

EMPLOYEE INCENTIVE PRACTICES AMONG DAIRY FIRMS IN KENYA

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Dedication

This project is dedicated to all who supported me through prayers, financially or any other way. God bless them.

Acknowledgements

Special thanks to my family for all their support, my supervisor Professor K'Obonyo for his tireless guidance, my moderator Ms Muindi, all lecturers who taught me at the University of Nairobi and to the new friends I made during the MBA program.

DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

Signed Date.....

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This research project has been submitted for examination with my approval as the university supervisor.

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ABSTRACT

The Kenya dairy board was established to ensure the orderly and smooth development of the dairy sector in Kenya and to facilitate stakeholder activities towards a sustainable dairy industry that provides quality and competitive milk and milk products. The purpose of this study was to evaluate incentives practices of dairy firms in Kenya. The study employed descriptive research design for it portrays an accurate profile of situations. This was designed to describe the characteristics of a particular phenomenon in a situation. The study focused on 34 dairy firms in Kenya. The respondents were heads of the human resources function in the dairy firms. A purposive or judgmental sampling was used for the study. The study used a semi-structured questionnaire to collect primary data. A questionnaire was preferred because it was simple to administer and convenient for collecting data within a short time. The questionnaire was administered through email, drop and pick, courier or by personal administration depending on the convenient method to the specific respondents. The researcher used quantitative method of data analysis. Data collection from secondary sources was analyzed manually by first editing the information for accuracy, consistency and completeness and then categorizing it systematically.

The results indicated that most dairy firms provide bonus incentives to a great extent (40%), moderate (36%), large extent (12%), less extent (8%) and not at all (4%). The researcher established that most dairy firms provide protective clothing incentives to a great extent (68%) especially to staff in production department. The study also established that most (48%) dairy firm provides telephone allowance to sales staff and senior management purposely for sales leads. It was also revealed that most (72%) of the industry players provide education support to less extent hence there is need for dairy firms to continue providing education support its staff.

The finding shows that most (60%) of dairy firms provide end year party incentives to staff in appreciation for their efforts in generating revenue for the company. The study also revealed that most (60%) of dairy firms provide accommodation incentives to less extent. It was concluded that most dairy firms provide bonus, medical care, insurance cover, telephone allowance, off time annual leave, sick leave and commission incentives to their staff and dairy firms should incorporate fully bonuses as an incentive practice to all departments because they work towards achieving the overall objective of the firm and not sales department alone.

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LIST OF ABBREVIATION

KCC	Kenya Cooperative Creameries
KDB	Kenya Dairy Board
ERG	Existence, Relatedness, and Growth Theory
SDT	Self Determination Theory
TMT	Temporal Motivation Theory

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Rotundo (2002) stated that employee motivation programs have been around for hundreds, if not thousands, of years ago. It started with the club, progressed to the whip and has been becoming increasingly more sophisticated since the abolishment of slavery. Company incentives help employee morale and retention, but small businesses on tight budgets must find the most effective and appropriate ways to reward employees. An incentive is a tangible award that is earned by reaching a predetermined goal, sales representatives, for example, may receive a prize for reaching a particular sales goal, (Locke, 2001). The most common award types are travel vouchers and merchandise like electronics and gift cards. Incentives can be used for any type of business or employee. Many firms use them to recognize employees for length of service, birthdays or other contributions. Even in economic downturns, incentives play an important role in maintaining employee morale and should not be abandoned. In good times or bad, organizations are well served by creating a culture of recognition for their employees as well as their customers, (Campell, 1993).

Employee incentives have become significant element in the human resources toolbox, this is hardly surprising since competitive pressure and the pace of change have increased the demands on everyone at all levels of any company, and human performance has become notably more integral to the success of the company. Performance related pay (PRP) with its giveaway on target earnings (OTE) has become ubiquitous, (Rotundo, 2002).

In a study of Cohen (2001) found that incentives incite or tend to incite an action or greater effort, as a reward offered for increased productivity. The most important basis for granting incentives is excellence in performance but it does not preclude the use of other criteria such as effort and seniority. Excellence is the fundamental criterion in performance, and perhaps only for some people, and in some cases, it means more than the standard rate of performance, whether in quantity or quality, or provided in the working time, or cost savings, or provided in any other resource, and performance is above normal (or excellence in performance) or the final work product of all the most important criteria for the incentives, (Dalal, 2008).

1.1.1 The Concept Incentives

Incentives are inducement or supplemental reward that serves as a motivational device for a desired action or behavior, (Abraham, 1999). An incentive is any factor (financial or non-financial) that provides a motive for a particular course of action, or counts as a reason for preferring one choice to the alternatives. Since human beings are purposeful creatures, the study of incentive structures is central to the study of all economic activity (both in terms of individual decision making and in terms of co-operation and competition within a larger institutional structure).

Alexander et. al (2000) noted that remunerative incentives (or financial incentives) are said to exist where an agent can expect some form of material reward especially money in exchange for acting in a particular way. Moral incentives are said to exist where a particular choice is widely regarded as the right thing to do, or as particularly admirable, or where the failure to act in a certain way is condemned as indecent. A person acting on a moral incentive can expect a sense of self esteem, and approval or even admiration from his community; a person acting against a moral incentive can expect a sense of guilt, and condemnation or even ostracism from the community. Coercive incentives are said to exist where a person can expect that the failure to act in a particular way will result in physical force being used against them (or their loved ones) by others in the community for example, by inflicting pain in punishment, or by imprisonment, or by confiscating or destroying their possessions, (Alexander, P., Ryan, R., & Deci, E. 2000).

Economic prosperity and social esteem are often closely intertwined; and when the people in a culture tend to admire those who are economically successful, or to view those who are not with a certain amount of contempt the prospect of getting or losing a job carries not only the obvious remunerative incentives (in terms of the effect on the pocketbook) but also substantial moral incentives, (Ashforth, B. E., & Humphrey, R. H. 1993).

Incentives are payments linked to the achievement of previously set targets which are designed to motivate people to achieve higher levels of performance. The targets are usually qualified in terms of output or sales. The basic idea behind incentives is usually to link employee rewards with what he or she produces and so transform people's thinking from "employee" to "partner".

1.1.2 Incentive Practices

Incentive plans can be classified in several ways such as by level which are individual incentives plans and group incentive programs; employee group incentives for operating employees, managers, sales employees or professional or non-managerial employees; and job-related incentives.

Individual incentive plans provide income over and above base salary to individual employees who meet specific individual performance standards. Whilst group incentive programs pay all members of the group or team collectively when they meets their performance targets.

Employee group incentives pay operative staff i.e. cleaning staff, data processing clerks, assembly line workers and others a piece rate or a standard hour plan. Managers and executives play a central role in influencing divisional and corporate profitability. They may receive short-term bonuses which include cash and long-term incentives in addition to salary which may include stock options. Sales people rely heavily on sales commissions as an incentive and receive a combination of salaries and commissions. Professional and non-managerial employees receive stock options and merit pay as incentives as well as vacations, flexible work hours, equipment for home offices and improved pension plans.

1.1.3 Dairy Industry in Kenya

Kenya Dairy industry was established through an act of Parliament Cap 336 of the laws of Kenya. The board was established to ensure the orderly and smooth development of the dairy sector in Kenya (GOK 2001). The Kenyan Dairy sector dates back to the early 1900's when the colonial settlers introduced dairy cattle in Kenya. Dairy farming was then only a preserve of whites until 1956 when the Swynertton Commission allowed dairy farming by the Africans. The sector was under a monopoly by KCC until 1992 when the sector was liberalized (Mwangi 2005). This led to various challenges, key among them the emergence of a large informal sector and participation by private sector players in the milk business. This almost led to the collapse of the industry. However the last few years have seen a paradigm shift. The dairy sub sector is now one of the fastest growing sectors in the economy. This has led to increased stakeholder expectations. There is now increased demand for more efficient services among all the stakeholders from the Industry regulator which is Kenya Dairy Board (KDB 2007).

KDB (2007) indicated that human resource issues in the dairy industry are poor infrastructure in rural areas, lack of education among the farming population, making it difficult to change farm management systems, lack of knowledge about optimal feed, lack of a cold chain to protect milk quality, lack of access to well trained support service staff such as veterinarians, despite the huge volume of milk produced by the firms, processors find it hard to procure sufficient milk to meet consumer demand, increasing demand for imported products, insufficient research facilities to drive productivity and enhanced farming systems through the industry, and to drive genetic gain and lack of pasteurization law and strict implementation mechanism of milk food safety standards.

In spite of several decades, or centuries for some countries, of dairy farming in developing countries, the productivity of smallholder dairy (SHD) has remained at a relatively low level due to a lack of appropriate dairy research, (Cohen, 2001). Furthermore, the science and technology available in developed countries cannot be readily adopted by small farmers in developing countries due to the fact that their socio-economic and agro-ecological conditions are greatly different from those in industrialized countries. Some dairy technology developed in advanced countries may be appropriate for adoption by smallholder dairy farmers but most of these dairy technologies or dairy practices have never been transferred to smallholder farms due to lack of effective extension services. It is obvious that not all problems related to low productivity of smallholder dairying can be solved solely by research solutions. They are also influenced by other factors such as unfavourable government policies, lack of market outlets, and inefficient dairy extension services, (Mwangi, 2005).

1.2 Research Problem

Companies offer team based incentive pay to encourage team members to work together effectively. Individual incentive schemes can encourage competition between employees and may even lead to conflicting priorities. Team based incentives encourage collaboration and cooperation to achieve shared goals. Collaborative teams structure the work to ensure that each team member is able to use his skills and abilities most effectively (Cohen Charash, Y., & Spector, P.E. (2001).

The Kenya dairy board was established to ensure an orderly and smooth development of the dairy sector in Kenya and to facilitate stakeholder activities towards a sustainable dairy industry that provides quality and competitive milk and milk products. The sector was under a monopoly by KCC until 1992 when it was liberalized. This led to various challenges, key among them the emergence of a large informal sector and participation by private sector players in the milk business (KDB, 2007).

Cohen (2001) found that employee incentive programs have become increasingly important in the past as more and more companies have come to view their employees as their most important customers. Dairy firms have devoted more resources to motivating their employees so as to foster customer satisfaction and performance. Incentive programs improve employee performance as well as decrease turnover, increase customer satisfaction and enhance the public's awareness of the company products and services.

Many studies done here in Kenya did not focus on incentive practices among dairy industry. Serene (2010) carried out a study of firm's incentives in the savings and credit cooperative societies in Kenya. Dickens (2002) did a study on incentives practices in hospitality industry in Kenya. Mukuha (2006) did a study on employee's incentives in petroleum industry in Kenya. It is evident that these studies did not focus on incentive practices among dairy industry thus creating a knowledge gap. Therefore the research question for this study is: What are the incentive practices among dairy firms in Kenya?

1.3 Research Objective

To determine the employee incentive practices among Dairy firms in Kenya.

1.4 Value of the Study

The study was important to the dairy industry because it assisted the management to understand and appreciate emerging challenges that if not dealt with, affect the sustainability of employee's performance. The researcher therefore proposed new ways that can be used in the employee performance in order to make it more sustainable, the industry benefited from the researcher's new strategies that facilitated efficient performance of the employees, it also assisted the industry to appreciate other alternative ways of improving employee performance.

The study stands to benefit future researchers, scholars and academicians who may wish to study incentives on employee performance in related issues. The study also provided an attempt to derive a truth in a deductive manner and truth about behavior. An investigation into the background of the previous studies led to conclusions that enlightened other aspects of future study. In addition, the research enlightened the stakeholders on the influence of incentives on employee performance in the dairy industry, creating in them awareness and the interest of ensuring stability of their respective institutions. The study also enabled stakeholders to improve Performance of the dairy industry, business network.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the introduction, incentive theory and incentive practices.

