

**EMPLOYEE PERCEPTION OF THE RELATIONSHIP BETWEEN
REWARDS AND EMPLOYEE PERFORMANCE AT LIQUID TELECOM
KENYA LTD**

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REQUIREMENTS FOR DEGREE OF MASTER OF BUSINESS
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DECLARATION

This research project is my original work and has not been presented for the award of a degree or any other quantification in any other university or institution.

Signature

Date

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

Signature

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DEDICATION

I dedicate this project to my family for unfailing encouragement and love. To my dear parents Elizabeth and the late Charles Otonde, my dear husband Paul Opiyo, my sister Lydia, my loving daughter Lisa and son Lisa, who were constant sources of encouragement for me to strive on to the completion of this project.

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ABSTRACT

In this era of globalization, every organization in the world improving its business processes by adopting advance technologies and innovations. To keep the pace of achieving goals, an organization tries their best to hire competent human resource. Employing competent human resource, organizations have to offer better working environment, market based salaries, job security, empowerment. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management. The objective of the study was to determine employee perception of the relationship between rewards and employee performance at Liquid Telecom Kenya limited. The research design adopted was descriptive survey research design. The population of the study consisted of all employees of Liquid Telecom Kenya. The researcher used stratified sampling design. The study used primary data which was collected using self-administered questionnaires. The data collected was analyzed using statistical package for social sciences and presented in tables and charts. The relationship between rewards and employee performance was established using the Pearson Correlation (r). The study found out that rewards in the company was not competitive as the company has not embraces new compensation trends in the market and thus not comparable with the market offers. The company does not reward exceptional performance and employees do not have freedom to take decisions. The study found out that employee development opportunity in the company has not been allocated sufficient time and money for employee training and therefore they do not receive adequate training and information to do their job well. The company does not recognize employees for the work they undertake and promotions were not given based on ability. The use of benefits by the company in order to increase performance of employees was that there was no payment for extra time worked, non-production awards and bonuses and this made the benefits to benon-competitive in the market. The rewards in the company did not improve the performance of employees as the company was not consistent when administering policies concerning employees, provide adequate opportunities to contribute to decisions that affect them, persuading employees that their jobs are important and providing benefits that are comparable to those offered by other companies. It is important for further studies to be carried out in order to study all the factors that influence workers performance. It is very pertinent at this juncture to suggest that more research should be conducted on the relationship and influence of rewards on workers performance using many private and public organizations. Future studies may focus on the influence of rewards on employee performance in other sectors and other contexts. The influence of demographic traits on performance may also be assessed

TABLE OF CONTENT

DECLARATION	i
DEDICATION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	iv
LIST OF TABLES	vii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Concept of Perception.....	2
1.1.2 Concept of Rewards.....	2
1.1.3 Concept of Employee Performance	3
1.1.4 Relationship Between Rewards and Employee Performance	4
1.1.5 Liquid Telecom Kenya Limited Company.....	5
1.2 Research Problem.....	6
1.3 Research Objective.....	7
1.4 Value of the Study.....	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction.....	9
2.2 Theoretical Foundation of the Study.....	9
2.3 Types of Rewards.....	11
2.4 Employee Performance	17
2.5 Relationship between Rewards and Employee Performance	18
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Target Population.....	20
3.4 Sampling Design	20
3.5 Data Collection	21
3.6 Data Analysis	21

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	22
4.1 Introduction.....	22
4.2 Demographic Profile	22
4.3 Perception of Rewards.....	25
4.4 Employee Performance	32
4.4.1 Influence of rewards on employee performance	32
4.5 Discussion of Findings	34
CHAPTER FIVE: SUMMARY, CONCLUSION, LIMITATIONS AND RECOMMENDATIONS	37
5.1 Introduction.....	37
5.2 Summary of Findings	37
5.3 Conclusion	38
5.4 Limitations	40
5.5 Recommendations	40
5.6 Suggestions for Further Research	41
REFERENCES	i
APPENDICES	v
APPENDIX I: INTRODUCTION LETTER.....	v
APPENDIX II: QUESTIONNAIRE.....	vi

LIST OF TABLES

Table 3. 1: Sample size	20
Table 4. 1: Position in the Company	22
Table 4. 2: Level of Education	24
Table 4. 3: Respondents Age Bracket	24
Table 4. 4: Length of service with the company	25
Table 4. 5: Employee Perception on Rewards	26
Table 4. 6: Effect of development opportunities on employee performance	28
Table 4. 7: Effect of Job Design on Employee Performance	29
Table 4. 8: Influence Benefits on Employee Performance	30
Table 4. 9: Influence of Incentives on Employee Performance	31
Table 4. 10: Influence of rewards on employee performance	33

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In this era of globalization, every organization in the world improving its business processes by adopting advance technologies and innovations. To keep the pace of achieving goals, an organization tries their best to hire competent human resource. Employing competent human resource, organizations have to offer better working environment, market based salaries, job security, empowerment (Hertelet *al.*, 2005). The people who make up an organization -human resources- are considered to be one of the most important resources of today's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management (Dyer and Reeves, 1995). Traditional sources of success such as product and process technology, protected markets, economies of scale, etc. can still provide competitive leverage but an organization's human resources are more vital for its sustainability.

Organizational reward systems play a critical role in enhancing employee satisfaction as the primary aim of the reward system is to enhance extrinsic motivation by satisfying an individual employee's needs indirectly through means of pay and bonuses (Anthony and Govindarajan, 2007). Hackman and Oldman (2005) observe that in addition to salary and incentives, satisfaction with the job requires satisfaction with different aspects of the work, including variety in the skills and activities required to carry out the tasks, and autonomy in performing work. This is because work itself might provide opportunities for creativity and task variety, allowing employees to increase their knowledge and change in responsibility. In an organization, committed employees are regarded as being willing to build and maintain long-lasting relationships with their employer. Most organizations try to boost employee willingness to work harder by incorporating various rewards in their compensation systems. Rewards range from merit increase of the salary to innovative non-financial rewards such as season tickets for their favorite sports team and hand-written thank you letters. Despite the common belief that people

value their jobs mainly for the pay, Strumpel (2005) argues that employees with steady jobs who are fairly satisfied with their incomes are more interested in non-material aspects of the job.

1.1.1 Concept of Perception

Perception is the attitude employees have towards policies concerned with pay, recognition, promotion and quality of working life, and the influence of the group with whom they identify (Armstrong, 2006). As Arnold *et al.*, (1991) comment, research evidence has shown that people's avowed feelings and beliefs about someone or something seemed only loosely related to how they behaved towards it and thus the study of employees' perception is critical toward formulation and management of policies in an organization. Dash *et al.*, (2008) report that the factors of recognition for performing well, chances of promotion, professional growth, compensation and incentive schemes, are perceived as motivating factors by many employees who will in turn feel satisfied. They point out that the development of systems of rewards, recognition and career opportunities as one of several critical tasks of management in the information-based companies and in their research, employees named respectful treatment and recognition as one of the six less costly and perhaps more effective 'management levers' to be exercised by management in their efforts to attract, motivate and retain workers since employees consider such factors to be important.

Ramakrishna (2002) opines that recognizing contributions will result in a world class working environment that motivates and propels people to work better and stay on. He contends that the lack of recognition is one of the serious demotivators for the employees of and as a result most organization has introduced better reward and recognition schemes. Strategies like building a high degree of recognition value into every reward offered, reducing entitlements and linking as many rewards as possible to performance, troubleshooting the reward system to make sure that what it is rewarding is what you really want to happen, rewarding promptly, giving employees a choice of rewards, increasing the longevity of rewards will motivate the employees.

1.1.2 Concept of Rewards

A reward is defined as all of the monetary, non-monetary, and psychological payments that an organization provides for its employees (Bartol and Locke, 2000). A reward is presented after the occurrence of an action with the intent to cause the behaviour to occur again. This is done by

associating positive meaning to the behaviour and it represents what the individuals want to obtain from work or what they perceive. A job reward has been found to be a strong determinant of job satisfaction and also rewards are significantly related to professionalism. According to Gerhart and Milkovich (1992) a compensation decision should incorporate both environmental and organizational factors, such as the organization's business and human resource strategy. Agency theory provides insight into what reward mix best aligns organizational and individual objectives. It outlines how the separation of organizational activities from ownership presents the problem of ensuring that owners' interests are aligned to those responsible for operating the business. Owners look to ensure that employees direct their work effort in line with the owners' interests. This can be achieved through adjusting the reward mix, in particular the balance between fixed and variable rewards, to ensure that appropriate incentives are in place for the employee to act in the owners' interest.

