F	%	F	%	F	%
Agree	57	87.7	62	95.4	61	93.8	60	92.3	59	90.8
Not sure	1	1.5	0	0	1	1.5	2	3.1	3	4.6
Disagree	7	10.8	3	4.6	3	4.6	3	4.6	3	4.6

From the findings majority of management employees 87.7% agree that medical cover motivates them to do quality work, 10.8% disagree and 1.5% were not sure. In regards to attending work regularly, 95.4% agree and 4.6% disagree. Majority of the respondents 93.8% agree that medical cover motivates them to do be more productive, 4.6% disagree and another 1.5% are not sure. Another majority of 92.3% agree that medical cover motivates them to work hard to meet their targets, 4.6% disagree, while 3.1% were not sure. 90.8% of the respondents agree that medical cover motivates them to meet deadlines, 4.6% were not sure, and another 4.6% disagreed.

The findings show that management employees perceive to be highly motivated by medical cover in carrying out their duties, majority of the respondents indicate that medical cover

influenced them to attend work regularly. This could be due to the fact that fast and prompt treatment enables workers to return to work back quickly (Morris, 2007). Also medical cover was perceived to have a great influence in increasing productivity, meeting targets, working within deadlines and doing quality work in that order.

Table 4.19 Frequencies for effect of medical cover on performance (Union)

	To avoid delays		To attend work regularly		To do quality work		To serve customers better	
Scale	F	%	F	%	F	%	F	%
Agree	32	78.1	32	78	25	61	28	68.3
Not sure	2	4.9	3	7.3	2	4.9	2	4.9
Disagree	7	17.1	6	14.7	14	34.2	11	26.9

The findings in table 4.19 above show that majority 78.1% of unionizable staff agree that medical cover motivates them to work within deadlines, 17.1% disagree while 4.9% were not sure. 78% of the respondents agree that medical cover motivates them to attend work regularly, 14.7% disagree and 7.3% were not sure. In the case of performing quality work, 61% agreed, 34.2% disagreed, while 4.9% were not sure. Majority of the respondents 68.3% agree that medical cover motivates them to serve customers better, 26.9% disagree, 4.9% were not sure.

Again, the findings on effect of medical cover on performance for union members tally with those for management. Medical cover was highly perceived to motivate employees to perform well. In terms of performance medical cover was seen to have a great influence when it came to motivating staff in meeting deadlines as well as attending work regularly.

This study sought to establish the effect of medical cover on employee performance. In order to do this a chi square test was done to test the null hypothesis that there is no significant effect of medical cover on employee performance. The results were as shown in tables 4.20 and 4.21.

Table 4.20: Chi-square test for effect of medical cover on performance (Management)

Receive medical cover	Categorised mean medical cover			
	Low	Moderate	High	Total
No	1	2	2	5
Yes	1	1	58	60
Total	2	3	60	65

(X^2=21.342, d.f=2, p=0.0001)

Table 4.21 Chi-square test for effect of medical cover on performance (Union)

Receive medical cover	Categorised mean medical effect			
	Low	Moderate	High	Total
No	4	1	2	7
Yes	0	8	26	34
Total	4	9	28	41

(x^2=21.605, d.f=2, p=0.0001)

Chi- square results show a relationship between medical cover and employee performance. From the findings it was evident that there is a significant effect of medical cover on employee performance for all employees across the divide at (p=0.0001). Therefore the null hypothesis that there is no statistically significant effect of medical cover on employees was rejected. This means that medical cover affects performance. Employees who receive medical cover perceive it to affect their performance positively than those who do not.

Table 4.20 above indicates that majority of management employees who receive medical cover said that it affected their performance highly, while those who reported to not receive the medical cover, their responses were distributed some indicating that it affected their responses moderately while the same figure indicated that it affected their performance highly. Majority of union members (table 4.21) who receive medical cover perceived it to affect their performance highly while majority of those who did not receive perceive it to have a low effect on their performance.

Medical cover is one of the most highly valued company benefits an organization offers its employees as well as their immediate family members. Medical cover increases productivity

as employees are able to access prompt treatment and get back to work quickly and it gives employees' morale a much needed boost (Morris, 2007).