2.2 Incentive Theory

Incentive theory in psychology treats motivation and behavior of the individual as they are influenced by beliefs, such as engaging in activities that are expected to be profitable. Incentive theory is promoted by behavioral psychologists, to mean that a person's actions always have social ramifications and if actions are positively received people are more likely to act in this manner, or if negatively received people are less likely to act in this manner, (Steven, 2011). Williams (2004) noted that incentive theory involves positive reinforcement; the stimulus has been conditioned to make the person happier. For instance, a person knows that eating food, drinking water, or gaining social capital will make them happier. As opposed to in drive reduction theory, which involves negative reinforcement: a stimulus has been associated with the removal of the punishment the lack of homeostasis in the body. For example, a person has come to know that if they eat when hungry, it will eliminate that negative feeling of hunger, or if they drink when thirsty, it will eliminate that negative feeling of thirst, (Robbins, 2007). Incentive theories include drive reduction theory and goal setting theory.

2.2.1 Drive Reduction Theory

Alexander (2000) indicated that the drive reduction theory grows out of the concept that we have certain biological drives, such as hunger. With time the strength of the drive increases if it is not satisfied (in this case by eating). Upon satisfying a drive the drive's strength is reduced. The theory is based on diverse ideas from the theories of Freud to the ideas of feedback control systems, such as a thermostat. In addition, it is clear that drive reduction theory cannot be a complete theory of behavior, or a hungry person could not prepare a meal without eating the food before he finished cooking it. The ability of drive reduction theory to cope with all kinds of behavior, from not satisfying a drive (by adding on other traits such as restraint), or adding

additional drives for tasty food, which combine with drives for food in order to explain cooking render it hard to test, (Greenberg, 2000).

Baumeister (2004) found that people are motivated by unsatisfied needs. The lower level needs such as Physiological and Safety needs will have to be satisfied before higher level needs are to be addressed. We can relate Maslow's Hierarchy of Needs theory with employee motivation. For example, if a manager is trying to motivate his employees by satisfying their needs; according to Maslow, he should try to satisfy the lower level needs before he tries to satisfy the upper level needs or the employees will not be motivated. Also he has to remember that not everyone will be satisfied by the same needs. The basic requirements build the first step in his pyramid. If there is any deficit on this level, the whole behavior of a human will be oriented to satisfy this deficit. Subsequently we do have the second level, which awake a need for security. Basically it is oriented on a future need for security. Human beings have wants and desires which influence their behavior, (Robbins, 2007).

This theory posits that there are three groups of core needs existence, relatedness, and growth, hence the label ERG theory, (Jones et. al. 2008). The existence group is concerned with providing our basic material existence requirements. They include the items that Maslow considered to be physiological and safety needs. The second group of needs is those of relatedness the desire we have for maintaining important interpersonal relationships. These social and status desires require interaction with others if they are to be satisfied, and they align with Maslow's social need and the external component of Maslow's esteem classification. Finally, Alderfer isolates growth needs' an intrinsic desire for personal development. These include the intrinsic component from Maslow's esteem category and the characteristics included under self-actualization, (Carver et. al. 2001).

2.2.2 Goal setting theory

Wigfied et. al. (2004) indicated that goal setting theory is based on the notion that individuals sometimes have a drive to reach a clearly defined end state. Often, this end state is a reward in itself. A goal's efficiency is affected by three features: proximity, difficulty and specificity. An ideal goal should present a situation where the time between the initiation of behavior and the end state is close. A goal should be moderate, not too hard or too easy to complete. In both cases,

most people are not optimally motivated, as many want a challenge (which assumes some kind of insecurity of success). At the same time people want to feel that there is a substantial probability that they will succeed. Specificity concerns the description of the goal in their class. The goal should be objectively defined and intelligible for the individual. A classic example of a poorly specified goal is to get the highest possible grade. Most children have no idea how much effort they need to reach that goal, (Ryan et. al. 2000).

Cervone et. al. (2006) noted that Self determination focuses on the importance of intrinsic motivation in driving human behavior. Like Maslow's hierarchical theory and others that built on it, Self Determination Theory (SDT) posits a natural tendency toward growth and development. Unlike these other theories, however, SDT does not include any sort of autopilot for achievement, but instead requires active encouragement from the environment. The primary factors that encourage motivation and development are autonomy, competence feedback, and relatedness. The latest approach in developing a broad, integrative theory of motivation is Temporal Motivation Theory (TMT). It synthesizes into a single formulation the primary aspects of several other major motivational theories, including Incentive Theory, Drive Theory, Need Theory, Self-Efficacy Theory and Goal Setting Theory. The original researchers note that, in an effort to keep the theory simple, existing theories to integrate were selected based on their shared attributes, and that these theories are still of value, as TMT does not contain the same depth of detail as each individual theory. However, it still simplifies the field of motivation and allows findings from one theory to be translated into terms of another, (Baumeister et. al. 2004).

Achievement Motivation is an integrative perspective based on the premise that performance motivation results from the way broad components of personality are directed towards performance. As a result, it includes a range of dimensions that are relevant to success at work but which are not conventionally regarded as being part of performance motivation. Especially it integrates formerly separated approaches as Need for Achievement with e.g. social motives like dominance. The Achievement Motivation Inventory is based on this theory and assesses three factors relevant to vocational and professional success, (Jones et. al. 2008).

2.3 Incentive Practices

Armstrong, (2001) defines benefits as elements of remuneration given in addition to various indirect financial and non-financial payments employees receive for continuing their employment with the company. Employee benefits include things like health care and life insurance pensions, time off with pay and child care facilities. Other benefits include pay for time not worked and comprise unemployment insurance, vacations and holidays, sick leave, parental leave, severance pay and supplemental unemployment benefits; Insurance benefits which include workers compensation, hospitalization, health and disability insurance, life insurance and benefits for part-time workers; Retirement benefits consisting of social security, pension plans and pension planning; and employee services benefit which include personal services and job related services. Personal services comprise credit unions, counseling services and employee assistance programs, whilst job related services consist of subsidized child care, elder care, employee transport, food services and education subsidies. In addition to this are personal security, financial assistance, personal needs, company car or fuel, clothing allowances, refund for telephone costs, mobile phones and credit card facilities, (Dessler, 2003). Different types of incentives are reviewed below.

Bonus money – money is a strong motivator and using bonus money as an employee incentive is one way to get the most from your staff, according to (Ellingson, Maria; Hunter, Lesley; Lung, Robert Bruce; Carey, Kym; Plunkett, Eric; 2010), you can reward sales and non-sales staff with cash bonuses based on individual performances as measured against company-determined metrics. You can help emphasize the bonus program by paying bonus money separately from base pay, and individual incentives are often more effective than group incentives. Create a system where employees can track their daily progress toward their incentive bonus payments, and encourage employees to ask how they can improve their work habits to take advantage of the bonus pay programs.

Cash bonuses as the most effective way to acknowledge a job well done by the accounting team after a major project. Be it an IT firm, or a non-IT firm, cash bonuses based on performance has always been a favourite among employees and employers alike. The satisfaction that comes from being recognized as an important and valued associate is an extremely powerful motivator for employees. "This is a very popular incentive that employees look forward to. It is enough to motivate an employee to turn a dream project into a growing, profitable business. Besides, if you

do not reward your employee on time, some other savvy businessperson will make them an offer that they cannot refuse," (Hamrin, Jan; Wingate, Meredith, 2003).

Flexible Schedules - the ability to create a flexible work schedule can be a strong performance incentive, according (Kubert, Charlie; Sinclair, Mark, 2011). Employees that meet pre-determined performance criteria can determine their own schedule for a month. Give the employees a range of work hours they can choose from, and allow them the ability to arrange their hours any way they want. If an employee that earns this incentive wants to work early in the day, take a four-hour break and then come back later in the day then that should be allowed. This kind of an incentive works well for the company as well because the employee feels like he has received a valuable incentive that costs the company nothing to administer.

Vacation Time - employees can be motivated to perform at a high level with the incentive of paid time off. Offer employees that produce beyond their established metrics the ability to add an extra one or two days of paid vacation per quarter to their existing vacation time. This can work as a cash reward as well if you allow employees to cash in their unused vacation time at the end of the year. When it comes to increasing the return on your investment in your company, most business owners think of getting increased value through investments in new computer systems, or more sophisticated warehousing equipment, or a larger facility. Yet, in today's business climate, it is the company's employees more than anything else that represents the single biggest investment that a business owner will make (Lantz, Eric; Doris, Elizabeth 2009). Properly designed performance incentive programs not only help to ensure that you achieve your business objectives, but they can actually help employees develop or enhance job skills, thereby improving employee performance and productivity. And, more productive employees become even more committed to achieving company goals, leading to repeat success and reducing staff turnover.

Communication - effective communications are crucial for getting a channel incentive program off the ground and rolling. As mentioned in other best practices, program stakeholders need to clearly understand things like strategy, goals, roles; and program participants need to understand the program value proposition, reward structure and rules. Communications that mark the program launch build the brand and drive participant awareness, interest and enrollment. Ongoing communications promote product sales and encourage participant engagement,

reflected in more point earning and reward redemption behaviors (Olz, Samantha; Fankl, Paolo; Sims, Ralph; Chandles, Hugo; Schomer, Steffen, 2008). Communications can also be used to reposition the program, aligning it with evolving business objectives. Employ every available medium to increase visibility to your channel partners and then leverage their engagement with the program to convey key marketing messages, strengthen your brand, increase product knowledge, education and more.

Premium pay – this is another option for employers who wish to offer incentives for work. One of the most common examples of premium pay is a voluntary wage increase for overtime, work on a holiday or hours over a weekend. Premium pay rates are usually based on a worker's regular hourly wage and add a percentage, such as double time or time and a half. Premium pay can motivate workers to spend extra time on their work to meet a deadline or volunteer for additional hours so that the business doesn't need to spend the time and money needed to recruit additional staff (Ellingson, Maria; Hunter, Lesley; Lung, Robert Bruce; Carey, Kym; Plunkett, Eric; 2010).

Commissions Hamrin, Jan; Wingate, Meredith. (2003) noted that commissions serve as both a reward and motivation for workers who earn them. A commission can refer to a percentage of the business a sales representative brings in, or a flat rate based on performance. Some workers, such as auto and insurance sales professionals, earn only commission. Others, including specialty retail sellers, are more likely to earn a low base wage in addition to a commission based on actual sales. Employees who earn commission see a direct link between their performance and their pay, which encourages motivation and promotes healthy competition within a workforce.

Stock Options - employers who want to offer financial rewards for their employees have another option in the form of company stock. Stock options are one way to reward employees, offering them a block of company stock as a reduced, fixed price that they can sell if the price rises. Stock purchase plans allow workers to buy stock at a price below current market rates, which they can then hold for as long as they wish (Kubert, Charlie; Sinclair, Mark, 2011). Owning stock in the company allows workers to exercise shareholder rights, such as voting for board members and receiving a copy of the annual report. It also ensures that the value of the reward is tied directly to the company's overall performance in the future.

Corporate Discounts - company products and services offered at a discount to staff or negotiated corporate discounts with certain retailers, recreational facilities or hotels/airlines. Today employees around the world can benefit from substantial discounts at nearly all the top retailers, when purchasing holidays, household appliances or everyday items like CDs or magazines, whether it is online, over the phone or in-store. Olz, Samantha; Fankl, Paolo; Sims, Ralph; Chandles, Hugo; Schomer, Steffen (2008) indicated that bonuses are a traditional form of rewarding and incentivizing employees. They consist of one-time payments that augment ongoing wage payments. For example, a group of workers may receive a bonus at the end of the year or upon the completion of a special project. Bonuses are salary-based, as when they take the form of an additional paycheck, or employers can choose to issue them at a flat rate for all workers. Bonuses can depend on overall company performance, individual performance or meeting a specific department or team goal.

Paid Days Off - employees are more likely to participate in wellness programs if they are given a periodical time off from their normal work. For instance, the employees may be given some couple of days to be off from their work if they achieve the set goals. Also, this incentive may be offered in form of incorporating the wellness program in the normal working hours. This latter approach may appeal to even non-interested employees (Ellingson, Maria; Hunter, Lesley; Lung, Robert Bruce; Carey, Kym; Plunkett, Eric; 2010).