Appropriate rewards and benefits need to be devised in an organization because this action will help in motivating employees and minimize turnover. Financially, the salaries must be fair according to employees' contribution and according to Togiaet *al.*, (2004), one way of aligning the business' interest with those of the employee is introducing profit-sharing plans that create programs in which employees receive bonuses according to the company's profits. Towards this end, both employees and employer basically work for a common goal and mutual profit. This gives a great sense of ownership and an interesting financial advantage for the employees. Non-financial reward should also be provided to employees for their contributions. Such recognitions include, paid time off, employee of the month programs, access to training programs, company paid holidays to mention a few.

1.1.3 Concept of Employee Performance

Performance is accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract. Individual performance is a core concept within work and organizational psychology.

During the past 10 or 15 years, researchers have made progress in clarifying and extending the performance concept (Campbell, 1990). Moreover, advances have been made in specifying

major predictors and processes associated with individual performance. With the ongoing changes that we are witnessing within organizations today, the performance concepts and performance requirements are undergoing changes as well (Ilgen&Pulakos, 1999). Despite the great relevance of individual performance and the widespread use of job performance as an outcome measure in empirical research, relatively little effort has been spent on clarifying the performance concept. Performance is a multi-dimensional concept. On the most basic level, Borman and Motowidlo (1993) distinguish between task and contextual performance. Task performance refers to an individual's proficiency with which he or she performs activities which contribute to the organization's 'technical core'. This contribution can be both direct (e.g., in the case of production workers), or indirect (e.g., in the case of managers or staff personnel). Contextual performance refers to activities which do not contribute to the technical core but which support the organizational, social, and psychological environment in which organizational goals are pursued. Contextual performance includes not only behaviors such as helping coworkers or being a reliable member of the organization, but also making suggestions about how to improve work procedures.

1.1.4 Relationship Between Rewards and Employee Performance

The impact of rewards on employees' performance is well known phenomenon in the available literature of human resources. A large number of studies have verified that reward is a powerful tool to enhance employee behaviours leading to performance improvement. However, some other studies also observed the negative consequences of rewards such as an environment of favoritism, sexism and racism. According to Luthans (2000), there are two basic types of rewards, financial and non financial and both can be utilized positively to enhance performance behaviours of employees. Financial rewards means pay-for-performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. Non financial rewards are non monetary/non cash and it is a social recognition such as acknowledgment, certificate, and genuine appreciation.

La Belle (2005) posit that different individuals have different perceptions of rewards and believes that such factors are the main driving force of satisfaction and that they help boost the employee to work harder and better, due to the motivation that is brought about. Put simply, motivators are able to increase internal happiness (intrinsic rewards). On the other hand, hygiene

factors are only able to boost external happiness (extrinsic rewards). If there are missing factors (whether they may be hygiene factors or motivation factors), it is possible for the employee to be dissatisfied and not able to perform in the best way that they can. If all the hygiene factors are present and even when there are more than enough of hygiene factors present, then it is possible that the employee would still not be motivated. Thus, in order for managers to successfully motivate their employees, there is a need for them to determine the appropriate and the sufficient motivation factors to use. According to Babakus et al. (2003) the perceptions that employees have with regards to their reward climate influences their attitudes towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees. Gouldner (1960) mentions the norm of reciprocity, which focuses on the ability of organization to accommodate the needs of their employees, and reward them for their efforts. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work, in addition to increasing their 'socio emotional bonds' with their company and their colleagues.

1.1.5 Liquid Telecom Kenya Limited Company

Liquid Telecom is a leading independent data, voice and IP provider in eastern, southern and central Africa. Liquid Telecom supply fibre optic, satellite and international carrier services to mobile networks, ISPs and businesses of all sizes, as well as communication solutions for individuals. Liquid Telecom Kenya formerly KDN was acquired by Liquid Telecom group UK from Altech Group of Companies. LTK is a full Service, Data Communications Carrier that was licensed by the CCK in January 2003 as a "Public Data Network Operator" with a mission to build world-class infrastructure in Kenya. LTK is a Kenyan registered communications company that operates the largest data and Internet backbone in East Africa. They provide a comprehensive suite of services over fibre optic network including Internet Protocol (IP) services, broadband transport, infrastructure services and collocation services. These services provide building blocks that enable customers to meet their growing demands for advanced communications solutions. LTK mission and vision is to be the leader in the wholesale Telco infrastructure provision market, through a focused range of services, in the East and Central African region, delivering sustainable value to customers, whilst meeting shareholder requirements. The LTK network infrastructure includes a connection to the largest single

fibrenetwork in Africa, which stretches over 15,000KMs across borders, ADSL services to the Internet service providers, over 450 WiFi hot spots and a satellite-based international gateway.

1.2 Research Problem

Organizations in both the public and indeed the private sector consider their employees as a critical asset in the organization towards the attainment of the organizational goals. However, the same objectives can only be attained from a satisfied workforce. Employees should be rewarded according to their performance and those who perform better should be rewarded according to their performance and those who perform better need to be offered a greater proportion of the available rewards and vice versa. The competitiveness of an organization especially in the present day competitive business environment will be anchored on the employee motivation and their perception of the rewards being offered being commensurate to the work they perform. The never-ending problem of high attrition rate has seen most organizations offer a number of rewards with the idea of attracting and then motivating the employees to stay in the organization and in order to determine whether the rewards offered by the organization commensurate with the employee expectations, then the same should be established by assessing the employee perception on the same reward management (Grant, 1994).

Liquid Telecom Kenya Limited Company since its inception has grown to become one of the biggest companies in the telecommunication industry. However, its market share is under threat from other competitors, the employee turnover rate has increased immensely and this necessitates effective management of the company. The company expects employees to follow the rules and regulations, work according to the standards set for them; the employees expect good working conditions, fair pay, fair treatment, secure career, power and involvement in decisions. These expectations of both parties vary from organization to organization. For the company to address these expectations, an understanding of employees' motivation is required. This research draws its relevance from this situation as solutions are sought to build a strong and highly motivated labour force that is willing and able to champion the development drive of the country.

Recent studies that have been undertaken on the relationship between rewards and employee performance include; Mutuku (2012) studied employee perception of competitiveness of performance based rewards in Kenya Electricity Generating Company Limited Kenya and established that the company was using performance based rewards in order to satisfy its employees with the work and encourage the employees to work towards the attainment of the organizational objective. The use of the rewards by the company changed their perception and as a result leads to additional interactions with management and provides new opportunities for employees to develop trust in management. Musyoki (2012) researched on the relationship between rewards and job satisfaction at the National Cereals and Produce Board and found out that the rewards which were used by the organization was the basic pay, either allowance or housing, medical cover, leave allowance, sick leave, promotion, training, life insurance, retirement benefits other than the legally required like NSSF, any personal services and performance based pay. There was a strong positive correlation between employee job satisfaction and rewards. Other studies done include Owusu (2012) who investigated the effects of motivation on employee performance and the study revealed that, management can make use of different strategies and policies to motivate employees in the banking environment. Employees are interested in enhanced salaries, fringed benefits, promotion, and car loans as motivating elements sufficient to push employees of the bank to give out their best. From the studies provided, there are no studies that have been done on employee perception on the relationship between reward and employee performance, which is a very important area in Kenya. This study was to determine the employee perception on the relationship between rewards and employee performance at Liquid Telecom Kenya. This led to the question, what is the employee perception on the relationship between rewards and employee performance at Liquid Telecom Kenya?

1.3 Research Objective

To determine employee perception of the relationship between rewards and employee performance at Liquid Telecom Kenya Limited

1.4 Value of the Study

The management of the LTK will be able to understand the relevance of effectively rewarding employees as that will lead to better performance, exert greater effort on the job resulting in increased job performance, less turnover and better attendance. This study will be useful to the LTK management as they will be able to understand the relationship that exist between rewards and employee performance and hence improve job satisfaction among its staff. The study will benefit the government for making policy decisions whose overall objectives are to accelerate the rate of employee performance and reduce the turnover rate thus improving service delivery.

The Scholars will gain knowledge on the relationship between rewards and employee performance. They will acquire an insight into what factors affect job satisfaction in the teaching fraternity and its secretariat staff. They will also be able to use the findings of this study to prove various theories and to use the study as a basis for further research on other variables not included in this study. The finding will also increase the stock of theoretical and empirical knowledge especially in the practice and also form the basis for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is concerned with the review of literature related to the study. An overview of theories underpinning the study, types of rewards as well as rewards and employee performance will be discussed.