4.7 Effect of Educational Sponsorship on Employee Performance

The study sought to determine the perceptions of the respondents regarding educational sponsorships and whether they motivate employee performance. The results are illustrated in tables 4.22 and 4.23 below.

Table 4.22 Frequencies of effect of educational sponsorship on performance (Management)

	To do quality work		To attend work regularly		To be productive		To be timely		To achieve set targets	
Scale	F	%	F	%	F	%	F	%	F	%
Agree	48	75	42	66.6	46	73	46	73	48	76.2
Not sure	7	10.9	6	9.5	6	9.5	6	9.5	6	9.5
Disagree	9	14.1	15	23.8	11	17.4	11	17.4	9	14.2

From the findings, majority 75% of management staff agree that educational sponsorships motivate them to do quality work, 14.1% disagree, 10.9% were not sure. 66.6% of respondents agree that educational sponsorships motivate them to attend work regularly, 23.8% disagree, and 9.5% were not sure. In respect to being productive at work, 73% of the respondents agreed that educational sponsorship motivates them, 17.4% disagreed, while 9.5% were not sure. Another 73% agreed that educational sponsorship motivates them to be timely in completing their duties, 17.4% disagreed, and 9.5% were not sure. Majority of the respondents 76.2% agree that educational sponsorship motivates them to work hard to achieve their set targets and objectives, 14.2% disagreed, while 9.5% were not sure.

These results indicate that management employees perceive educational sponsorship to have a motivational effect. It has a great influence when it comes to achievement of targets, doing quality work, completing duties within deadlines and increasing productivity and finally motivating attendance in that order.

Table 4.23 Frequencies of effect of educational sponsorship on performance (Union)

	To do quality work		To be timely		To serve customers better		To attend work regularly	
Scale	F	%	F	%	F	%	F	%
Agree	23	51.1	22	53.6	22	53.7	20	48.8
Not sure	6	13.3	3	7.3	3	7.3	4	9.8
Disagree	16	35.6	16	39	16	39	17	41.4

The results in table 4.23 show that 51.1% of the unionizable respondents agree that educational sponsorships motivate them to do quality work, 35.6% disagreed and 13.3% were not sure. 53.6% of the respondents agreed that educational sponsorship motivates them to be timely in their duties, 39% disagreed and another 7.3% were not sure. Majority of the respondents 53.7% agreed that educational sponsorship motivates them to serve customers better, 39% disagreed while 7.3% were not sure. As for attendance, 48.8% agreed that educational sponsorships motivate them to attend work regularly, 41.4% disagreed and 9.8% were not sure.

The findings indicate that educational sponsorships are perceived to have a motivational effect on unionizable staff. In relation to performance, it is perceived to have some effect when it comes to serving customers, meeting timelines and doing quality work in that order. However, less than a majority of the workers are motivated to attend work regularly.

The study sought to test the hypothesis that there is no significant effect of educational sponsorship and employee performance. In order to achieve this, chi square was used to establish the relationship between the two variables as shown in table 4.24 for management staff and table 4.25 for unionisable staff below.

Table 4.24 Chi-square test for effect of Educational sponsorship on employee performance (Management)

	Categorised mean education			
Benefited	Low	Moderate	High	Total
No	3	7	14	24
Yes	1	5	33	39
Total	4	12	47	63

(X^2=5.770, d.f=2, p=0.056)

Table 4.25 Chi-square test for effect of educational sponsorship on performance (Union)

Benefited	categorised mean education effect			Total
	Low	Moderate	High	
No	8	4	7	19
Yes	0	6	16	22
Total	8	10	23	41

(x^2=11.765, d.f=2, p=0.03)

The chi-square results for management employees (table 4.24) show that there is no relationship between educational sponsorship and employee performance. Therefore there is no significant effect of educational sponsorship on employee performance (p=0.056). The null hypothesis that there is no significant effect of educational sponsorship on employee performance was accepted. This means that management employees who received sponsorship and those who did not perceived that educational sponsorship affected their performance in the same way. Therefore there is no difference in performance for employees who received sponsorship and those that have not.