Discounts and Subsidies - according to Lantz, Eric; Doris, Elizabeth (2009), employees may be offered discounts like insurance discounts. Also, membership to some fitness centers may be subsidized to encourage employees to join. To promote healthy eating habits among employees, the employees may be offered discounts when eating out in some restaurants that are known to be conscious on healthy eating habits. Well structure incentives based wellness programs may incorporate various subsidies and discounts offers for employees to choose from.

Job security - is the assurance (or lack of it) that an employee has about the continuity of gainful employment for his or her work life, (Ashforth, 1993). Job security usually arises from the terms of the contract of employment, collective bargaining agreement, or labor legislation that prevents arbitrary termination, layoffs, and lockouts. It may also be affected by general economic conditions. At an organizational level, job security is influenced by the state of the economy and prevailing business conditions. Currently, job security in many organizations is low as a result of

the weak economic climate. Concerns about job security increase feelings of pressure and stress levels. Individuals perceiving a low level of job security are more likely to seek greater stability and pursue alternative employment with a higher level of security, (Cote et. al. 2002).

Public sector organizations are often criticized for providing too much job security and failing to address underperformance. This leads to substandard performance by some individuals, and can frustrate other team members who are affected by the poor performance. Managing employee expectations regarding job security is the key to achieving and maintaining standard performance. Organizations can manage expectations by defining clear objectives and providing honest feedback. It is also important to ensure that perceptions of job security are aligned with reality, (Wegge et. al. 2007).

In an environment where workers are seeking employment security, employers should be focused on benefit offerings that support long-term career and livelihood. Flexible scheduling allows an employee to safeguard his/her livelihood through other things, like going to school. It also helps an employee address issues like childcare and eldercare, which alleviate personal and financial pressure. In effect, it helps further security, (Saari et. al. 2004). The term job security often causes confusion for employers, as well as employees. Today, with four generations in the workforce, it can be even more difficult to pin down exactly what it means. It becomes more about paycheck security, whether with a worker's current employer or another. With this in mind, organizations should also promote benefits from the standpoint of career and livelihood.

Rode (2004) indicated that employers regularly miss the opportunity to communicate with employees, and they miss the opportunity to communicate during the recruitment process; as a result they are not retaining employees, and they are not luring the best candidates. Although many employers are going the extra mile to provide benefits, they are not communicating the fiscal takeaway to employees. Consequently, organizations are not getting full return on their investments. Typically employees do not value it unless they are using it. It therefore becomes incumbent on employers to promote benefits in a way that resonates with the workforce. Health care, for example, can tap into the issue of security. In a similar vein, training and cross training that allow a candidate to take skills and move into another company and another field is a really hot issue right now; however, there are pitfalls. At the same time, marketing skills training as we are investing in you and your future can be used as a tool to attract, retain, and engage

employees. Showing career paths within the organization are also effective, and it is an area that is under communicated, (Mount et. al. 2006).

Employees are being targeted, and others are promising to deliver on the kind of employment security they are seeking. By first understanding what job security means to employees, and then understanding how benefit offerings can meet their needs, employers can do a better job of retaining their existing workers and recruiting new ones. The bottom line, for organizations of every size, is communication. There is a disparity of perception. Many surveys prove small employers offer the best benefits and the most creative solutions. But many job seekers think they have better benefits with large companies, (Judge et. al. 2001).

Job enrichment - is a process to motivate each employee by providing responsibility and variety of jobs, (Abraham, 1999). Many employers believe that money is the only prompting factor for employees and they wish to get more work out of employees, offering them more money. Job enrichment allows the employee control in planning their work and deciding authority how to complete it. It is one way desire to do a good job, to appreciate their contributions to company, and be as a team member. It always seeks to adopt positive ways to address everyone and rely on improving employee motivation and personal satisfaction, (Judge et. al. 2001).

The areas of improving job enrichment are Skill variety, Task identity and Task Significance. Skill variety includes enormous types of skills that are used to do a job interestingly. Task identity is a realization of visible outcome from executing a task. Task Significance involves how much importance given to the task in the company, (Judge et. al. 2001). Many companies provide training sessions on how each part of the company works together with others. In order to accept each and every responsibility, it is important that every employee should be aware that various areas of the company work together. Implementing employees from various areas of the company helps them in the significance of the tasks they perform. It includes a degree of freedom, independence and decision making which help in completing tasks of each employee. Employees like to be given responsibility which motivates them. Responsibility helps to speed up work processes by enabling the employee to make decisions. Autonomy is a very important role of job enrichment which gives the employee power and its importance, (Hackman, 1976).

Feedback represents the type of information about job performance and is obtained by the employee. It motivates the employee to perform as best as possible. Without a feedback, an employee does not have the way of knowing whether they are doing things correctly or incorrectly. Positive Feedback always motivates employees by recognizing their efforts. Negative Feedback helps them to improve in their work. There are various types of job enrichment programs conducted by companies which encourages employee participation and motivation. Moreover, environment is one way to enrich jobs. Grouping employees into teams and allowing them to plan, make decisions, and complete their goals gives employee satisfaction. The purpose of job enrichment is to improve the quality of an employee and motivate them to accomplish more, (Fried et. al. 1987).

Promotion Opportunities - 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, is called a promotion. Sometimes a promotion results in an employee taking on responsibility for managing or overseeing the work of other employees. Decision making authority tends to rise with a promotion as well. Visually, a promotion moves an employee's job up one level on an organizational chart. A promotion is viewed as desirable by employees 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 who receives a promotion which is a visible sign of esteem from the employer, (Guest, 2005).

A promotion is a form of recognition for employees who make significant and effective work contributions, (Cranny, 2002). Consequently, a dilemma arises in organizations since repeated promotions generally place an employee in a management role. Employers are challenged to provide alternative career paths for employees who deserve the benefits and recognition provided by a promotion, but do not aspire to manage the work of other employees. 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. Thus, a promotion must be available to employees who play any role in the contribution of work and value.

Employee development plans designed to improve performance focus on both corrective action and manager support. These types of plans are referred to as performance improvement plans or

similar terms that indicate the employee's performance needs improvement, (Pucell et. al. 2003). Performance improvement plans generally indicate the employer has enough confidence in the employee's skills and aptitude to invest the time necessary to design a plan that encourages growth and development. Companies that have progressive discipline policies could terminate someone who repeatedly shows signs of poor performance; however, an employee development plan can turn around performance provided there is strict oversight and guidance from a manager. Preparing an employee for accepting a promotion is another reason for designing an employee development plan. Cross-training and job shadowing are just two of the several training methods used in this type of employee development plan. These methods are particularly helpful when an employee is preparing to assume the role of another employee who is being promoted or planning to leave the company (Bowling et. al. 2005).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology of the study and it comprise of Research Design, Population, Data collection and Data analysis. The chapter addressed the actual methodologies used in the research process from its time of inception to the end. The role of both primary and secondary data in the process of addressing the various research questions was addressed and the manner in which data was collected and later analyzed to reach a reliable conclusion was discussed.

3.2 Research Design

The study employed descriptive research design. This design was considered appropriate because data was collected from the human resource department in the dairy firms at one point in time.

3.3 Target Population

The population consisted of 34 dairy firms in Kenya. This was a census study because all firms was studied.

3.4 Data collection

The study used both structured and semi-structured questionnaire to collect primary data. The questionnaire was administered through email, drop and pick or by personal administration depending on which method is convenient to the specific respondents. The semi structured questionnaire was divided into two parts, A and B. Part A addressed general information of the respondents in the dairy firm, part B address incentives. Questionnaires were administered to the person in charge of the human resources function.

3.5 Data Processing and Analysis

The data was examined and checked for completeness and comprehensibility. Descriptive statistics such as mean scores, standard deviation, frequency and percentages was used to analyze the data. The results were presented in tables and charts.

CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 Introduction

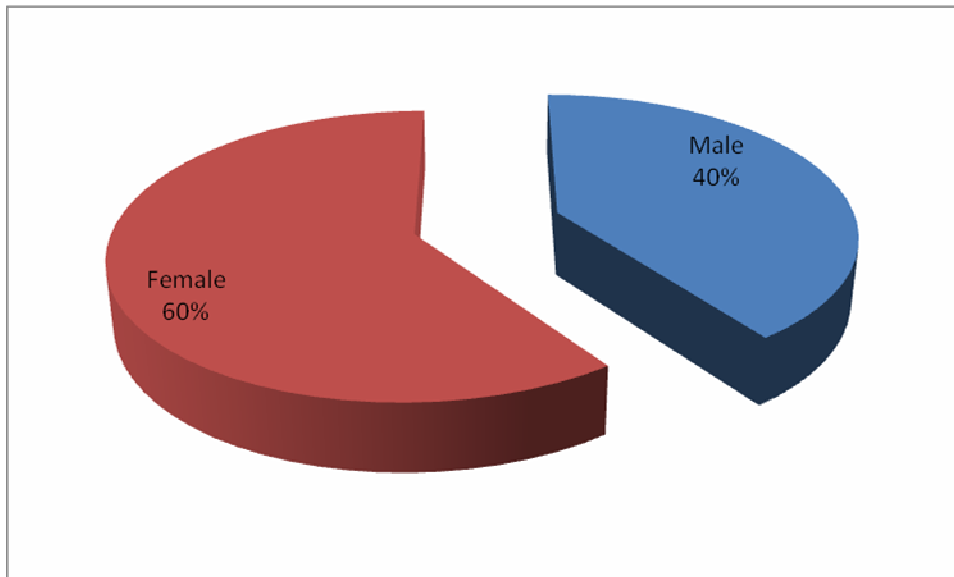
This chapter presents the results of the data analysis; the data from the completed questionnaires were summarized and tabulated in the form of percentages and frequencies to enhance interpretation. Out of 34 targeted respondents, only 25 completed the questionnaires which constituted 74% of the sample. The response rate of 74% is considered sufficient to yield meaningful statistical analysis. The respondents who did not respond gave various reasons including sensitivity of information requested. Only a few senior officers released information, while others feared misuse of the information requested. The results were presented in tables, bar graphs and pie charts as explained below.

Table 4.1 Response Rate

Population	Number of targeted Population	Returned questionnaires	Percentage
Dairy firms	34	25	74

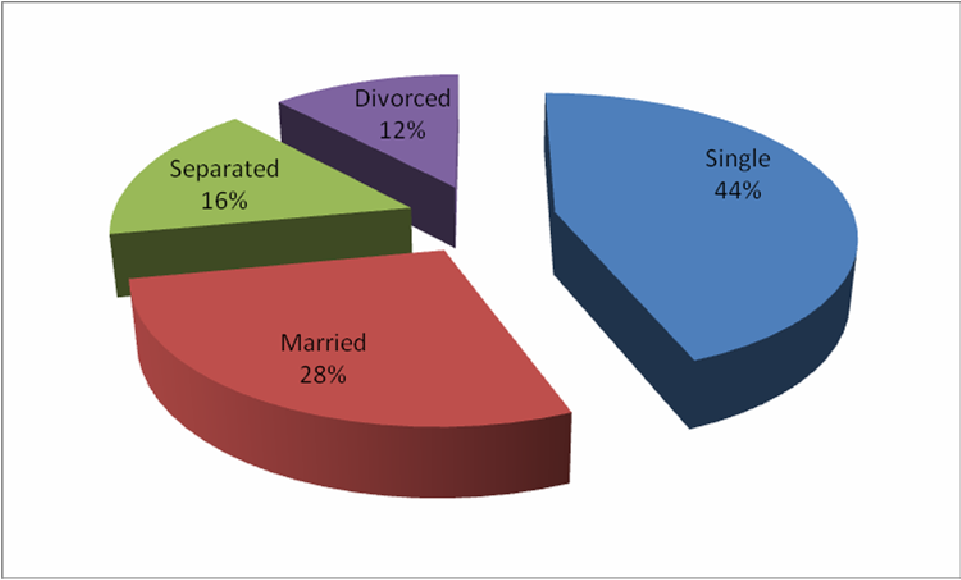
4.2 Bio-data

Figure 4.1 Distribution of respondents by gender



As shown in figure 4.1, most (60%) of the dairy firms human resource managers are female while 40% of the total respondents were male. It can be concluded that there is a fairly gender balance in these dairy firms.