2.2 Theoretical Foundation of the Study

The relationship between employers and employees can be characterized by economic and social exchanges. The economic exchange is the formal contractual relationship that is created when the employee is hired (Whitener *et al.*, 2008). The employer usually offers a portfolio of pay and benefits in exchange for the employee's skills and effort. However, certain aspects of the employer-employee relationship go beyond a pure economic exchange; as long as both parties are mutually interdependent, repeated interaction generates a set of obligations for either party, resulting in benefits that are not always the result of an explicit contract.

Expectancy theory thrives on the idea that people prefer certain outcomes from their behaviour to others. The theory posits that performance depends upon the perceived expectation regarding effort expending in achieving the desired outcome. An employee who desires promotion will only achieve high performance if he/she believe his/her behaviour will lead to promotion or else he/she will not exert effort. Effort to performance expectancies range from 0 to 1.0 where zero is no expectation of performing the task correctly and 1.0 signifies absolute faith in being able to perform the task properly (Robbins, 2008). Expectancies thus influence whether a person will even strive to earn a reward. Self-confident and well-trained people have higher expectancies than less self-confident ones. Although a person's effort contributes greatly to performance without proper ability and a supportive environment no matter how hard one tries, good performance will be impossible to attain. Hence, managers who seek higher performance from employees must offer them the right training and enabling environment so that they can perform well. Advocates of the expectancy theory believe that employees will change their behavior by working harder or prioritizing their actions if they know that by doing so they will be

rewarded with something of value to them. Hence, incentives are a great way to reward effort and behaviors which the organization wishes to encourage. If the incentive is paid in return for behavior that contributes to the organization's goals, it will in the long run enhance organizational effectiveness and productivity and hence generates a positive outcome for both employer and employee (Torrington *et al.*, 2009).

Other theories that have come up to explain the appropriate reward system namely the utilitarianism and romanticism. Utilitarianism emphasizes extrinsic incentives such as monetary compensation to motivate the innovative behaviour of employees, while romanticism views rewards as self-motivated psychological behaviour that is typically sparked by intrinsic spiritual rewards. Utilitarianism provides the foundation for early behaviorist's arguments that suggest that people's behaviours are drivable and changeable and that extrinsic rewards can bring expected behaviours and performance. Extrinsic rewards and resource investment have been seen as necessary to satisfy employee, especially in formalized tasks. According to Whitener *et al.*, (2008) reveal that performance-linked salary increases and monetary rewards positively influence employee satisfaction. Long-term incentive plans (stock options), team-based rewards (profit-sharing plans), and security benefits are also empirically shown to have a positive effect on employee creativity (Laursen and Foss, 2003).

Malhotra *et al.*, (2007) posit that a person's beliefs, attitudes and perception about his behaviour prophesied here wards or punishment that pursue his action, while according to the cognitive theory actions only get strengthened when the expectations change about what one does and what he receives in terms of rewards. Vroom debates that certain behaviour is determined to be initiated only if the expectations and the consequences related to that event occurred. Porter and Lawler (2008) followed vroom's ideas and further contended that people often determine efforts in work by judging the value of reward and the relationship between their effort and expected reward. Azasu (2009) suggested the "Principal-agency theory" in which mostly people are opportunist and always motivated through monetary rewards, while socioeconomic theorist argue that people are neither inclined toward monetary reward nor they have homogeneous approach, they might be fascinated by the cocktail of monetary and non monetary rewards that can be the potent to enhance their motivation and commitment.

2.3 Types of Rewards

Rewards can be either intrinsic or extrinsic. Intrinsic rewards that are inherent in the job itself along with the individual enjoys as a result of successfully completing the task or attaining his goals. While extrinsic rewards are those that are external to the task of the job, such as pay, work condition, fringe benefits, security, promotion, contract of service, the work environment and conditions of work. Such tangible rewards are often determined at the organizational level, and may be largely outside the control of individual managers (Mahaney and Lederer, 2006). Organizations offer intrinsic and extrinsic rewards to members for the purpose of improving human resources outcomes. The reward system should be aligned to motivate employee performance that is consistent with the firm's strategy, attract and retain people with the knowledge, skills and abilities required to realize the firm's strategic goal, and create a supportive culture and structure (Allen and Killman, 2001). Alignment of the reward system with organizational strategy helps to determine organizational effectiveness.

Rewards and compensation systems motivate employees to give their maximum efforts towards assigned work. Compensation systems deliver other objectives such as legal compliance, labour cost control, perceived fairness towards employees and enhancement of employee performance to achieve high level of productivity and customer satisfaction. Compensation includes the financial returns to the services rendered by employees as part of employment relationships. Compensation is a form of rewards that flow to employees arising from their employment. Compensation has a big influence in the recruitment of employees, motivation, productivity and employee turnover (Bernardin and Russell, 2003).

Reward systems are strategically designed when rewards are linked to activities, attributes and work outcomes that support the organization's strategic direction and that foster the achievement of strategic goals. Such linkages can lead to increased employee knowledge or skill development, flexibility, commitment, retention and productivity. Bamberger and Levi (2009) posit that money is important because of the things it can buy and it also symbolizes an employee worth. An organization pay is considered important because if managed effectively, money can improve motivation and performance. While pay and benefits alone are not sufficient conditions for high satisfaction, it is an indispensable measurement in job satisfaction evaluation.

Most organizations use different types of rewards. The most common types of rewards include basic pay; job design, incentives and benefits; development opportunities, and performance based pay.

2.3.1 Base Pay

Fernandes (1998) describes total reward as “The sum of the values of each element of an employee’s reward package.” The principal elements of total reward which include basic salary, variable pay, pension benefits, death-in-service benefits, long-term disability benefits, private medical insurance, vacation entitlement, company car schemes, share schemes, and mortgage subsidies. The performances of the staff in an organization adopting total reward strategy become of more statistical generalization, which attracts an increasing number of companies. Introducing total reward strategy probably improves not only employees’ work efficiencies, job satisfaction and job performances but their psychological contract and organizational citizenship behaviors. Because of this effective management method, organizations have more channels to acquaint with employees’ work life and other needs; in other way round, the personnel can keep positive attitude towards the organizations, might being less stressful or fairly treated or some else (Scott *et al.*, 2006).

For most people, the most important reward for work is the pay they receive. According to Cox (2002), money is important because of the things it can buy and it also symbolizes an employee worth. An organization pay is considered important because if managed effectively, money can improve motivation and performance. According to Noe (2007), employee compensation is a major cost of doing business - as much as 50-60% in most organization – and so a poorly designed system can be expensive proposition. Further, a poorly designed pay system can result in problems in other areas such as turnover and low morale. Performance-based pay and compensation paid varies with some measure of individual, team, or organizational performance, such as merit pay, team incentives, and profit sharing (Milkovich and Newman, 2002). A reward and compensation system is based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive. In other words, the compensation system (e.g. profit sharing) contributes to performance by linking the interest of employees to those of the team and the organization, thereby enhancing effort and performance performance-related pay

works on the assumption that if an employee is offered monetary bonuses for a job well done, they will perform better. There are two distinct varieties of this scheme. The merit-based system is based on the assessment of an employee's performance against previously set objectives. In the goal-based system the employer and the employee arrange a meeting and agree a list of objectives which are set to be met during the coming months. In order for performance related pay to work it should be based on clear and measurable targets that are agreed by both the employer and employee (Torrington *et al.*, 2009).

2.3.2 Benefits

Benefits are programs an employer uses to supplement the cash compensation that employees receive. These health, income protection, savings and retirement programs provide security for employees and their families. While pay and benefits alone are not sufficient conditions for high satisfaction, it is an indispensable measurement in job satisfaction evaluation. Noe (2007) argue that for most people work is the primary source of income and financial security and an important indicator of status within the organization as well as in society. Naturally, employees want pay and benefits reward system that they perceive as just, unambiguous, fair and in line with their expectations. Further, Okumbe (2001) assert that in determining compensation levels organizations must be conscious of the prevailing market rates to ensure fairness and equity in compensation. He asserts that organizational indifference on going rate or going range will affect negatively on efforts put towards attracting and retaining the required staff.

According to Armstrong (2010), typical benefits provided by businesses include payment of time not worked such as during vacation, sick leave, holidays and personal days; unemployment compensation for people who have lost their job or are temporarily laid off get a percentage of their wages from an insurance-like program; disability and workers compensation benefits whereby employees contribute funds to help workers who cannot work due to occupational injury or ailment; and pensions or retirement plans in which most organizations offer plans to provide supplementary income to employees after they retire.