The chi-square findings for unionizable employees (table 4.25) show that there is a significant effect of educational sponsorship on employee performance (p=0.03). Therefore the null hypothesis that there is no significant effect of educational sponsorship on employee performance was rejected. This means that educational sponsorship do affect performance for union members. Majority of employees who received sponsorship perceived it to affect their performance highly, while majority of those who did not receive sponsorship perceive it to have a low effect on their performance.

Employees tend to be motivated by rewards such as educational sponsorship because they enhance their skills as well as provide opportunities for their career growth. Employee sponsorship is not only a ready made method of motivating staff, but it also enhances individual and employee performance (Morris, 2007).

Educational sponsorships usually provide employees opportunities for self improvement and development to meet the challenges and requirements of new equipment and new techniques of performing tasks (Tella, 2007). Therefore employees may find this reward very significant in tackling their day to day work.

Table 4.26: Overall performance rating for management employees

Rating	Frequency	Valid Percent
Poor	1	1.6
Good	16	26.2
Very good	39	63.9
Excellent	5	8.2
Total	61	100.0

From the results on overall performance rating as shown above, 1.6% of respondents said they performed poorly, 26.2% performed good, 63.9% performed very good while 8.2% performed excellently. This findings show that majority of the employees performed above average. Findings in this study have gone to show that there is a positive effect between rewards offered and employee performance. Therefore, the findings on the overall performance rating of employees agree with other findings in this study in relation to reward and performance.

The study also sought to find out the performance of unionizable employees in regards to responding to customer complaints, supplying electricity and connecting customers with meters. The results are as shown the tables below.

Table 4.27: Duration before responding to complaints

Duration	Frequency	Valid Percent
24 hours	42	87.5
3 Days	4	8.3
A week	2	4.2
Total	48	100.0

Majority of the respondents 87.5% said that they respond to customer complaints within 24 hours, 8.3% responded in 3 days while 4.2% responded in a week. This performance is in line with the organization's service delivery charter which proposes 7 days in responding to customer complaints. Therefore, the findings show that the union members do meet deadlines when it comes to responding to customer complaints.

Table 4.28: Duration before supplying electricity

Duration	Frequency	Valid Percent
within 24 Hours	10	21.3
3 days	9	19.1
2 weeks	9	19.1
One month	19	40.4
Total	47	100.0

The above table showed the duration that union members take to supply electricity. From the findings, 21.3% responded within 24 hours, 19.1% within 3 days, and another 19.1% in 2 weeks while 40.4% responded in a month. This goes to show good performance as their service charter proposes a 7 to 45 day period of supply depending on voltage required.

Table 4.29: Duration before connecting a customer with meter

Duration	Frequency	Valid Percent
within 24 Hours	18	38.3
3 days	7	14.9
a week	11	23.4
2 weeks	9	19.1
One month	2	4.3
Total	47	100.0

Results from the findings as shown in the table above, show that 38.3% of the workers connect customers with meter within 24 hours, 14.9% connect within 3 days, 23.4% connect within a week, 19.1% connect within 2 weeks while 4.3% take a month to connect. This performance of the union workers was also good compared to the deadlines proposed in the organizations service delivery standards which require 3 to 45 days depending also on voltage.

4.8 The extent to which perception of rewards on performance differed among employees based on demographic characteristics

The study sought to find out whether there was a significant difference in the perception of reward in relation to performance among employees based on demographic characteristics namely; gender, age, years in service and education level.

4.8.1 Gender

Table 4.30: T-test for gender

	Sex	N	Mean	Std. Deviation	Std. Error Mean
Overall mean	Male	66	3.6329	.79998	.09847
	Female	29	3.7234	.94719	.17589

t=0.480,d.f=93,p=0.632

T-Test was used to determine whether there were significant differences among male and female in perception of rewards on performance. The results show there is no significant difference in the perception of rewards on performance between males and females at (p=0.632).

4.8.2 Age

The table below has been used to illustrate whether there was significant difference in perception of respondents in regards to reward on performance among different age groups.

Table 4.31: ANOVA for Age

Overall mean

Age	Mean	N	Std. Deviation
20-29	3.4647	16	1.18417
30-39	3.7578	39	.74236
40-49	3.5688	34	.76987
50-60	4.0700	6	.78422
Total	3.6605	95	.84353

(F=1.068, p=0.367)

ANOVA was used to test whether there is a significant difference in perception of rewards on performance among different age groups. The findings indicate that there is no significant difference (p=0.367), meaning that employees in different age groups have the same perception of rewards in relation to performance.