Figure 4.2 Distribution of respondents by marital status



Marital status of the respondents is presented in figure 4.2. Based on the response shown, 44% of the respondents were single, 28% were married, 16% were separated and 12% were divorce.

The findings of this study are an indication that the majority of respondents are single. This implies that this organization will avoid extra direct and indirect costs associated with employees who have marital and family obligations.

Figure 4.3 Distribution of respondents by level of education

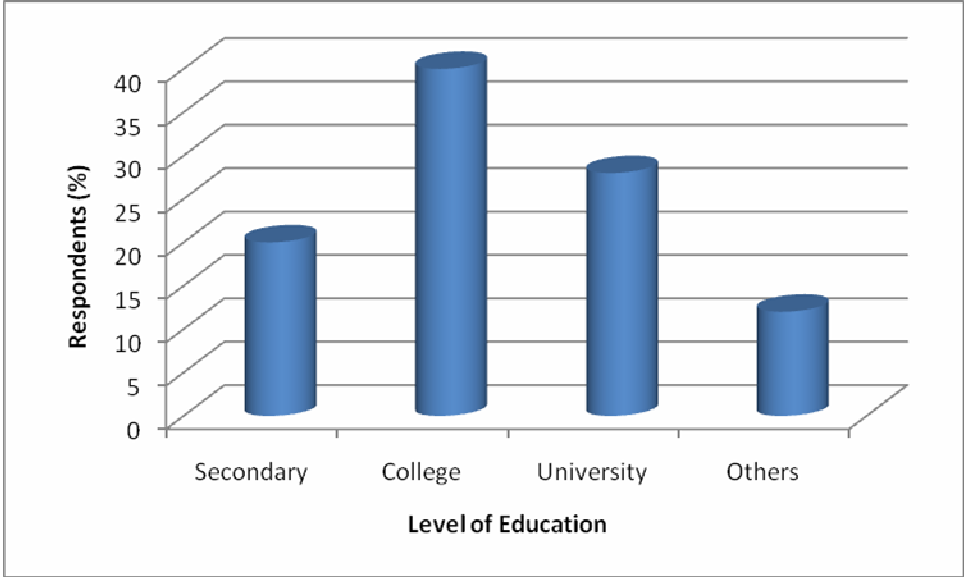
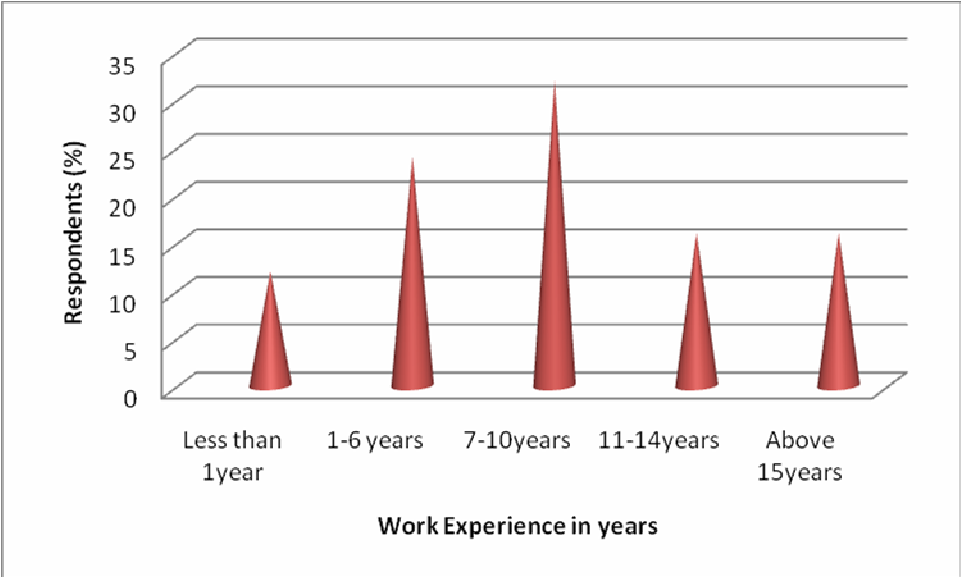


Figure 4.3 above shows how respondents rated their level of education. The study findings indicated that 20% of the respondents were secondary graduates, 40% were college graduates while 28% were university graduates and 12% have other qualifications not mentioned in this

study. This indicated that the majority of respondents were graduates from college and university; hence most of the employees are learned and they can perform well in their jobs.

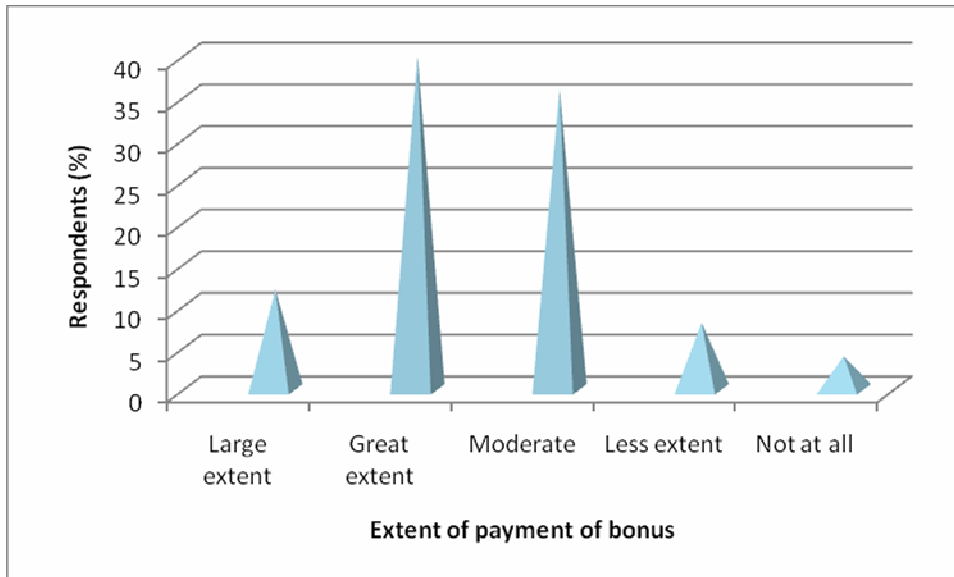
Figure 4.4 Distribution of respondents by work experience



The results shown on figure 4.4 were based on the need to establish the work experience of the respondents. As shown above in the figure, 12% of the respondents had below 1 year, 24% had between 1-6 years, 32% were between 7-10 years, 16% fell between 11-14 years and 16% had

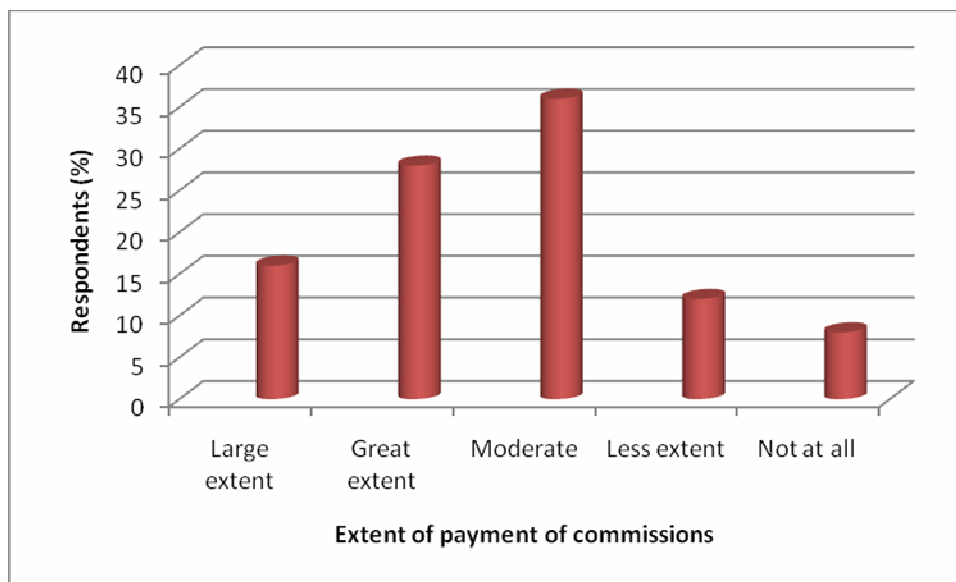
over 15 years work experience. It can be established that majority of the respondents have worked for their organizations between a period of between 7-10 years.

Figure 4.5 Extent to which bonus is paid



The respondents were asked to rate the extent to which their organizations offers bonus incentives. It was found that most respondents provide bonus to a great extent (40%), moderate (36%), large extent (12%), less extent (8%) and not at all (4%). The extent to which dairy firms provided bonus benefit is presented in figure 4.5 above.

Figure 4.6 Extent to which commissions are paid



The researcher wanted to establish the extent to which dairy firms provide commission as an incentive. The study found out that 16%, 28%, 36%, 12% and 8% of dairy firms provide commissions to large extent, great extent, moderately, less extent and not at all respectively. This is presented in figure 4.6.

Figure 4.7 Extent to which medical care is given

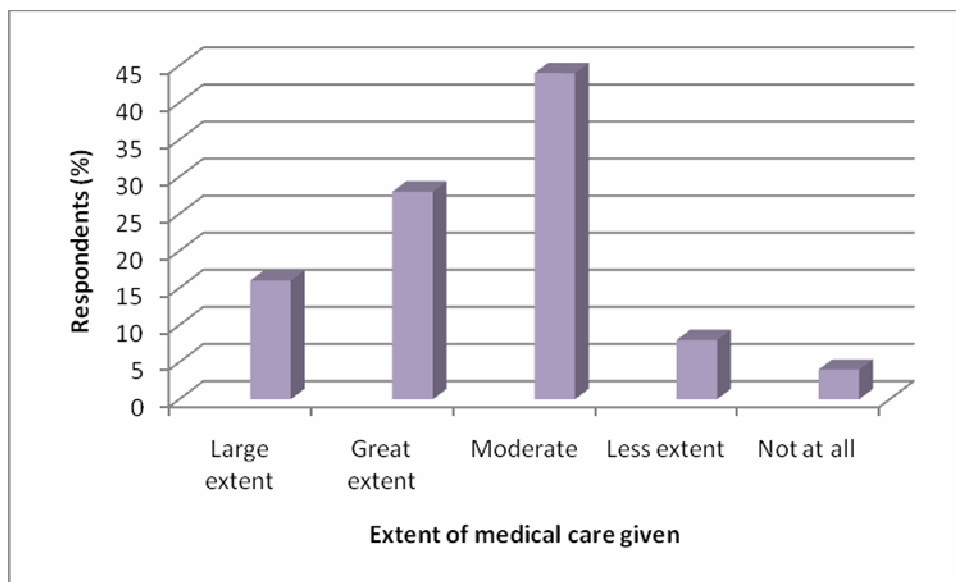


Figure 4.7 above shows the extent to which respondent's rate medical care in dairy firms. According to the response, 16% of the respondents said to large extent, 28% said to great extent, 44% said moderately, 8% to less extent and 4% said not at all. This shows that most dairy firms provide medical care moderately. Hence there is need for dairy firms to continue providing medical care incentives.