2.3.3 Incentives

Gagne and Deci (2005) posit that pay increases motivation comes from cognitive evaluation theory, which argues that incentive pay has a negative effect on intrinsic motivation – a “crowding-out” effect. Understanding the design implications of incentive systems is important to understanding of employee motivation and whether these incentive systems are related to satisfaction. The philosophy behind pay-for-performance plans draws upon reinforcement theory that suggests that pay be linked to performance by setting specific targets and then rewarding individuals for achieving these targets. Pay fairness is an important issue in the design of reward systems. Employees often make equity judgments based on comparisons with others who may be co-workers, or based on other similarities, such as organizational status (Greenberg *et al.*, 2007). Incentive plans that are oriented toward individual employees may cause increased competition for the rewards and some possibly disruptive behaviour such as sabotaging a coworker’s performance, sacrificing quality for quantity, or fighting over customers. A group incentive plans on the other hand requires that employees trust one another and work together (Rahman and Bullock's, 2005). Effective teamwork can motivate employees and improve employee performance and self-efficacy. This increases motivation and self-efficacy through teamwork can be a source of employee autonomy, significance, bonding with team members and satisfaction.

2.3.4 Development and Career Opportunities

Employee training provides opportunities to employees to widen their knowledge and abilities for more efficient teamwork and achieve individual development (Jun et al., 2006). When workers receive self-development training, the level of their job satisfaction is higher than those without such training (Saks, 1996). According to Kerka (1998) career development is an organized approach used to achieve employee goals with the business needs of the agency workforce development initiatives. According to the author, the purpose of career development is to; enhance each employee’s current job performance, enable individuals to take advantage of future job opportunities and fulfill agencies’ goals for a dynamic and effective workforce.

According Cole (2005), the benefits of employee development to an organizational include: increasing the employees’ morale since training will improve the employees’ confidence and motivation; lowering cost of production through better and economical use of material and

equipment thereby reducing and avoiding waste. In addition, he observed that training of employees leads to a low turnover that comes as result of improved security in the workplace. Training helps improve change management by increasing the understanding and involvement of employees in change management process.

Employee's career advancement is a phenomenon which is formalized, organized and it is planned effort to accomplish the balance between requirement of organization workforce and individual career needs. The rapidly rising awareness makes it evidence that employees can give leading edge to the organization in market place. It is challenge for today human resource managers to identify the organization developmental strategies which enthusiasts the employee commitment to the organization vision and values to motivate the employees and help the organization to gain and sustain the competitive advantage (Graddick, 2008). Greller (2006) states that people always work for a reason and the cause should be provided by work, organization, co-workers or from within. In order to strengthen the bond with employees, organization must spend on the development of employees. It creates promotion opportunities within organization and provides training opportunities and skill development to improve their employee's employability on the internal and / or external labour market.

Growth and development are the integral part of every individual's career. If employees cannot foresee their path of career development in their current organization, there are chances that they will leave the organization as soon as they get an opportunity (Bratton and Gold, 2003). The important factors in employee growth that an employee looks for himself are work profile, personal growth and dreams, and training and development. Career development is vital for both the employees and employers. Career development is mutual beneficial process because it gives imperative outcomes to employer and employees. To gain and maintain competitive advantage organizations required talented & productive employees and these employees need career development to enhance and cultivate their competencies (Prince, 2005).

2.3.5 Job design

There is an established body of knowledge supporting the idea that certain jobs and goal setting can enhance performance. Adler (1991) found that systems in which employees reported higher perceptions of skill variety, task significance, autonomy, and feedback reported higher levels of

satisfaction and internal work motivation. In their study, Arce (2002) found that the reward from outside activities is affected by the performance on inside activity and the relation between job characteristics and job satisfaction and also found that the relation was stronger for employees high in growth need strength. According to Morrison et al. (2005), job designs that provide for high levels of employee control also provide increased opportunities for the development and exercise of skill. Also, meditational influence of perceived skill utilization on job control job satisfaction has been observed. They further concluded that perceived work demands, job control and social support through job design leads to high productivity. This means that the level of job satisfaction is determined by a combination of jobs, work and personal characteristics and rotating managers to different jobs adds the benefit of task variety, resulting in increased performance of employees.

The job characteristic has to be considered in designing a job design since they contribute to certain psychological states and that the strength of employees' need for growth has an important moderating effect. The core job characteristics that need to be considered by an organization in coming up with a job design include employee skill variety, where this refers to the extent to which the job requires the employee to draw from a number of different skills and abilities as well as upon a range of job knowledge. The job design should also have a significance or importance internally how proud employees are to tell their relatives, friends and neighbors what they do and where they work (Bassegy, 2002).

2.3.6 Performance and Recognition

Recognition is the demonstration of appreciation for a level of performance, an achievement or a contribution to an objective. It can be confidential or public, causal or formal. It is always in addition to pay (Pitts, 1995) In addition to reward, employees also need recognition. Individuals like to share their achievements with others and have it recognized and celebrated. When this need is satisfied, it works as an excellent motivator. If employers rely on reward alone to recognize contribution and achievement it is most possible that the employee's objective will become modified to secure the pay and nothing more and this in turn will lead to a degraded culture of the organization. When used correctly recognition is a cost-effective way of enhancing achievements and enable people to feel involved in the company culture (Pitts, 2005).

Recognition and celebration does not work as an alternative to a base pay, they are only adders, not replacements for pay. However, together with a solid pay approach, recognition and celebration is an effective way to make rewards communicate effectively. Used properly, these two factors gives the company an opportunity to communicate the role that employees should play in making the organization a success. When traditional pay solutions fail to acknowledge issues such as business opportunities, organization design and competency, recognition can be a great tool to address them (Zingheim and Schuster, 2000).

2.4Employee Performance

Employee performance is a term typical to the Human Resource field where employee performance can refer to the ability of employees to achieve organizational goals more effectively and efficiently. It involves all aspects which directly or indirectly affect and relate to the work of the employees. For performance to be effective, employers should recognize the regiment desires and needs of the employees. According to Koontz (2008) ways in which employee performance can be increased include; proper incentive systems which may be financial or nonfinancial. Financial incentives include; salaries, allowances, overtime payment, bonus and wages, while non-financial incentives include; promotion, medical allowance, training, transport, subsidized housing and meals. This should be after identifying the needs and desires of employees that can be satisfied hence increased performance.

A good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment (Ramlall, 2008). Good employee performances and productivity growth are also important in stabilizing our economy; by means of improved living standards, higher wages, an increase in goods available for consumption. According to Hunter and Hunter (2004) crucial in a high employee performance is the ability of the employee himself. The employee must be able to deliver good results and have a high productivity. According to Barrick and Mount (2001) an employee's performance is based on individual factors, namely: personality, skills, knowledge, experience and abilities. Desired performance can only be achieved efficiently and effectively, if employee gets a sense of mutual gain of organization as well as of himself, with the attainment of that defined target or goal. An

organization must carefully set the rewards system to evaluate the employee's performance at all levels and then rewarding them whether visible pay for performance or invisible satisfaction.

2.5 Relationship between Rewards and Employee Performance

The expectancy model of motivation proposes that the level of performance determines the levels of intrinsic and extrinsic rewards received. This, however, is not always the case in reality. Although extrinsic rewards such as pay may be linked to performance, intrinsic rewards would rarely be influenced so directly by the level of performance. The level of performance may also have a direct effect on the worker's levels of satisfaction without altering the levels of rewards Sinclair *et al.*, (2005). Workers may use their perceived level of performance to gauge their level of satisfaction with the rewards received. Workers who perceive their level of performance as being lower than their co-workers may be more satisfied with their rewards than a worker who perceives their performance as being higher than their co-workers. Kessler & Purcell (1992) financial rewards provided to employees individually have a tendency to improve culture that focuses on boosting the quality of performance.

Chiang and Birtch (2009) posit rewards that are non-financial in nature, such as the provision of an increase in holidays, and increases in family benefits, contribute towards the employee perceiving his/her workplace as a 'supporting and caring' organization. By providing employees with as much rewards as possible (in proportion to their work efforts), employees are able to function more efficiently. This idea is further supported by Eccles (1991) who stresses that when employees are able to see that their company really values and rewards certain service behaviors, then the employees would also want to embrace or welcome such values, and they would be able to exhibit desirable behaviors based on such perceptions and the promise of rewards. According to Babakus *et al.*, (2003), the perceptions that employees have with regards to their reward climate influences their attitudes towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work, in addition to increasing their 'socio-emotional bonds' with their company and their colleagues.