4.8.3 Years in Service

The table below has been used to illustrate whether there was significant difference in perception of respondents in regards to reward on performance in relation to years in service.

Table 4.32: ANOVA for Years in Service

Overall mean

Number of years in service	Mean	N	Std. Deviation
<5	3.5625	28	.98901
5-10	3.9075	15	.84288
11-15	3.7876	18	.59875
16-20	3.4341	11	.68815
>20	3.6276	23	.89531
Total	3.6605	95	.84353

(F=0.716, p=0.583)

ANOVA was used to test whether there is a significant difference in perception of rewards on performance in relation to years in service that an employee has served. The findings indicate that there is no significant difference (p=0.583).

4.8.4 Education Level

The table below has been used to illustrate whether there was significant difference in perception of respondents in regards to reward on performance in relation to educational level.

Table 4.33: ANOVA for Education Level

Highest education level attained	Mean	N	Std. Deviation
Secondary school certificate	3.7851	21	.64334
Diploma	3.5314	38	.90709
Graduate	3.7032	28	.92274
Post graduate	3.6657	7	.71187
Total	3.6493	94	.84083

(F=0.463, P=0.709)

ANOVA was used to test whether there is significant difference between groups with different education levels in regards to perception of reward on performance. Findings show that there is no significant difference at (p=0.709). This means that employees with various education backgrounds have the same perception of rewards in relation to performance.

Table 4.34: Regression Model Summary (Management)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919[a]	.844	.829	.25754

The results in table 4.34 above shows the R square which shows the percentage contribution of the independent variables into the variability of the dependent variable. In this case the contribution is 84.4%.

Table 4.35 Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	-1.294	.401		-3.226	.002
promotion	.430	.090	.324	4.780	.000
cash bonus	.415	.090	.309	4.630	.000
electricity	.346	.074	.299	4.676	.000
education	.218	.081	.198	2.690	.010
medical cover	.481	.125	.227	3.857	.000

a. Dependent Variable: Overall mean performance

The table above tested the significance of the coefficients for each independent variable. The results show that all the rewards are significant and they contribute to performance. Furthermore, the beta coefficients show that promotion contributes to performance (β=0.324), cash bonus (β=0.309), electricity allowance (β=0.299), medical cover (β=0.227) and finally education sponsorship at (β=0.198).

Table 4.36 Regression Model Summary (Union)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.958[a]	.917	.907	1.24259

The results in table above shows the R square which shows the percentage contribution of the independent variables into the variability of the dependent variable. In this case the contribution is 91.7%.

Table 4.37 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	-3.605	.968		-3.725	.001
promotion	2.388	.685	.341	3.483	.001
electricity allowance	1.527	.349	.280	4.380	.000
education sponsorship	1.324	.389	.256	3.400	.002
medical cover	1.617	.478	.267	3.385	.002

a. Dependent Variable: Overall mean performance

The table above tested the significance of the coefficients for each independent variable. The results show that all the rewards contribute to performance significantly. Furthermore, the beta coefficients show that promotion contributes to performance at (β=0.341), electricity allowance (β=0.280), medical cover (β=0.267) and finally education sponsorship at (β=0.256).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study aimed at determining the effect of reward on employee performance at KPLC. Specifically, the study focused on the effect of promotion, cash bonuses, electricity allowance, medical cover and educational sponsorship on employee performance. The study also sought to establish the extent to which perception of reward on performance differed among employees based on demographic characteristics.

The findings showed that medical allowance had a significant effect on performance for all employees ($p=0.0001$) meaning that, employees who receive it perceive that it affects their performance highly and those who do not receive it perceive that it affects their performance moderately and lowly. Employees cannot be in a position to perform well in their duties if they are sick, also they cannot be able to concentrate well in their duties if their family members are also sick. Therefore the overall well being of an employee plus their family member contributes a lot in terms of employee performance.

Electricity allowance had a significant effect on performance for management staff ($p=0.047$) those who received it perceive that it affects their performance highly while those who do not receive it perceive that it affects their performance moderately. For union members, electricity allowance was perceived to affect performance the same way which is moderately, for those who had received it and those who had not. Hence it had no significant effect to performance ($p=0.972$).