Figure 4.8 Extent to which sick leave is availed by the employer

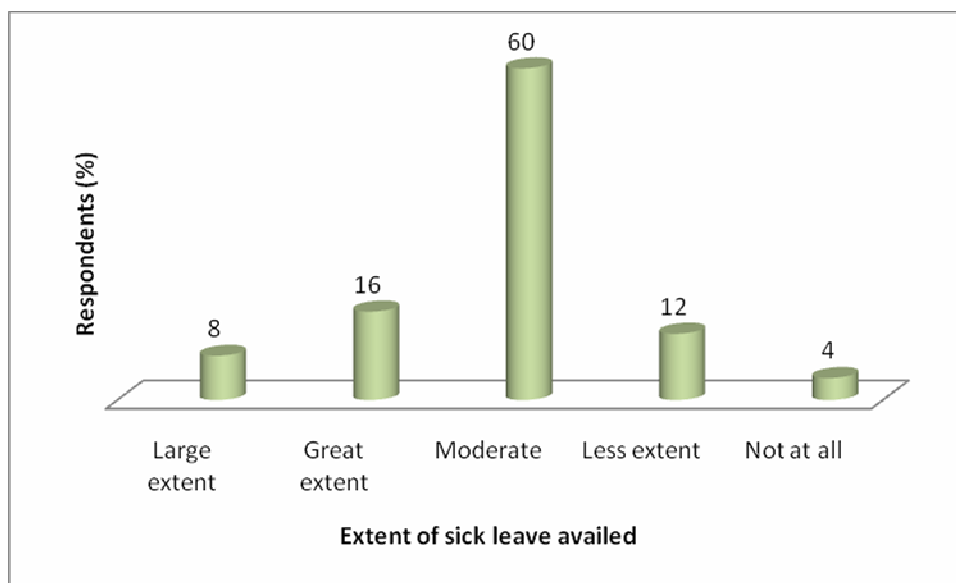
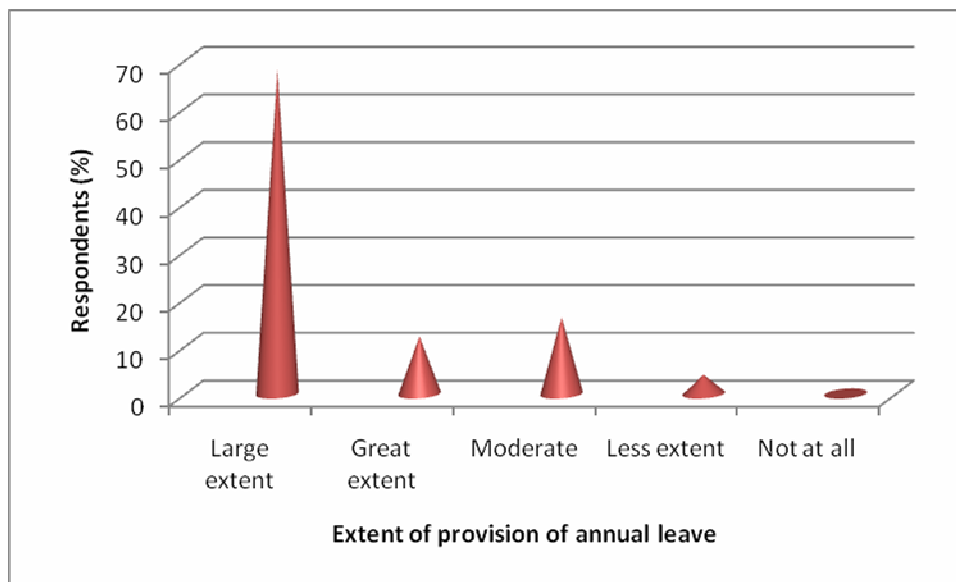


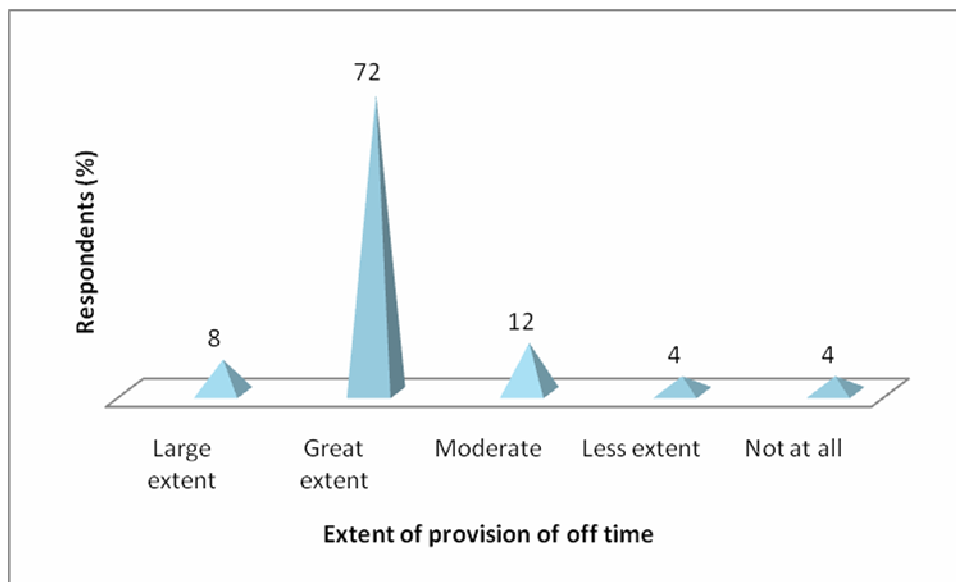
Figure 4.8 above shows how respondents rated the level of sick leave incentive in the dairy firms. According to the ratings, 8% of the respondents rated large extent, 16% rated great extent, 60% rated moderately, 12% rated less extent and 4% rated not at all. This shows that dairy firms provide sick leave to staff. Hence there is need for dairy industry to increase rate of sick leave incentive.

Figure 4.9 Extent to which annual leave is provided by the employer



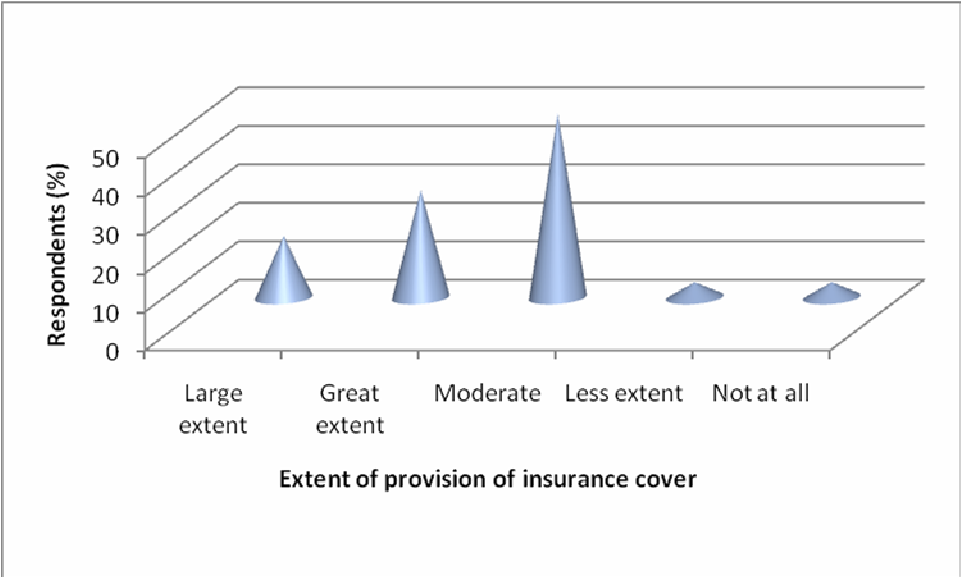
68% of the respondents rated annual leave incentive to large extent, 12% rated it to great extent, 16% rated annual leave incentive moderately while 4% rated it to less extent. The finding revealed that dairy industry provides annual leave to a large extent. It is imperative for the company to put more effort and raise its earnings growth rate in order to their personnel.

Figure 4.10 Extent to which off time is provided by the employer



From the response indicated above, 8% indicated that they provide off time to large extent, 72% rated off time incentive to great extent, 12% rated off time incentive moderately while 4% rated off time incentive to less extent and not all respectively. Going by the majority of the respondents, the study established that that staffs who work on shift are normally given off time every week especially those in production department.

Figure 4.11 Extent to which insurance cover is provided by the employer



The presentation shown on figure 4.11 was based on the need to establish the rate at which dairy firms provide insurance cover incentive. As shown above, 16% of the respondents rated medical cover incentives to large extent, 28% rated medical cover incentives to great extent, 48% rated it moderately while 4% rated it less extent and not at all. It was therefore established that majority of the respondents (48%) rated medical cover moderately.

Figure 4.12 Extent to which the firms provide accommodation

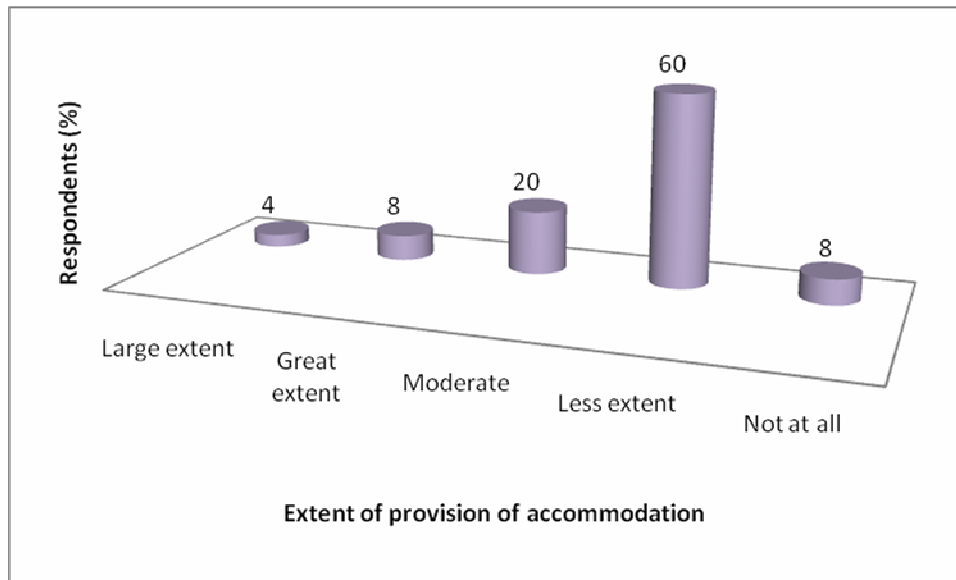


Figure 4.12 shows that 4% of the respondents said that dairy firms provide accommodation incentives to large extent. 8% noted that the industry provide accommodation to great extent, 20% said that they provide accommodation moderately to senior management, 60% were of the opinion that dairy firms provide accommodation to less extent while, 8% said that dairy firms does not provide accommodation incentive at all.