The workforce will be better satisfied if management provides them with opportunities to fulfill their physiological and psychological needs. The workers will cooperate voluntarily with management and will contribute their maximum towards the goals of the enterprise. Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization. This will also result in increased productivity as well as the rate of labour turn over and absenteeism among the workforce will be reduced to the barest minimum (Chhabra, 2010).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the proposed research design, the target population, data collection instruments and the techniques for data analysis.

3.2 Research Design

The research design to be adopted was descriptive survey research design. The design was deemed appropriate because the main interest was to explore the viable relationship of employee perception between rewards and employee performance and describe how the factors support matters under investigation.

3.3 Target Population

This consisted of all employees of Liquid Telecom Kenya. The staff structure of the organization was made up of senior managerial level, middle level and the lower level employees and all the cadres of employees formed the population of the study. As at 30th July, 2014, the total number of staff at Liquid Telecom Kenya was 216.

3.4 Sampling Design

The researcher used stratified sampling design. Considering the time and budget constraints it was considered an appropriate sampling strategy that yielded representative results.

Table 3.1: Sample size

Category	Sample (50%)
Senior Managers	2
Middle level Managers	6
Lower level employees	100
Total	108

Source: Researcher, 2014

3.5 Data Collection

The study used primary data. The primary data was collected through self-administered questionnaires. A semi structured questionnaire was used to collect data on the relationship between rewards and employee performance at Liquid Telecom Kenya. The semi structured questionnaires was administered purposeful to the sampled staff.

3.6 Data Analysis

Before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. In accomplishing all analysis details with efficiency and effectiveness data was analyzed by the use of descriptive statistics to summarize and relate variables which were obtained from the administered questionnaires. The data was classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables while tables and graphs was used for presentation of findings.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to determine employee perception of the relationship between rewards and employee performance at Liquid Telecom Kenya Limited. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 108 questionnaires were issued out and 91 returned. This represented a response rate of 84%.

4.2 Demographic Profile

The demographic information considered in the study was respondents' position in the company, gender, level of education, age bracket and the length of service with the company.

4.2.1 Position in the Company

The results indicate that 57.1% of the respondents were in the lower level cadre, 28.6% of the respondents were indicated to be in the middle level management while 14.3% of the respondents said that they were the senior managers in the company. The results indicate that all the cadres in the company were represented in the study and this will ensure that their views on the influence of rewards on employee performance were represented.

Table 4.1: Position in the Company

Years	Percent
Senior management	14.3
Middle level management	28.6
Lower level	57.1
Total	100.0

4.2.2 Respondents Gender

The results indicate that 54.1% of the respondents were male while 45.9% of the respondents were female. The respondents were made up of more female than male. The findings indicate that the male and female difference was not significant and therefore this implies that the study was not influenced by gender imbalance.

The results are presented in figure 4.1.

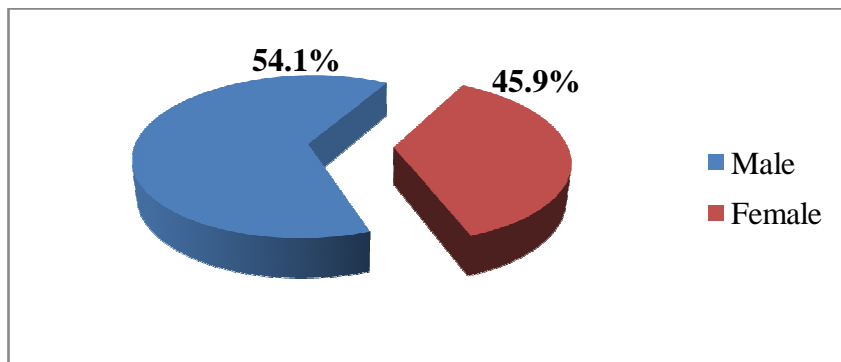


Figure4.1: Respondents age bracket

4.2.3 Level of Education

The results on the level of education show that 70.6% of the respondents had attained university level, 18.9% of the respondents said that their highest level of education was masters' level while 10.5% of the respondents said their highest level of education was certificate/diploma. The results indicate that majority of the respondents were university graduates and above and therefore they understand the relationship between rewards and performance of employees.

The results are presented in table 4.2.

Table 4. 2: Level of Education

Level of Education	Percent
Certificate/diploma	10.5
Bachelors degree	70.6
Masters degree	18.9
Total	100.0

4.2.4 Respondents Age Bracket

The results on the respondents age bracket was that 50.0% of the respondents age bracket was less than 30 years, 47.1% of the respondents indicated that their age bracket was between 31 and 40 years while 2.9% of the respondents indicated that they were between 41 and 50 years. The results indicate that all ages were represented although majority of the employees' were middle aged.

The results are presented in table 4.3.

Table4.3: Respondents Age Bracket

Years	Percent
Less than 30	50.0
31 – 40	47.1
41 – 50	2.9
Total	100.0

4.2.5 Length of service with the company

The results indicate that majority of the respondents 54.1% have worked in the company for over 5 years while 29.7% of the respondents indicated that they have worked in the company for a period of between 5 and 10 years. 13.5% of the respondents indicated that they have worked in the company for less than 5 year. The results indicate that the respondents have worked in the

company for a longer duration of time and therefore they understand the relationship between rewards and employee performance.

The results are presented in table 4.4.

Table 4.4: Length of service with the company

Years	Percent
Less than five years	13.5
5-10 years	29.7
Over 10 years	54.1
Total	100.0

4.3 Perception of Rewards

Appropriate rewards and benefits need to be devised in an organization because this action will help in motivating employees and minimize turnover. Owners look to ensure that employees direct their work effort in line with the owners' interests. This can be achieved through adjusting the reward mix, in particular the balance between fixed and variable rewards, to ensure that appropriate incentives are in place for the employee to act in the owners' interest. The respondents were requested to indicate perceived factors that influence employee performance in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree and disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq S.E. < 2.4$). The scores of 'moderate agree' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq M.E. < 3.4$) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 \leq L.E. < 5.0$). A standard deviation of > 0.9 implies a significant difference on the impact of the variable among respondents.

4.3.1 Employee Perception on Rewards

The employees were requested to indicate their perception to organizational rewards. The most common reason for employees' turnover is rewards because employees are always in search of jobs which have appealing financial and non- financial rewards. The results are shown in Table 4.5.

Table 4.5: Employee Perception of Rewards

Employee Perception on Rewards	Mean	Std. Deviation
Wages and salary paid to the employees is competitive in the market	2.3706	.9609
Rewards for exceptional performance exist in the organization	1.9118	.9331
Rewards offered to the employees are comparable with the market offers	2.1471	.8574
The retirement benefit scheme for the employees is satisfactory	3.1471	1.1581
The medical scheme offered to the employees is comparable to what is in the market	2.6706	1.2119
The rewards system in the organization is predictable and is based on employee performance	2.0588	1.0132
Because of my work, I feel I am valued by my employer	2.5588	.9274
The retirement benefit scheme offered by my employer is satisfactory and reflects my current level of performance	2.8824	1.0944
My employer embraces new compensation trends in the market depending on the employee performance	1.7647	.7409
Employees have the freedom to take decisions	2.3529	1.0697
Employees are encouraged to take new initiatives/risks in the organization	2.5294	.9609

The results indicate that the respondents moderately agreed that the retirement benefit scheme for the employees was satisfactory (mean = 3.1471). The respondents were not sure that the medical scheme offered to the employees being comparable to what was in the market with a mean score of 2.8824; employees being valued by the employer because of the work (mean

2.5588); employees being encouraged to take new initiatives/risks in the company (mean 2.5294) and that the medical scheme offered to the employees was comparable to what was in the market with a mean score of 2.6706.

The respondents disagreed that wages and salary paid to the employees was competitive in the market (mean = 2.3706); employees have the freedom to take decisions (mean = 2.3529); rewards offered to the employees was comparable with the market offers (mean = 2.1471); rewards system in the organization was predictable and based on employee performance (mean = 2.0588); existence of rewards for exceptional performance in the company (mean = 1.9118) and that the company embraces new compensation trends in the market depending on the employee performance with a mean score of 1.7647. From the analysis, it can be concluded that rewards in Liquid telecom was not competitive as it has not embraced new compensation trends in the market and thus not comparable with the market offers, reward exceptional performance and employees having freedom to take decisions. The employees could not comment on employees being valued and encouraged. From this analysis it can be concluded that employees want pay and benefits reward system that they perceive as just, unambiguous, fair and in line with their expectations.