Educational sponsorship had a significant effect on performance for unionizable staff ($p=0.03$) those who received it perceived it to highly affect their performance, while those who did not receive it perceive it to have a low effect on their performance. For management employees it did not have a significant effect to performance ($p=0.056$), meaning those who received it and those who do not both perceived it affects their performance the same.

Promotion had no significant effect on employee performance for both management and unionisable employees ($p=0.080$ and $p=0.803$) respectively. Those employees who had been promoted and those who had not been promoted both perform the same. These findings seem to agree with the findings of Prasetya and Kato (2009) who noted that promotion did not

influence performance. Jamil and Raja (2011), also found out that promotion practices were found to be insignificantly associated with employee performance.

Cash bonuses had no significant effect on employee performance (p=0.8), those who had received and those who had not received perceived it to affect their performance the same. Garlick (2009) found that cash bonuses do not seem to impact much on performance, those who receive are just slightly more satisfied than those who get no reward. Cash bonuses had little impact on company performance.

The study also found out that there are no significant differences among employees in different demographic characteristics in relation to their perception of rewards on performance as follows; age (p=0.367), years in service (p=0.583), education level (p=0.709) and gender (p=0.632). This means that gender, age, education level and years in service do not affect the perception on rewards on performance.

5.2 Conclusion

Promotion had no significant effect on employee performance for both management and unionisable employees. The study also concluded that cash bonuses had no significant effect on employee performance. Electricity allowance was perceived to have a significant effect in performance for management staff while for union members; it had no significant effect to performance. For management employees educational sponsorship did not have a significant effect to performance, however, there was significant effect of educational sponsorship on performance for unionizable staff. The study further concluded that there was significant effect of medical cover on employee performance,

The study also concluded that there were no significant differences among employees in their different demographic backgrounds in regards to their perception of rewards in relation to performance. When the five rewards were combined and a multiple regression carried out on them, they showed a significant effect on employee performance for both management and union employees. Therefore it can be concluded that overall, rewards do contribute to performance significantly.

5.3 Recommendations

5.3.1 Recommendations for Practitioners

Rewards have been known to have a positive effect on employee performance. However no reward system is perfect, this is because motivation is personal and what motivates one employee could be different from what motivates the next. Therefore, the organization should get to know their employees well so that they can employ the right motivational strategy.

Herzberg's motivator-hygiene theory says that if higher level needs were met like a sense of achievement, opportunities for personal growth and having responsibility were met, individuals would be motivated (Ryan and Pointon, 2005). The organization should hence focus on changing the intrinsic nature and content of jobs by enriching them to increase employees' autonomy, opportunities for them to take on additional responsibilities, gain recognition and develop their skills and careers so that employees can achieve peak performance.

The organization can also adopt better ways for measuring performance for their employees especially for unionizable staff who are not on performance appraisal so that rewards are seen to be given on a more transparent manner based on performance.

5.3.2 Recommendations for Further Research

This study did not focus on all the rewards. It mainly focused on promotion, cash bonus, medical cover, educational sponsorship and electricity allowance. Further research can examine the effect of other rewards such as owning equity and its an impact on performance.

Research can also be carried out to identify other factors such as training and working conditions, which may affect performance but which have not been studied to determine their effect. Such findings can enhance management of performance.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE (MANAGEMENT)

EFFECT OF REWARDS ON EMPLOYEE PERFORMANCE AT KENYA POWER AND LIGHTING COMPANY NAKURU

INSTRUCTIONS

Please take a moment to fill in the questionnaire honestly and exhaustively. You are assured that any information you give herein will be treated with utmost confidentiality and used only for the purpose of this research. Please enter the code number of your answer in the code column e.g. 1,2,3,4 or 5

SECTION A: GENERAL INFORMATION

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
A.1	Sex	1. Male 2. Female	
A.2	Age	1. 20 – 29 2. 30 – 39 3. 40 – 49 4. 50 – 60	
A.3	Department	.....	
A.4	Number of years in service	1. Less than 5 years 2. 5 – 10 years 3. 11 – 15 years 4. 16 – 20 years 5. Over 20 years	
A.5	Highest Education Level Attained	1. Primary School Certificate 2. Secondary School Certificate 3. Diploma 4. Graduate 5. Postgraduate Any other please specify.....	