Figure 4.13 Extent to which farm products are accessible for personal use by employees

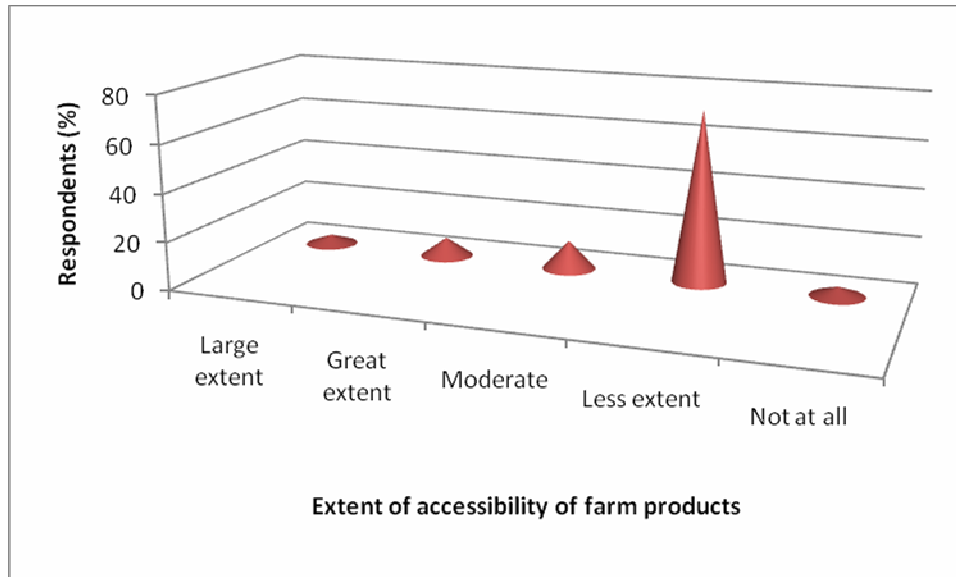
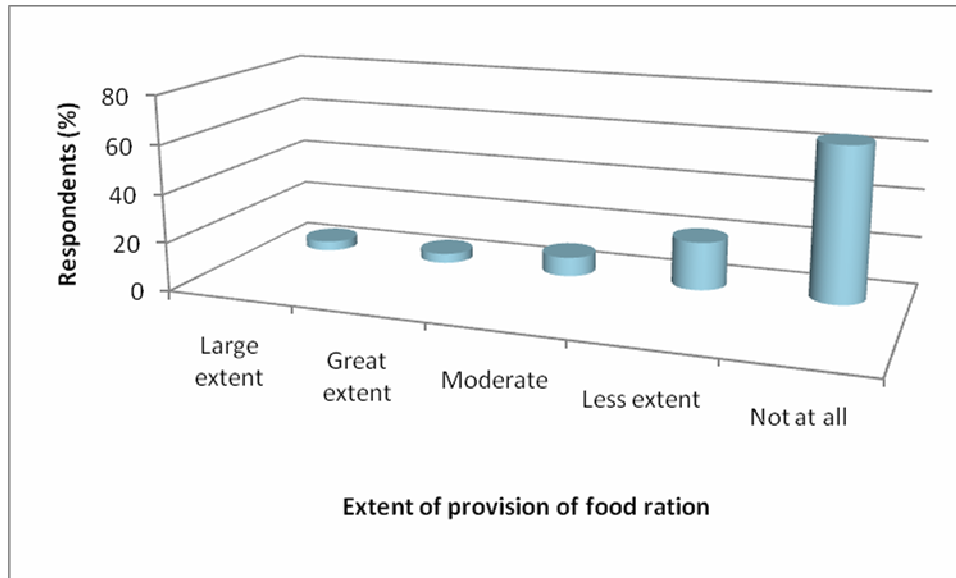


Figure 4.13 above shows the extent to which dairy firms provide farm product incentives. Based on the response shown, 4% of the respondents said to large extent, 8% said to great extent, 12% said moderately, 72% said to less extent while 4% said not at all. Based on majority of the respondents who rated highly, it implies that farm product incentives are provided to less extent.

Figure 4.14 Extent to which food ration is provided by the employer



The study sought to establish the extent to which dairy firms provide food ration incentives to staff. 4% of the respondents said to large extent, 4% said to great extent, 8% said moderately, 20% said to less extent while 64% said not at all. Based on majority of the respondents who rated highly, it implies that food ration incentives are not provided to staff at all.

Figure 4.15 Extent to which the employer organizes end of year party for employees

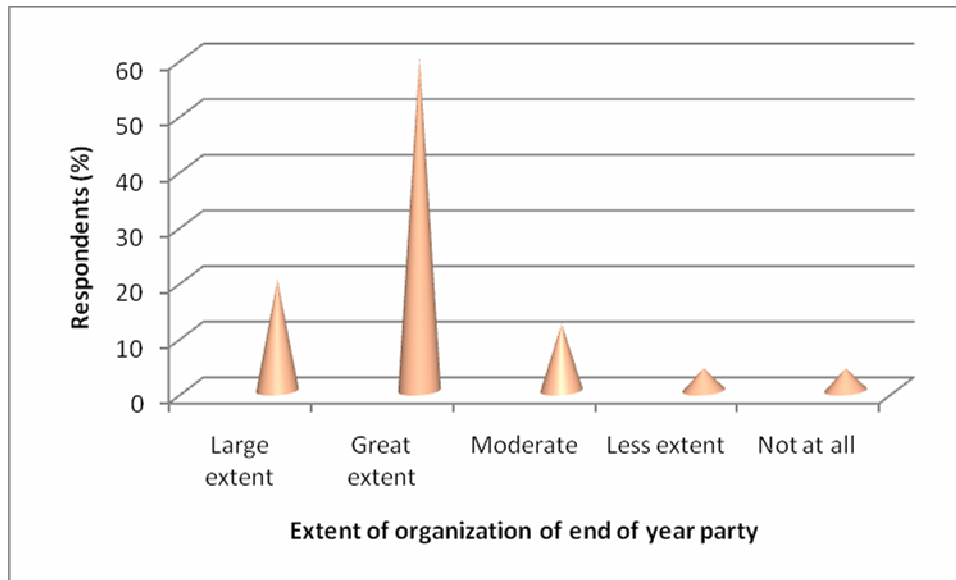
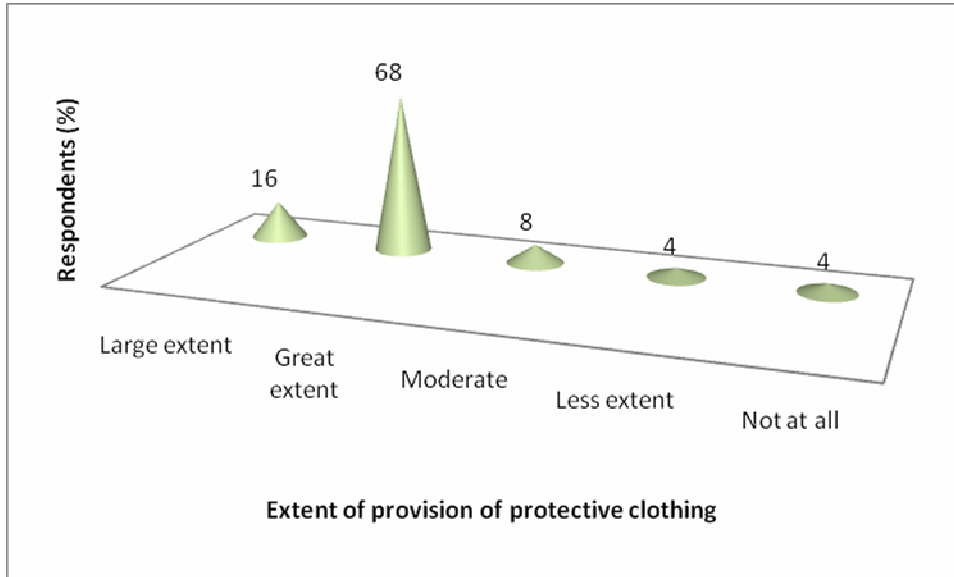


Figure 4.15 above shows the extent to which dairy firms provide end year party incentives. Based on the response shown, 20% of the respondents said to large extent, 60% said to great extent, 12% said moderately while 4% said less extent and not at all. Based on majority of the respondents who rated highly, it implies that dairy firms provide end year party to great extent.

Figure 4.16 Extent to which protective clothing is provided to employees



The researcher wanted to establish the rate at which dairy firms provide protective clothing incentives. The study found out that 16%, 68%, 8%, 4% and 4% of dairy firms provide protective clothing to large extent, great extent, moderately, less and not at all respectively especially those working in production. This is presented in figure 4.16 above.

Figure 4.17 Extent to which employees attend exhibitions

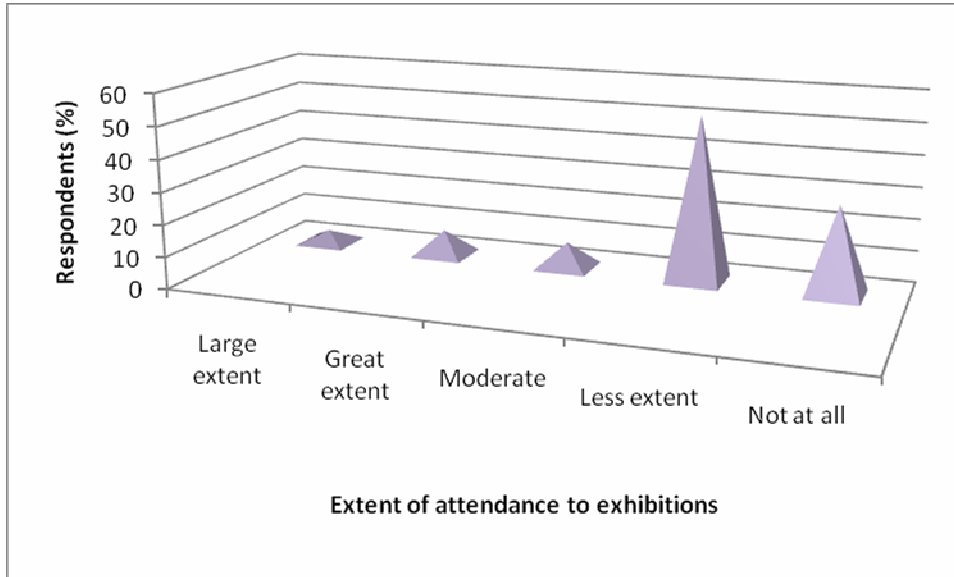


Figure 4.17 above shows the findings of the extent to which dairy firms provide exhibition incentives. According to the response, 4% of the respondents said to large extent, 8% said to great extent, 8% said moderately, 52% said to less and 28% said not at all. This shows that majority were of the opinion that the industry provides exhibition incentives to less extent.

Figure 4.18 Extent to which baby care services are provided by the employer

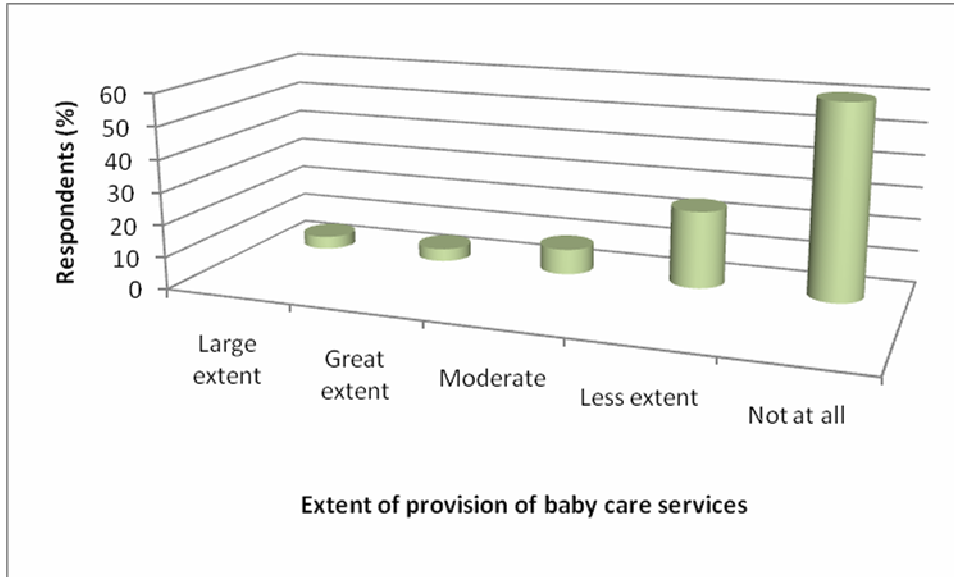
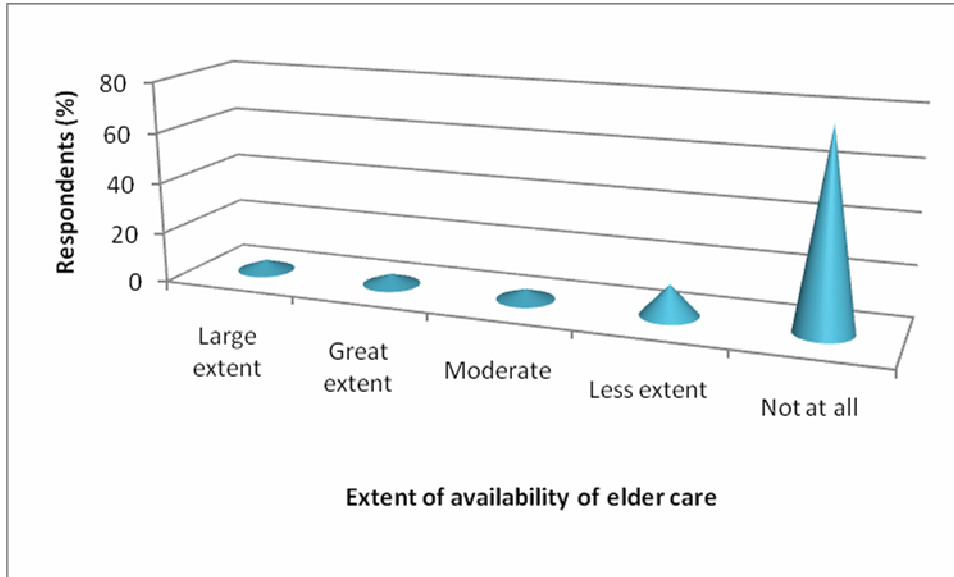