4.3.2 Effect of development opportunities on employee performance

The respondents were asked to state the effects of development opportunities on employee performance. This was important for the study as it enables employees to widen their knowledge and abilities for more efficient teamwork and achieve individual development.

Table 4.6: Effect of development opportunities on employee performance

Effect of development opportunities on employee performance	Mean	Std. Deviation
Employees have adequate opportunities for professional growth in the company	2.4412	.8941
The company promotion policies are fair	2.3185	1.0363
Employees receive adequate training and information to do their job well	2.6471	1.0697
There is recognition for work accomplished	2.3235	.9761
Promotions are always given based on ability	2.3719	.9274
Training and development plans are developed and monitored for all employees	2.2941	1.0879
The company has opportunity for advancement or growth	2.7353	1.1627
Employee present job is relevant to the growth and development in their career	3.2059	1.0948
Sufficient time and money was allocated for training	1.7941	.8449

The results indicate the distribution of responses on the effect of development opportunities on employee performance at Liquid telecom. The respondents were not sure on employee's present job being relevant to the growth and development in their career with a mean of 3.2059. They also said they were not sure that Liquid telecom has opportunity for advancement or growth (mean = 2.7353); employees receive adequate training and information to do their job well (mean = 2.6471) and that employees have adequate opportunities for professional growth in the company (mean = 2.4412).

The results indicate that the respondents disagreed that Liquid telecom promotions are always given based on ability with a mean of 2.3719; there is recognition for work accomplished (mean = 2.3235); promotion policies were fair not (mean = 2.3185); training and development plans are developed and monitored for all employees (mean = 2.2941) and that Liquid telecom has allocated sufficient time and money for training with a mean of 1.7941. From the results, it can be concluded that in Liquid telecom employees consider to a moderate extent that their job was relevant to their growth and development, have opportunity for advancement or growth and that employees receive adequate training and information to do their job well. It can also be

concluded that the company does not allocate sufficient time and money for employee training and therefore they do not receive adequate training and information to do their job well. The company does not recognize employees for the work they undertake and promotions were not given based on ability and this affects employee morale towards work and company thus affecting their performance.

4.3.3 Effect of Job Design on Employee Performance

The respondents were requested to indicate the effect of job design on employee performance. Job design provides employees with control which provide increased opportunities for the development and exercise of skill. The results were presented in table 4.7.

Table 4.7: Effect of Job Design on Employee Performance

Effect of Job Design on Employee Performance	Mean	Std. Deviation
There is a degree of independence associated with employee work roles	2.7353	.9632
There is adequate opportunity for periodic changes in duties	2.5706	.9288
The significance of employee job (the extent to which employee adds value to the entire organization)	3.0294	1.2181
There are variety of job responsibilities	3.2059	1.0084
Ability to identify where employee job begins and ends (how well defined employee tasks are)	2.8235	1.2178
The challenging and interesting tasks that make up employee job	3.2353	1.1562
There is job security in the company	2.6588	1.1855
Overall mean	2.8941	

The findings presented in Table 4.7 indicate the distribution of responses on the influence of job design on employee performance. The findings indicate that the respondents were neutral on challenging and interesting tasks that make up employee job (mean = 3.2353) and variety of job responsibilities (mean = 3.2059). The respondents were also neutral on the significance of employee job (the extent to which employee adds value to the entire organization) (mean = 3.0294); ability to identify where employee job begins and ends (how well defined employee

tasks are) (mean = 2.8235); degree of independence associated with employee work roles (mean = 2.7353); adequate opportunity for periodic changes in duties (mean = 2.5706) and job security in the company (mean = 2.6588). The overall mean score for all the items was found to be 2.8941, indicating moderate influence of job design on employee performance. It can be concluded that in Liquid telecom the employees were neutral on their job being challenging and interesting, variety of job responsibilities, significance of employee job which identify where employee job begins and ends and this helps in association of independence of employee work roles.

4.3.4 Influence Benefits on Employee Performance

The respondents were requested to indicate the influence of benefits on employee performance. This was important for the study in order to know the extent to which the company awards its employees for specific performance results rather than simply for time worked incentives.

Table 4.8: Influence Benefits on Employee Performance

Influence Benefits on Employee Performance	Mean	Std. Deviation
Employees consider the company benefits to be competitive in the market	2.2941	.8359
There is extra payment for time worked which include weekends, overtime, shifts and holidays	1.5249	.7881
There is non-production awards and bonuses- service bonus, quality bonus, year-end bonus	1.7941	1.0668
There is payments for time not worked which include pay sick leave, paid death-in-family leave, meeting allowances, witness time, severance pay	2.9118	1.3112
There is a payment for employee security, contributions toward accident, medical insurance and disability insurance	2.9412	1.2294
There is payments for employee services which includes canteen/cafeteria services, company housing, employee counseling services, legal aid, paid club membership	2.0168	1.1009
Overall mean	2.2472	

Table 4.8 shows the distribution of responses on the level of influence of benefits on employee performance. The respondents were not sure on payment for employee security, contributions toward accident, medical insurance and disability insurance (mean = 2.9412) and payments for time not worked which include pay sick leave, paid death-in-family leave, meeting allowances, witness time, severance pay (mean 2.9118).The findings indicate that the respondents reported low level of influence in regard to employees considering the company benefits to be competitive in the market (mean = 2.2941); payments for employee services which includes canteen/cafeteria services, company housing, employee counseling services, legal aid, paid club membership (mean = 2.0168); non-production awards and bonuses- service bonus, quality bonus, year-end bonus (mean = 1.7941) and extra payment for time worked which include weekends, overtime, shifts and holidays (mean = 1.5249).

The overall mean was found to be 2.2472 which is an indication that the benefits being given to the employees by the company did not influence their performance. It can be concluded that in Liquid telecom the benefits were not competitive in the market as a result of payment for employee services, non-production awards and bonuses and extra payment for time worked.

4.3.5 Influence of Incentives on Employee Performance

The incentives given by the Liquid telecom motivates the employees to work harder for they are appreciated byLiquid telecom. The respondents were requested to indicate the influence of incentives on employee performance in the Liquid telecom.

Table 4.9: Influence of Incentives on Employee Performance

Influence of Incentives on Employee Performance	Mean	Std. Deviation
Incentives focus employee efforts on specific performance targets	1.9118	1.02596
Incentive compensation is directly related to operating performance	1.7647	1.10258
Incentives foster teamwork and unit cohesiveness when payments to individuals are based on team results	2.1471	1.07682
Incentives are a way to distribute success among those responsible for producing that success	2.3529	1.22802
Overall mean	2.0441	

The findings in table 4.9 indicate the responses on the influence of incentives on employee performance. The respondents disagreed that incentives are a way to distribute success among those responsible for producing that success (mean = 2.3529); foster teamwork and unit cohesiveness when payments to individuals are based on team results (mean = 2.1471); focus employee efforts on specific performance targets (mean = 1.9118); and that incentive compensation is directly related to operating performance (mean = 1.7647). It can be concluded that the benefits in Liquid telecom did not distribute success among those responsible, foster teamwork and cohesiveness, focus efforts on specific targets and this relates to an indirect operating performance.

4.4 Employee Performance

A good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment. For performance to be effective, employers should recognize the regiment desires and needs of the employees. The workforce will be better satisfied if management provides them with opportunities to fulfill their physiological and psychological needs.

4.4.1 Influence of rewards on employee performance

The performance of employees is influenced by the perceived level of satisfaction with rewards received. Employees who perceive their level of performance as being lower than their co-workers may be more satisfied with their rewards than a worker who perceives their performance as being higher than their co-workers. The respondents were requested to indicate the influence of rewards on their performance.