SECTION B: CONCEPT OF REWARDS

Please indicate whether the following rewards are offered in your organization

B.1	Promotion	1. Yes 2. No	
	Cash bonus	1. Yes 2. No	
	Electricity Allowance	1. Yes 2. No	
	Educational Sponsorship	1. Yes 2. No	
	Medical Allowance	1. Yes 2. No	

Please indicate how you became aware of the reward system using the table below (tick as appropriate)

B.2	Employee Booklet	
2	Workshop	
3	Induction Course	
4	Company Newsletter	
5	HR Office	
6	Company Policy Documents	
7	Company Website	
8	Any other.....	

The aim of having a reward system in your organization is to:-

B.3	Statement	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
1	Increase employee performance					
2	To attract and retain best employees					
3	To motivate staff					
4	Its a legal requirement					

SECTION C: PROMOTION

C.1	Promotion refers to the advancement of an employee from one job position to another job position that has a higher salary range, a higher level job title and often more and higher level job responsibilities. Have you ever been promoted since you joined KPLC?	1. Yes 2. No	
C.2	How long did it take for you to get the current promotion?	1. Less than a year 2. 1-3 years 3. 4-6 years 4. 7-10 years 5. Over 10 years	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	Statement	Strongly Agree 1	Agree 2	Not Sure 3	Disagree 4	Strongly Disagree 5
C.3	Promotions motivate me to work extra hard to achieve my objectives and targets					
C.4	Promotions motivate me to attend work regularly					
C.5	A promotion motivates me to be timely by completing my assignments within the stipulated time.					
C.6	A promotion motivates me to do quality work by not having to keep repeating my various assignments					
C.7	Promotions motivate me to be more productive in my work					

SECTION D: CASH BONUS

D.1	A cash bonus is an additional payment given in addition to regular pay to employees for outstanding work. Do you receive cash bonuses in your organization after exemplary performance?	1. Yes 2. No	
D.2	What was the amount of the last cash bonus you received? (*Please indicate as a percentage of basic salary*)	1. Over 10% 2. 8% - 10% 3. 5% - 7% 4. 3% - 4% 5. 1% - 2%	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	Statement	Strongly Agree 1	Agree 2	Not Sure 3	Disagree 4	Strongly Disagree 5
D.3	Cash bonuses motivate me to attend work regularly					
D.4	Cash bonuses motivate me to work hard to achieve my objectives / targets					
D.5	Cash bonuses motivate me to be timely by completing my assignments within the stipulated time.					
D.6	Cash bonuses motivate me to do quality work by not having to keep repeating my assignments					
D.7	Cash bonuses motivate me to be more productive in my work					

SECTION E: ELECTRICITY ALLOWANCE

E.1	Electricity allowance is an additional payment given to employees to cover their electricity bill. Do you receive electricity allowance from your organization?	1. Yes 2. No	
E.2	What is the approximate amount of electricity allowance you receive per month?	1. Less than Ksh. 2000 2. Ksh. 2000 - 4000 3. Ksh. 4001 - 6000 4. Ksh. 6001 - 8000 5. Over Ksh. 8000	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	Statement	Strongly Agree 1	Agree 2	Not Sure 3	Disagree 4	Strongly Disagree 5
E.3	Electricity allowances motivate me to be timely in completing my duties					
E.4	Electricity allowances motivate me to attend work regularly					
E.5	Electricity allowances motivate me to work hard to achieve my set targets / objectives					
E.6	Electricity allowances motivate me to do quality work by not having to keep redoing various tasks					
E.7	Electricity allowances motivate me to be more productive in my work					

SECTION F: EDUCATIONAL SPONSORSHIP

F.1	An educational sponsorship is whereby an employee is reimbursed tuition fees after completing a course. Do you benefit from educational sponsorships in your organization?	1. Yes 2. No	
F.2	What is the total amount of educational sponsorship you have received in the last 5 years?	.....	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	Statement	Strongly Agree 1	Agree 2	Not Sure 3	Disagree 4	Strongly Disagree 5
F.3	Educational sponsorships motivate me to do quality work by not having to keep redoing various tasks					
F.4	Educational sponsorships motivate me to take my work seriously by attending work regularly					
F.5	Educational sponsorship motivate me to be more productive in my work					
F.6	Educational sponsorship motivate me to work hard by being timely in completing my duties					
F.7	Educational sponsorship motivate me to work hard to achieve my set targets / objectives					