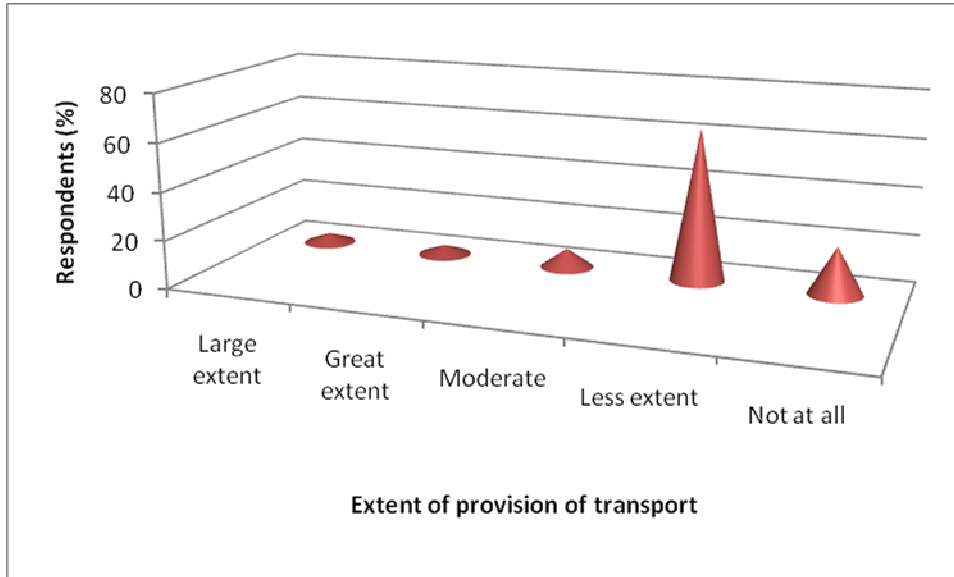
Figure 4.5 above shows whether preventive controls influence effectiveness in this organization. According to the response shown, 4% of the respondents said to large extent, 4% said to, great extent, 8% said moderately, 24% said to less extent while 60% said not all. Majority of the respondents implies that dairy firms do not provide baby care incentives at all.

Figure 4.19 Extent to which elder care is available to employees



The presentation shown in figure 4.19 was based on the need to establish the rate at which dairy firms provide elder care incentives to staff. As shown above, 4% of the respondents to large extent, 4% said to great extent, 4% said moderately, 12% said to less extent while 76% said not at all. It can be established that majority (76%) of the respondents said that dairy firms do not provide elder care at all.

Figure 4.20 Extent to which transport to/from office is provided by the employer



According to the response shown, 4% of the respondents said that dairy firm provide transport to and from office to large extent, 4% said to great extent, 8% said moderately, 64% said to less extent while 20% said not at all. Majority (64%) of the respondents implies that dairy firms provide transport to and from office to senior staff, shift workers and sales staff to less extent.

Figure 4.21 Extent to which education support is given by the employer

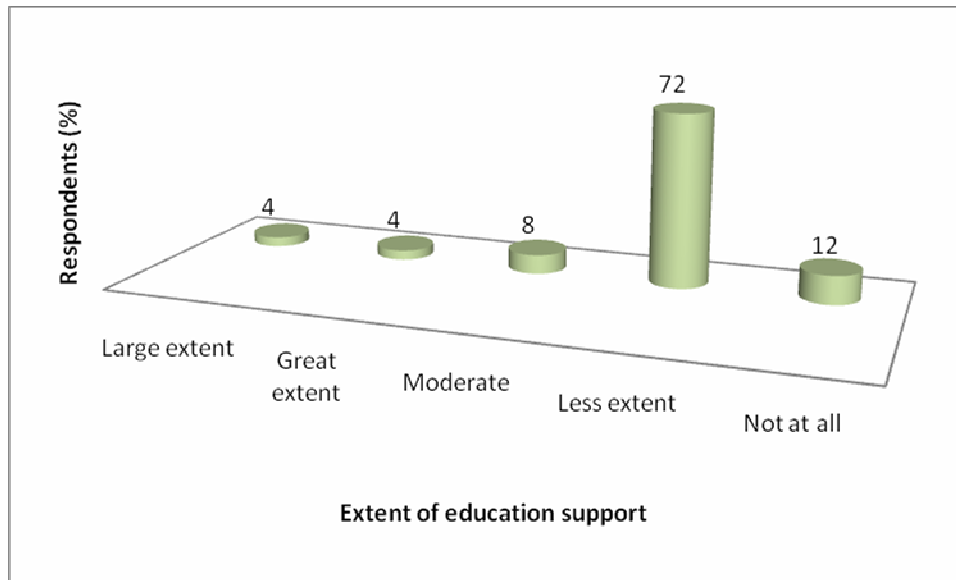
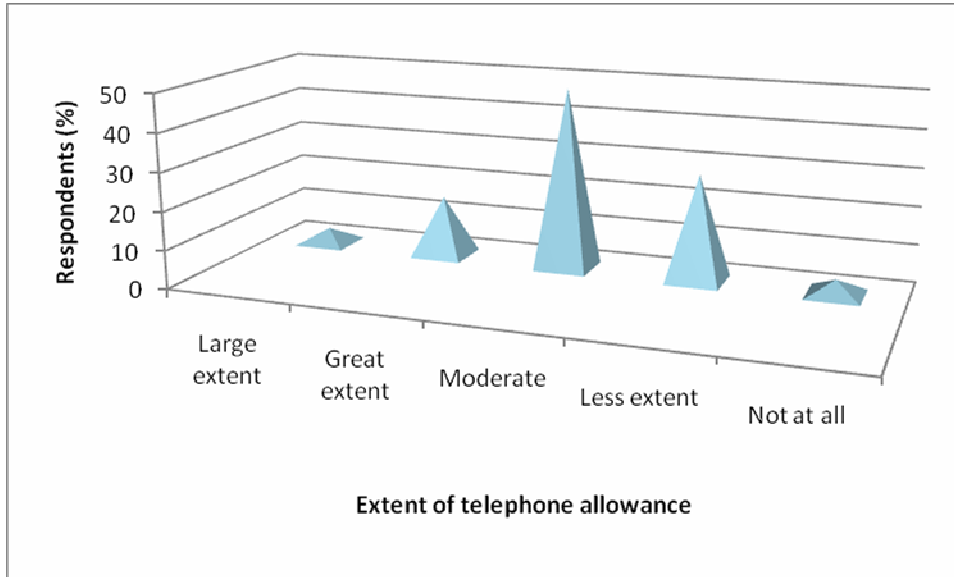


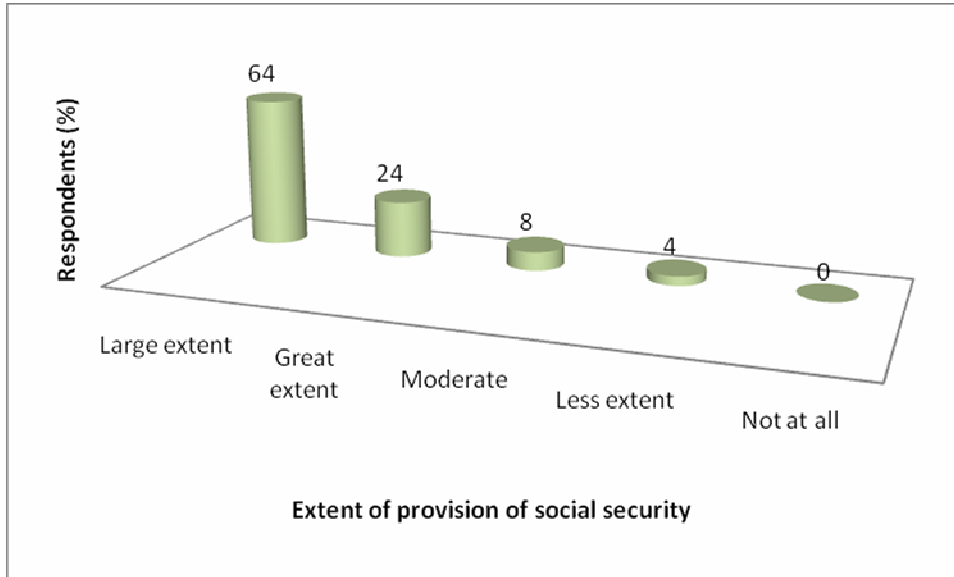
Figure 4.21 above shows how respondents rated the extent to which dairy firms provided education support incentives to staff. According to the response, 4% of the respondents said to large extent, 4% said to great extent, 8% said moderately, 72% said to less extent and 12% said not at all. This implies that dairy firms provide education support incentives to less extent. Hence there is need for dairy firms to provide education support.

Figure 4.22 Extent to which telephone allowance is given to employees



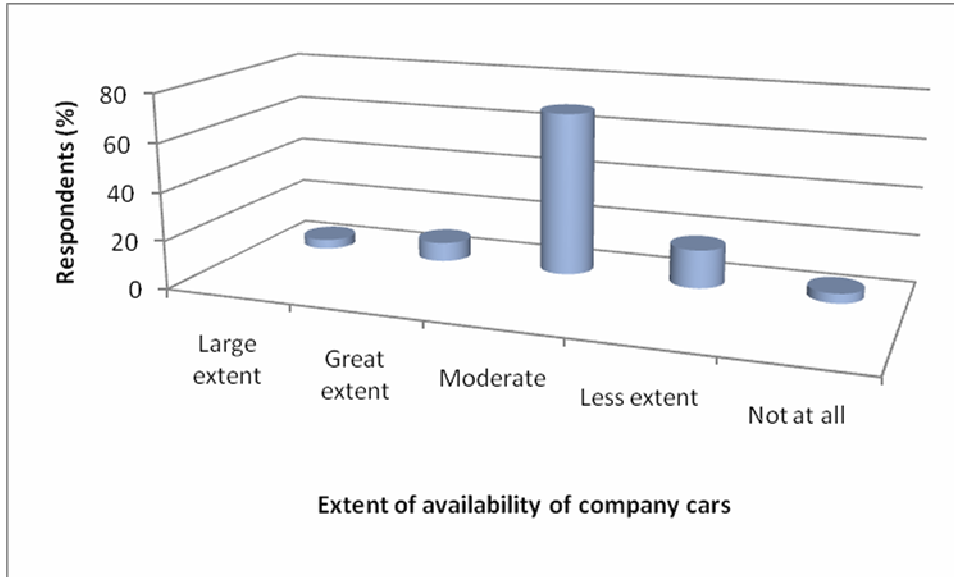
The study sought to establish the rate at which dairy firm provide telephone allowance to staff. Majority (48%) of the respondents said to large extent, 28% said to less extent, 16% said to great extent while 4% said to large extent and not at all. Based on the response, majority indicated that dairy firms provide telephone allowance to sales staff and senior management.