Table 4.10: Influence of rewards on employee performance

Influence of rewards on employee performance	Mean	Std. Deviation
Employees have a good understanding of the mission and goals of the company	3.5529	1.1776
There is a strong feeling of teamwork and cooperation in the company	3.0294	.9040
The company is always consistent when administering policies concerning employees	2.4128	.9924
Employees understand their contributions towards achieving business outcomes	3.7647	1.1821
The management provides employees with adequate opportunities to contribute to decisions that affect them	2.4628	1.0224
The supervisors and managers persuade employees that their jobs are important by providing a convincing rationale for their work tasks	2.2647	1.0817
Employees have adequate opportunities for professional growth in the company	3.0588	1.0993
The benefits provided in the company are comparable to those offered by other companies	2.4412	1.0784
Overall mean	2.8734	

The findings indicate that the respondents were in agreement that they understand their contributions towards achieving business outcomes (mean = 3.7647) and that employees have a good understanding of the mission and goals of the company (mean = 3.5529). The respondents were not sure on existence of strong feeling of teamwork and cooperation in the company (men = 3.0294) and that employees have adequate opportunities for professional growth in the company (mean = 2.5581).

The respondents disagreed that Liquid telecom was always consistent when administering policies concerning employees (mean = 2.4128); management provides employees with adequate opportunities to contribute to decisions that affect them (mean = 2.3628); supervisors and managers persuade employees that their jobs are important by providing a convincing rationale

for their work tasks (mean = 2.2647) and that the benefits provided in the company are comparable to those offered by other companies (mean = 2.0165). It can be concluded that employees of Liquid telecom understands their contributions towards achieving business objectives through the understanding of the mission and goals of the company. In Liquid telecom there was moderate teamwork and opportunities for professional growth. The performance of employees was affected by inconsistent administration of policies concerning employees, inadequate opportunities to contribute decisions, unconvincing provision of rationale for employees work and provision of benefits that were comparable to those offered by other companies.

4.5 Discussion of Findings

The people who make up an organization -human resources- are considered to be one of the most important resources of today's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Organizational reward systems play a critical role in enhancing employee satisfaction as the primary aim of the reward system is to enhance extrinsic motivation by satisfying an individual employee's needs indirectly through means of pay and bonuses (Anthony and Govindarajan, 2007). The results of the study did not reflect these findings as it was found out that rewards in the company was not competitive as the company has not embraces new compensation trends in the market and thus not comparable with the market offers, reward exceptional performance and employees having freedom to take decisions.

Development opportunities enable the employees to increase their knowledge which result in increased output. The study found out that employee development opportunity in Liquid telecom has not been allocated sufficient time and money for employee training and therefore they do not receive adequate training and information to do their job well. The Liquid telecom does not recognize employees for the work they undertake and promotions were not given based on ability and this affects employee morale towards work and Liquid telecom thus affecting their performance. This results were in contrast with (Jun et al., 2006) findings that employee training provides opportunities to employees to widen their knowledge and abilities for more efficient teamwork and achieve individual development. The findings of this study agree with Sparrow

(1996) who observes that insufficient career development opportunities at places of work causes staff turnover. Insufficient career opportunities at places of work make staff to stagnate in one position for a long period of time. When staff works in the same position over a long period of time, their morale reduces and thus it affects their work out put. Staff in organizations with insufficient career development opportunities will therefore seek for other opportunities outside the organization.

The findings on the use of benefits by the company in order to increase performance of employees was that there was no payment for payment for extra time worked, non-production awards and bonuses and this made the benefits to be non competitive in the market and this affects the morale of the employees as they view the company as being inconsiderate. The results went against the findings of Okumbe (2001) who asserts that in determining compensation levels organizations must be conscious of the prevailing market rates to ensure fairness and equity in compensation. He asserts that organizational indifference on going rate or going range will affect negatively on efforts put towards attracting and retaining the required staff. The incentives given to employees acts as a motivator towards the achievement of organizational goals, the findings on the use of incentives by the company therefore was that it did not focus on employee efforts, related to operating performance, foster teamwork and cohesiveness thus it did not influence the performance of the company. The results were consistent with (Greenberg *et al.*, 2007) findings that incentive plans that are oriented toward individual employees may cause increased competition for the rewards and some possibly disruptive behaviour such as sabotaging a coworker's performance, sacrificing quality for quantity, or fighting over customers. The results were inconsistent with Rahman and Bullock's (2005) findings that incentive plans result in effective teamwork which motivate employees and improve employee performance and self-efficacy. This increases motivation and self-efficacy through teamwork can be a source of employee autonomy, significance, bonding with team members and satisfaction.

A good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment. The study found out that rewards in Liquid telecom did not improve the performance of employees as the company was not consistent when administering policies concerning employees, provide adequate opportunities to contribute to decisions that affect them, persuading employees that their jobs are

important and providing benefits that are comparable to those offered by other companies. The results were found to be inconsistent with Eccles (1991) findings that stress that when employees are able to see that Liquid telecom really values and rewards certain service behaviors, then the employees would also want to embrace or welcome such values, and they would be able to exhibit desirable behaviors based on such perceptions and the promise of rewards. The workforce will be better satisfied if management provides them with opportunities to fulfill their physiological and psychological needs.

CHAPTER FIVE: SUMMARY, CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary, conclusion, limitations and recommendations of the study. The suggestion for further research was also highlighted.

5.2 Summary of Findings

The study found out that Liquid telecom was using different kind of rewards in order to influence the performance of its employees. The rewards were found however to have different influence on performance of employees. The rewards that are used by the company were found to be non competitive as the company has not embraces new compensation trends in the market and thus not comparable with the market offers. The Liquid telecom further was found not to be rewarding exceptional performance by its employees and giving them freedom to take decisions and this affects their perception towards the company. Liquid telecom employees were neutral on their job being challenging and interesting, variety of job responsibilities, significance of employee job which identify where employee job begins and ends and this helps in association of independence of employee work roles. Development of employees in an organization provides opportunities to employees to widen their knowledge and abilities for more efficient teamwork and achieve individual development. The results on development opportunities in Liquid Telecom was found not to have been allocated sufficient time and money for employee training and therefore they do not receive adequate training and information to do their job well. At the same time Liquid Telecom does not promote employees based on ability and this affects employee morale towards work and company thus affecting their performance. The findings indicate that the employees understand their contributions towards achieving business outcomes and that employee have a good understanding of the mission and goals of the company. There was no of strong feeling of teamwork and cooperation in Liquid Telecom

The benefits given to employees motivate them to work harder for they are compensated. The study established that there was no payment for payment for extra time worked, non-production awards and bonuses and this made the benefits to be non competitive in the market and this

affects the morale of the employees as they view the Liquid Telecom as being inconsiderate. The study found out that rewards in Liquid Telecom did not improve the performance of employees as the company was not consistent when administering policies concerning employees, provide adequate opportunities to contribute to decisions that affect them, persuading employees that their jobs are important and providing benefits that are comparable to those offered by other companies. Based on the foregoing, it can be said that it kind of rewards that they can use to influence their employees to perform well on a job. In other word the relevance of motivational factors depends not only on its ability to meet the needs of the employees, but also that of the organization as well.

5.3 Conclusion

In the resent days human resource is considered to be the most important resource of an organization to remain competitive in the business world. Acquiring the right workforce and then retaining that force is one of the challenges to the organization. The importance of reward in the day-to-day performance of workers' duties cannot be over emphasized, especially when it comes to being rewarded for a job done. It is a well-known fact that human performance of any sort is improved by increase in motivation. Going by the findings of this study, it can be easily inferred that workers reward package matters a lot and should be a concern of both the employers and employees. Employees cannot always control what types of help or rewards they receive, but they can control their attitude toward what happens to them, and as a result, they will be continuing to develop themselves and moving closer toward the achievement of their personal goals regardless of external resources or rewards. Nonetheless, people want to be recognized for their hard work and fairly rewarded by their managers and organization. Proper rewards and incentives can focus people to desire that which is beneficial to the organization.

Many organizations are transforming themselves, flattening hierarchies, empowering workers and basing processes on teams rather than individual performance. Reward systems are an important part of the change that is necessary for such transformation to be effective. A thorough rethinking and restructuring of reward practices which are aligned with organizational goals and culture gave the company the focused energy to succeed in challenging times. The use by the company rewards as a strategic tool enabled the company to realize tremendous potential of their

employees, working together. This requires the reorganization of incentive programs to encourage new employee behaviours aimed at achieving team and organizational goals. The types of teams operating and the stage of teamwork will dictate the incentives to be used to achieve worthwhile team and organizational goals.

Liquid telecom was using different kind of rewards in order to influence the performance of its employees, the rewards that are used by the company were found to be non-competitive as they were not comparable with the market offers. The employee had limited freedom to take decisions and this affects their perception towards the company. Liquid telecom employees were neutral on their job being challenging and interesting and the variety of job responsibilities. The development opportunities in Liquid Telecom was found not to have been allocated sufficient time and money for employee training and therefore they did not receive adequate training and information to do their job well, employee promotion was not based on ability and this affects employee morale towards work and company thus affecting their performance. However the employees understand their contributions towards achieving business outcomes and that employee have a good understanding of the mission and goals of the company.