SECTION G: MEDICAL COVER

G.1	A medical cover is a scheme which pays for the cost of medical treatment for employees and immediate family members. Do you receive medical cover from your organization?	1. Yes 2. No	
G.2	What is the maximum amount of medical cover paid by the organization over a year?	1. Ksh. 350,000- 500,000 2. Ksh. 500,001- 600,000 3. Ksh. 600,001- 750,000	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	Statement	Strongly Agree 1	Agree 2	Not Sure 3	Disagree 4	Strongly Disagree 5
G.3	Medical cover awarded meets my health needs thus i am motivated to do quality work					
G.4	Medical cover adequately caters for my well being thus i am motivated to attend work regularly					
G.5	Medical cover provides for me and my family's health needs thus i am motivated to concentrate on my duties making me to be more productive					
G.6	Medical cover received takes care of my health needs thus am motivated to work hard to achieve my set objectives /targets					
G.7	Medical cover awarded takes care of me and my family's health needs thus i am able to avoid delays by finishing my duties within set deadlines					

SECTION H: PERFORMANCE

H.1	Did you sign a performance appraisal?	1. Yes 2. No	
H.2	How often is performance appraisal carried out in your organization?	1. Weekly 2. Monthly 3. Quarterly 4. Semi - annually 5. Annually	
H.3	To what extent do the following rewards affect your performance?		

	Rewards	1 To a great extent	2 To some extent	3 To a low extent	4 To a very low extent	5 Not at all	
	Promotion						
	Cash bonus						
	Electricity allowance						
	Educational sponsorship						
	Medical cover						
H.4	What was your overall performance rating in your last performance appraisal?				1. Poor 2. Fair 3. Good 4. Very Good 5. Excellent		
H.5	What recommendation did you receive from your supervisor?				1. Reward 2. Sanction 3. Other (Specify)		

END

APPENDIX 2: QUESTIONNAIRE (UNION)

EFFECT OF REWARDS ON EMPLOYEE PERFORMANCE AT KENYA POWER AND LIGHTING COMPANY NAKURU

INSTRUCTIONS

Please take a moment to fill in the questionnaire honestly and exhaustively. You are assured that any information you give herein will be treated with utmost confidentiality and used only for the purpose of this research. Please enter the code number of your answer in the code column e.g. 1,2,3,4 or 5

SECTION A: GENERAL INFORMATION

NO.	QUESTIONS	ANSWER CATEGORIES AND CODES	CODE
A.1	Sex	1. Male 2. Female	
A.2	Age	1. 20 – 29 2. 30 – 39 3. 40 – 49 4. 50 – 60	
A.3	Number of years in service	1. Less than 5 years 2. 5 – 10 years 3. 11 – 15 years 4. 16 – 20 years 5. Over 20 years	
A.4	Highest Education Level Attained	1. Primary School Certificate 2. Secondary School Certificate 3. Diploma 4. Graduate 5. Postgraduate Any other please specify.....	

SECTION B: CONCEPT OF REWARDS

Please indicate whether the following rewards are offered in your organization

B.1	Promotion	1. Yes 2. No	
	Electricity Allowance	1. Yes 2. No	
	Educational Sponsorship	1. Yes 2. No	
	Medical Allowance	1. Yes 2. No	

Please indicate how you became aware of the reward system using the table below (tick as appropriate)

B.2	Employee Booklet	
2	Workshop	
3	Induction Course	
4	Company Newsletter	
5	HR Office	
6	Company Policy Documents	
7	Company Website	
8	Any other.....	