Figure 4.23 Extent to which social security is provided to the employer



The researcher sought to establish the extent to which dairy firms provide social security incentives. The findings revealed that 64% said to dairy firms provide social security to large extent, 24% said to great extent, 8% said moderately and 4% said to less extent. The results are presented in figure 4.23 above.

Figure 4.24 Extent to which company cars are available for official use by employees



The study sought to establish the extent to which dairy firms provide company car incentives to staff. The findings indicated that 4% of respondents said that industry provided company car to extent, 8% said to great extent, 68% said moderate, 16% said to less extent and 4% said not at all. This is shown in figure 4.25.

4.3 Summary

Percentage response rates of incentives/benefits provided

	<u>Not at all</u>	<u>Less extent</u>	<u>Moderate extent</u>	<u>Great extent</u>	<u>Large extent</u>
Bonus	4%	8%	36%	40%	12%
Commissions	8%	12%	36%	28%	16%
Medical care	4%	8%	44%	28%	16%
Sick-leave	4%	12%	60%	16%	8%
Annual leave	0%	4%	16%	12%	68%
Off-time	4%	4%	12%	72%	8%
Insurance Cover	4%	4%	48%	28%	16%
Accommodation	8%	60%	20%	8%	4%
Farm Products	4%	72%	12%	8%	4%
Food Ration	64%	20%	8%	4%	4%
End of Year Party	4%	4%	12%	60%	20%
Protective Clothing	4%	4%	8%	68%	16%
Exhibitions	28%	52%	8%	8%	4%
Child-care	60%	24%	8%	4%	4%
Elder-care	76%	12%	4%	4%	4%
Transport to/from office	20%	64%	8%	4%	4%
Education Support	12%	72%	8%	4%	4%
Telephone Allowance	4%	28%	48%	16%	4%
Social Security	0%	4%	8%	24%	64%
Company Car	4%	16%	68%	8%	4%

The results indicate that most dairy firms provide bonus incentives to a great extent (40%), moderate (36%), large extent (12%), less extent (8%) and not at all (4%). This finding shows that dairy industry relies heavily on bonus incentives for its performance. The researcher established that most dairy firms provide protective clothing incentives to a great extent (68%) especially to staff in production department. The study established that most (48%) dairy firm provides telephone allowance to sales staff and senior management purposely for sales leads. It was also revealed that most (72%) of the industry players provide education support to less extent hence there is need for dairy firms to continue providing education support its staff.

The results also show that dairy industry still need to improve a lot in the incentive practices. The finding shows that dairy firms still relies heavily on incentive practices for its performance and therefore it needs to improve its incentive practices. Although they provide company cars for transport to and from office, the study showed that it is only provided to senior management and sales staff for distributing milk. The finding shows that most (60%) of dairy firms provide end year party incentives to staff in appreciation for their efforts in generating revenue for the company. The study also revealed that most (60%) of dairy firms provide accommodation incentives to less extent. This implies that dairy firms provide accommodation to senior staff only.

The researcher established that dairy firms provide commission incentive moderately since it is provided to sales staff that surpassed their target. The study showed that dairy firms provide sick leave incentive to staff moderately especially to those staff hospitalized. The finding revealed that dairy industry provides annual leave to a large extent, this enable the firms to raise their earnings growth rate when staff returns from leave due to their increased productivity. From the response indicated, 8% indicated that they provide off time to large extent, 72% rated off time incentive to great extent, 12% rated off time incentive moderately while 4% rated off time incentive to less extent and not all respectively. Going by the majority of the respondents, the study established that that staffs who work on shift are normally given off time every week especially those in production department

The researcher sought to establish the rate at which dairy firms provide insurance cover incentive. 16% of the respondents rated medical cover incentives to large extent, 28% rated medical cover incentives to great extent, 48% rated it moderately while 4% rated it less extent

and not at all. It was therefore established that majority of the respondents (48%) rated medical cover moderately. The result shows the extent to which respondents rated medical care in dairy firms. According to the response, 16% of the respondents said to large extent, 28% said to great extent, 44% said moderately, 8% to less extent and 4% said not at all. This shows that most dairy firms provide medical care moderately. Hence there is need for dairy firms to continue providing medical care incentives.

The study established that dairy firms provide other incentives as company soft loans to buy personal cars, TV, furniture and land. They also provide pension scheme incentives during retirement and organized memorandum of understanding with family bank for long term loans.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study as they relate to the objective of the study. The data obtained in this chapter were obtained through a questionnaire. It also includes suggestions for further research in the area of incentive practices. The chapter incorporates the various suggestions and comments given by the respondents in the questionnaire. Findings have been summarized alongside the objective of the study, conclusions have been drawn from the study and the recommendations for actions were given.

5.2 Summary of the findings

The respondents to this research were head of human resources who were of the opinion that dairy firms employ both permanent and casuals staff to serve their customers. Majority of respondents noted that dairy firms provide bonus as an incentive practice to great extent and disagreed with the opinion that dairy firms does not provide bonus incentives at all. They further indicated that dairy firms provide protective clothing incentives to a great extent in their operations in order to be staff sensitive.

The study established that dairy firms provide telephone allowance to sales staff and senior management purposely for sales leads moderately. Further results showed that dairy firms provide education support to less extent hence there is need for dairy firms to continue providing education support incentives to staff in order to improve their skills and knowledge in performance.

The study showed that dairy firms provide company car to senior management staff and sales staff for distribution of milk. They also showed that dairy firms provide end year party incentives to staff in appreciation for their efforts in generating revenue for the company. The study revealed that most dairy firms provide accommodation incentives to senior management to less extent.

The researcher established that dairy firms provide social security incentives to large extent. Majority noted that monthly pay and remitting statutory deduction of national social security fund are among the social security the organizations provide to them. Further study showed that

dairy firms provide transport to and from office to less extent. Majority (64%) of the respondents indicated that dairy firms provide transport to and from office to senior management staff.

The researcher established that dairy firms provide commission incentive moderately since it is provided to sales staff that surpassed their target. The study showed that dairy firms provide sick leave incentive to staff moderately especially to those staff hospitalized. The finding revealed that dairy industry provides annual leave to a large extent, this enable the firms to raise their earnings growth rate when staff returns from leave due to their increased productivity.

The researcher established that dairy firms provide insurance cover incentive moderately to all staff on duty and only applicable to staff on duty. Further study revealed that most dairy firms provide medical care moderately. Hence there is need for dairy firms to continue providing medical care incentives.

5.3 Conclusions

The objective of the research was to determine the incentive practices of dairy firms in Kenya. The research indicated that bonuses, end of year party, protective clothing incentive practices affect dairy firms. It was established that there is a relationship between incentive practices and dairy firms' performance.

From the study, it was concluded that most dairy firms provide bonus, medical care, insurance cover, telephone allowance, off time annual leave, sick leave and commission incentives to their staff. In order to make incentive practices, dairy firms are driven by such factors as the need to improve services and the need to increase firm's performance among others. Based on the above statement, the dairy firms have been able to make incentive practices that have enabled them to achieve their core objective.

5.4 Recommendations

Based on the above, recommendations were made:

That dairy firm should incorporate fully bonuses as an incentive practice to all departments because they work towards achieving the overall objective of the firm and not sales department alone. There should be a clear policy on the medical care and insurance cover incentives as there are some hospitals which junior staff cannot seek medical attention. This would help the staff in knowing clearly what the company offer and what the company does not offer at any given time.

5.5 Suggestions for further research

Incentive practices are widely embraced in the developed countries and are also catching up with the developing countries such as Kenya. In Kenya it has gained acceptance both in government as well as in private organizations. However, the dairy industry is also incorporating it as a key management strategy.

Given that this study only covered the incentive practices of the dairy industry in Nairobi, there is therefore room for a similar study to cover all dairy firms in Kenya. There is need to consider the effectiveness of incentive practices in making firms decisions. This would probably enhance the quality of services by the dairy firms as they focus on other key objectives.

5.6 Limitations of research

Given only one objective, the research was rather broad which meant that the level of detail it could solve was limited. Future studies should incorporate other methods of data collection like interviews and open ended questions as much as possible in the questionnaire, in order to get the respondents opinions and help the researcher to draw qualitative inferences.

The respondents approached were reluctant in giving information fearing the confidentiality and sensitivity of the study as a major limitation since many respondents held information due to high level of suspicions and lack of trust where they thought the study aims to use the findings against their job undertakings.

The researcher also encountered problems in eliciting information from the respondents as the information required was subject to areas of emotions, attitudes and perceptions, which could not be accurately quantified and verified objectively.

There was also bureaucracy in getting approval to carryout research in the dairy firms. Written approval had to be sought from the Managing Directors of some firms and this resulted in time delays. However, despite all these limitations the response rate was good at 74%.

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APPENDIX I: FIRMS IN THE DAIRY INDUSTRY

	Processor	Location	Installed Capacity (lt/day)
1.	New Kenya Cooperative Creameries	Nationwide	1,200,000
2.	Brookside	Thika/Ruiru	1,100,000
3.	Premier Dairy	Kericho	150,000
4.	Daima	Nairobi	150,000
5.	Meru Central Dairy	Meru	100,000
6.	Limuru Milk Processors Ltd	Limuru	60,000
7.	Kilifi Plantation	Kilifi	40,000
8.	Lelkina Dairy	Molo/Nakuru	30,000
9.	Aberdare Creameries	North Kinangop	30,000
10.	Donyo Lessos	Eldoret	20,000
11.	Delamere	Naivasha	15,000
12.	Nyota Dairy	Kitale /Trans-Nzoia	15,000
13.	Kenya Milk Products	Nakuru	15,000
14.	Ilara Dairy	Rongai/Nakuru	40,000
15.	Sotik Dairy	Kericho	15,000
16.	Guilford Institute	Njoro	10,000
17.	Eldoville Farm	Nairobi	8,000
18.	Chesumot	Kericho	6,000
19.	Happy Cow	Nairobi	5,000
20.	Palm House Dairy	Kiambu	5,000
21.	Unigate Dairy	Nairobi	5,200

22.	Githunguri Dairy Farmers	Kiambu	150,000
23.	Eldairy Products Ltd	Eldoret	5,000
24.	Teita Estate	Mwatate	5,000
25.	Solai Mawa Factory	Solai/Nakuru	3,000
26.	Aberdare Cheese	Naiivasha	8,000
27.	Sunpower Products	Kiambu	3000
28.	Bio Foods	Nairobi	4,000
29.	Stanley & Sons Ltd	Machakos	3,000
30.	Kiambaa Dairy	Kiambu	2,000
31.	Farmfresh	Nairobi	2,000
32.	Danoma Ltd	Mombasa	1,500
33.	Supa Duka	Nakuru	1,500
34.	Crystal Dairy	Kikuyu	1,000

Source: Kenya Dairy Board

APPENDIX II: QUESTIONNAIRE

Section A

Background Information

Please attempt these questions. Your participation will be highly appreciated.

1 Please indicate your gender

a) Male

b) Female

2. What is your marital status?

a) Single

b) Married

c) Separated

d) Divorced

3. Indicate your highest level of education

a) Secondary

b) College

c) University

d) Other Qualification

4. What is your work experience?

a) Less than 1 year

b) 1-6 years

c) 7-10 years

d) 11-14 years

e) Above 15 years

SECTION B

Incentives

5. Rate the extent to which your organization offers the following employee incentives/benefits
(please tick as appropriate):

	Not at all extent	Less extent	Moderate extent	Great extent	Large
				<input type="checkbox"/>	<input type="checkbox"/>
Bonus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Commissions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medical care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sick-leave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annual leave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Off-time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insurance cover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Farm Products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Food ration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
End of year party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protective clothing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exhibitions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Child care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elder care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport to/ from office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Not at all extent	Less extent	Moderate extent	Great extent	Large
Education support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Telephone allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Social Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company car	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Any other (please specify below)

	Not at all extent	Less extent	Moderate extent	Great extent	Large
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you!