The results obtained from the results showed that workers place great value on the different rewards given to them by their employer. Hence, when these rewards are not given, workers tend to express their displeasure through poor performance and non-commitment to their job. It is therefore imperative for the organization to consider the needs and feelings of its work force and not just over look them in order to safe guard industrial harmony, because “a happy worker they say is a productive worker”. Having stressed the importance of a good remuneration policy on the performance of workers and the different kinds of reward that can influence workers to perform better on a job, this study can therefore be seen as a call for employers’ sense of commitment to put in place appropriate incentive plan that will encourage workers to be more purposeful and improve their performance.

5.4 Limitations

The current study has certain limitations. First, the sampling technique used is not a probability sampling method which delimits the generalizability of the conclusions. Moreover, the conclusions may be made more valid if the samples used are larger in size. The performance of employees has also been measured through self-report and this may be more valid if actual performance data are gathered.

The study limited itself to information and details that could be discussed without compromising any part of the company's business aspects as it competes in a very dynamic and competitive industry. Limited accessibility to information in the organization due to confidentiality being maintained which strained accessibility of data there was also a lack of cooperation from some staff during interviews as they had to go out of their work schedule to respond. The limitations however did not affect the data collected to undertake the study

5.5 Recommendations

The findings of the study were of help to the government and other regulators in the formulation of policies which governs the labour sector in order to ensure that the employees are well remunerated. The labour organizations should strive to fight for the workers well being by advocating for increased rewards to the employees in the private sector in order to motivate them and increase their performance. Employers are continually challenged to develop pay policies and procedures that will enable them to attract, motivate, retain and satisfy their employees. The findings of this study can be a handy tool which could be used to provide solutions to individual conflict that has resulted from poor reward system.

The findings are supported by the equity theory posits that people evaluate fairness by comparing the inputs they contribute (i.e. skills and efforts) and the outcomes they receive (i.e. pay) to the corresponding inputs and outcomes of referent groups within the organization and in the external market. Fairness in the remuneration package tends to produce higher performance from

workersthe findings of the study suggest that Liquid company management need properly promote employee performance by the use of rewards. The reward used need to be competitive and the company need embrace trends in the compensation trends in the market.The hygiene factors such as the level of supervision and the current work environment need to be acceptable to the employees, or otherwise changed so that they become more acceptable. Both intrinsic and extrinsic rewards are equally important in ensuring that employees do their best. The company should allocate sufficient time and money for employee training in order for the employeesto receive adequate training and information to do their job well. The managers need to keep both intrinsic and extrinsic rewards factors in mind as they come up with ways to further motivate their employees into providing excellent service. The company management should focus on lower level needs before moving on to higher level ones if the employees were to become more motivated. While an individual's satisfaction does not solely hinge on whether his needs for food, security and shelter are satisfied, management must be keen about sufficiently addressing these. Thus both hygiene and motivation factors are important in promoting employee performance.

5.6 Suggestions for Further Research

Due to limited time and scope, this study is restricted to just one company. It is important for further studies to be carried out in order to do justice to all the factors that influence workers performance. It is very pertinent at this juncture to suggest that more research should be conducted on the relationship and influence of rewards on workers performance using many private and public organizations.

Secondly, the data was collected only from employees in the ICT industry. Future studies may focus on the influence of rewards on employee performance in other sectors and other contexts. The influence of demographic traits on performance may also be assessed.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

Everlyne Gloria Akoth Otonde

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RE: Collection of Research Data

I am a postgraduate student at university of Nairobi school of Business. In order to fulfill the degree requirement I am taking a research project to determine the employee perception of the relationship between Rewards and Performance at Liquid Telecom Kenya Ltd.

This is to kindly assist me collect data by filling out the accompanying questionnaire. The information you provide will be used exclusively for academic purposes. This will not take more than 10minutes of your time

Your co-operation will be highly appreciated.

Yours Faithfully

Everlyne Gloria Akoth Otonde

APPENDIX II: QUESTIONNAIRE

Please give answers in the spaces provided and tick (✓) in the box that matches your response to the questions where applicable.

PART A: Demographic Profile

1. Name of the respondent (Optional):

2. What position do you hold in the organization?

a) Senior Management ()

b) Middle level Management ()

c) Lower level employee ()

3. Gender: Male () Female ()

4. Highest level of education and training attained?

a) Primary () b) Secondary ()

c) Certificate/Diploma () d) Bachelors Degree ()

d) Masters Degree () e) Others ()

5. What is your age bracket? (Tick as applicable)

a) Under 30 years () b) 31 – 40 years ()

c) 41 – 50 years () d) Over 50 years ()

6. Length of continuous service with the organization?

a) Less than five years ()

b) 5-10 years ()

c) Over 10 years ()

Part B: Perception on Rewards

7. Do you agree with the following statement regarding rewards in the organization? Use 1- Strongly disagree, 2-Disagree, 3-Neither agree nor Disagree, 4- Agree, 5- Strongly agree

Rewards	1	2	3	4	5
Wages and salary paid to the employees is competitive in the market					
Rewards for exceptional performance exist in the organization					
The rewards offered to the employees are comparable with the market offers					
The retirement benefit scheme for the employees is satisfactory					
The medical scheme offered to the employees is comparable to what is in the market					
The rewards system in the organization is predictable and is based on employee performance					
Because of my work, I feel I am valued by my employer					
The retirement benefit scheme offered by my employer is satisfactory and reflects my current level of performance					
My employer embraces new compensation trends in the market depending on the employee performance					
Employees have the freedom to make decisions					
Employees are encouraged to take new initiatives/risks in the organization					

8. Do the following development opportunities factors influence employee performance in your organization and to what extent? Use 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Development Opportunities	1	2	3	4	5
I have adequate opportunities for professional growth in the organization.					
The company promotion policies are fair					
Employees receive adequate training and information to do their job					

The is recognition for work accomplished					
Promotions are always given based on ability					
Training and development plans are developed and monitored for all employees					
The company has opportunity for advancement or growth					
My present job is relevant to the growth and development in my career					
Sufficient time and money is allocated for training					

9. To what extent does the job design in your organization influences employee performance?
Use 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Job design	1	2	3	4	5
There is a degree of independence associated with employee work roles					
There is adequate opportunity for periodic changes in duties					
There is significance of employee job (the extent to which employee adds value to the entire organization)					
There are variety of job responsibilities					
Ability to identify where employee job begins and ends (how well defined employee tasks are)					
The challenging and interesting tasks that make up employee job					
There is job security in the organization					

10. To what extent does the below benefits implemented in your organization? Use 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Benefits	1	2	3	4	5
I consider the company benefits to be competitive in the market					
There is extra payment for time worked which include weekends, overtime, shifts and holidays					

There is non-production awards and bonuses- service bonus, quality bonus, year-end bonus					
There is payments for time not worked which include pay sick leave, Paid death-in-family leave, meeting allowances, witness time, severance pay.					
There is a payment for employee security, Contributions toward accident, medical insurance and disability insurance.					
There is payments for employee services which includes canteen/cafeteria services, company housing, employee counseling services, legal aid, paid club membership					

11. To what extent do the below apply in regards to the incentive plan used in your organization?
Use 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Incentives	1	2	3	4	5
Incentives focus employee efforts on specific performance targets. They provide real motivation that produces important employee and organizational gains.					
Incentive compensation is directly related to operating performance. If performance objectives (quantity and/or quality) are met, incentives are paid. If objectives are not achieved, incentives are withheld.					
Incentives foster teamwork and unit cohesiveness when payments to individuals are based on team results.					
Incentives are a way to distribute success among those responsible for producing that success.					

Part C: Employee Performance

12. To what extent do the following factors affect the performance of employees duties in your organization? Use 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

	1	2	3	4	5
I have a good understanding of the mission and the goals of this					

organization.					
There is a strong feeling of teamwork and cooperation in the organization.					
The organization is always consistent when administering policies concerning employees.					
I understand how my role contributes to achieving the business outcomes.					
The management provides me with adequate opportunities to contribute to decisions that affect me.					
The supervisors and managers persuade employees that their jobs are important by providing a convincing rationale for their work tasks					
I have adequate opportunities for professional growth in this organization.					
The benefits provided in the organization are comparable to those offered by other organizations.					