The aim of having a reward system in your organization is to:-

B.3	Statement	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
1	Increase employee performance					
2	To attract and retain best employees					
3	To motivate staff					
4	Its a legal requirement					

SECTION C: PROMOTION

C.1	Promotion refers to the advancement of an employee from one job position to another job position that has a higher salary range, a higher level job title and often more and higher level job responsibilities. Have you ever been promoted since you joined KPLC?	1. Yes 2. No	
C.2	How long did it take for you to get the current promotion?	1. Less than a year 2. 1-3 years 3. 4-6 years 4. 7-10 years 5. Over 10 years	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	Statement	Strongly Agree 1	Agree 2	Not Sure 3	Disagree 4	Strongly Disagree 5
C.3	A promotion motivates me to serve customers better which leads to a reduction in number of complaints.					

C.4	Promotions motivate me to attend work regularly					
C.5	A promotion motivates me to be timely by completing my assignments within the stipulated time.					
C.6	A promotion motivates me to do quality work by not having to keep repeating my various assignments					

SECTION D: ELECTRICITY ALLOWANCE

D.1	Electricity allowance is an additional payment given to employees to cover their electricity bill. Do you receive electricity allowance from your organization?	1. Yes 2. No	
D.2	What is the approximate amount of electricity allowance you receive per month?	1. Less than Ksh. 1000 2. Ksh. 1000 – 2000 3. Ksh. 2001 – 3000 4. Ksh. 3001 – 4000 5. Over Ksh. 4000	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	**Statement**	**Strongly Agree 1**	**Agree 2**	**Not Sure 3**	**Disagree 4**	**Strongly Disagree 5**
D.3	Electricity allowances motivate me to be timely in completing my					

	duties					
D.4	Electricity allowances motivate me to attend work regularly					
D.5	Electricity allowances motivate me to serve customers better leading to reduction in number of complaints					
D.6	Electricity allowances motivate me to do quality work by not having to keep redoing various tasks					

SECTION E: EDUCATIONAL SPONSORSHIP

E.1	An educational sponsorship is whereby an employee is reimbursed tuition fees after completing a course. Do you benefit from educational sponsorships in your organization?	1. Yes 2. No	
E.2	What is the total amount of educational sponsorship you have received in the last 5 years?	.....	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	Statement	Strongly Agree 1	Agree 2	Not Sure 3	Disagree 4	Strongly Disagree 5
E.3	Educational sponsorships motivate me to do quality work by not having to keep redoing various tasks					
E.4	Educational sponsorship motivate					

	me to complete my tasks within the set timelines					
E.5	Educational sponsorship motivate me to serve customers better leading to a reduction in number of complaints					
E.6	Educational sponsorships motivate me to take my work seriously by attending work regularly					

SECTION F: MEDICAL COVER

F.1	A medical cover is a scheme which pays for the cost of medical treatment for employees and immediate family members. Do you receive medical cover from your organization?	1. Yes 2. No	
F.2	What is the maximum amount of medical cover paid by the organization over a year?	1. Ksh. 150,000 – 300,000 2. Ksh. 300,001 – 400,000 3. Ksh. 400,001 – 500,000	

Indicate how you agree with the following statements by ticking the answer that most applies to you

No.	**Statement**	**Strongly Agree 1**	**Agree 2**	**Not Sure 3**	**Disagree 4**	**Strongly Disagree 5**
F.3	Medical cover awarded takes care of me and my family's health needs					

	thus i am motivated to avoid delays by finishing my duties within set deadlines					
F.4	Medical cover adequately caters for my well being thus i am motivated to attend work regularly					
F.5	Medical cover awarded meets my health needs thus i am motivated to perform quality work by not having to keep redoing various tasks					
F.6	Medical covers provides for me and my family's health needs thus i am motivated to serve customers better thus reducing number of complaints					

SECTION G: PERFORMANCE

G.1 To what extent do the following rewards affect your performance?

Rewards	1 To a great extent	2 To some extent	3 To a low extent	4 To a very low extent	5 Not at all
Promotion					
Electricity Allowance					
Educational Sponsorships					
Medical Cover					

G.2	How long do you take to respond to customer complaints?	1. Within 24hrs 2. 3 days 3. A week	

		4. 2 weeks 5. One month	
G.3	How long do you take to supply a customer with electricity?	1. Within 24hrs 2. 3 days 3. A week 4. 2 weeks 5. One month	
G.4	How long does it take to connect a customer with meter after payment?	1. Within 24hrs 2. 3 days 3. A week 4. 2 weeks 5. One month	

END

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