THE EFFECT OF REWARD MANAGEMENT ON EMPLOYEE PERFOMANCE AT SKY FOODS LIMITED.

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR AWARD OF DEGREE OF MASTER OF SCIENCE IN HUMAN
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MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI

DECLARATION

| This researc | h project | is my | original | work ar | ıd has | not | been | presented | for | examination | in | this | or |
|--------------|------------|-------|----------|---------|--------|-----|------|-----------|-----|-------------|----|------|----|
| any other un | niversity. | | | | | | | | | | | | |

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Supervisor's Declaration

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

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DEDICATION

This research project is dedicated to my family which has been a great inspiration propelling me to achieve my dreams in academic endeavors.

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LIST OF ACRONYMS AND ABBREVIATIONS

KPLC : Kenya Power and Lighting Company

NHIF : National Hospital Insurance Fund

USA : United States of America

ABSTRACT

Reward management is commonly viewed as management of expectations, which refers to what employers expect in exchange of pay, chance to work and development of skills against the employees input in the organization. The objective of the study was to determine the effect of reward management on employee performance at Sky Foods Limited. For this study, a descriptive survey design was chosen. The target population consisted of all Sky Foods Limited employees. The study collected data from 60 respondents through stratified sampling from the target population. Questionnaire was used for collecting primary data. The study established that, extrinsic reward affects the performance of an organization. The findings further indicated employees have high resilience to overcome any challenges that can come up in the process of performing a task. The study also found that often employee take the initiative to solve work problem. The study concludes that organizations should put emphasis on intrinsic rewards to their employees. The employees should have good interactions across management levels such that they can be in a position to air their views regarding their pay easily. The study also concludes that when employees feel they are highly appreciated they are in a position to work harder in line with organization goals and objectives. The study recommends that management at diverse levels in organizations should understand significance of proper reward management. This study therefore recommends that management should come up with merit based reward system, which will be highly acceptable by employees, hence this would translate to high performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Reward management is commonly viewed as management of what employers anticipate in exchange of pay, chance to work and development of skills against the employees input in the organization. Human resource personnel have great interest on the crucial role reward management have in regard to employee performance. According to Beer (1984), reward is a crucial tool which ensures employees perform. An employee who is rewarded well and feels appreciated by the organization, is encouraged to be consistent in performing duties and responsibilities due to the belief that the he or she has high value in the organization. According to Galbraith (2015), employee performance is motivated by effective reward management practices which align the firm's strategy by attracting and retaining highly trained and resourceful personnel, enabling the firm to achieve its strategic goals and objectives through creation of strong and supportive working environment. According to Armstrong and Taylor (2014), employment relationship builds expectations which starts with employees commitment in provision of skills and effort to the employer in exchange of wage or salary from the employer.

According to Vroom's (1964) expectancy theory, people are motivated by their level of need and their perception of their chances of success and this can highly inform reward management as well as employee performance. He argues that efforts are brought about by motivation which combines together employee's abilities and environmental factors yielding performance in an organization. The theory gives a description of two-dimensional relationship between performance and expectations. This implies that employees dimension of reward in an organization is equivalent to his/her input (Porter & Lawler, 1973). Therefore, the usage of rewards in optimal influence of employee performance forms foundation and basis which reward management is pegged on. The study is also informed by equity theory proposed by Adams (1963), which proposes that people have a fair link between performance and incentives in comparison to other people. The theory has high focus on establishing whether distribution of resources has been fairly done among relational partners. In an organization employees need to feel that their efforts are recognized, which in turn influence the individual and company performance levels. In equity theory the contributions of

each participant to the relational exchange including effort time, personal sacrifice, loyalty, hard effort, ability, dedication, adaptability, tolerance, flexibility, drive, excitement and coworker support, faith in superiors and colleagues and talent. The outputs are both tangible and intangible, they comprise of expenses, employee benefits, awareness, responsibility, reputation, job security, sense of success, salary, gratitude and praise.

The study focus was on reward management system at Sky Foods Limited, clearly outlining the impact on employees' performance. Sky Foods limited being a manufacturing company focusing on manufacturing and distribution of Treetop water and juices has distinct categories of employees hence the need to understand how the reward system varies across the various categories of employees and the impact it has had on employees' performance.

1.1 1 Reward Management

In a firm, rewards are categorized into financial and non-financial gains which a worker obtains due to employment relationship (Malhotra, 2014). An employee is keen on three types of rewards in a company might be extrinsic, intrinsic, or social (Williamson, 2009). Extrinsic rewards are offered beyond the jobs content. This comprises of material benefits example pay which can include salaries and wages, bonuses, allowances and fridge benefits. Contrarily, intrinsic rewards are non-tangible benefits that are related to the job's content and have an impact on an employee's psychological development (Williamson et al 2018). They include praise, contentment and growth opportunities among others.

Reward management focuses on processes, policies and strategies which are aimed at recognition of individual's efforts in achievement of the organization's aims and objectives (Armstrong, 2012). A reward system is a group of linked procedures that work together to make sure reward management is conducted effectively for mutual gain of individual and the organization (Armstrong, 2012).

Armstrong (2009), argues that reward management is focused on creation of core values, organization culture and enhancing employee commitment and motivation. It is worth noting that organization reward management strategy may be subjected to changes as it goes through the business cycle. Implementation of practices is subject to organization development along its

evolution which makes initial practices obsolete while calling for new practices and policies to be adopted. Reward management therefore puts emphasis on both intrinsic and extrinsic motivation, monetary and non-monetary incentives. This results in numerous components of reward management, which includes market rate analysis, job evaluation, and strategic rewards, contingent compensation, job evaluation, and pay structure (Ripley, 2018).

1.1.2 Employee Performance

Employee performance refers to effectiveness and efficiency with which employees in a particular organization perform tasks with an aim of meeting customer as well as management targets (Pierce et al, 2004). Further it explains the extent to which employees in a given organization apply their knowledge, attitudes, ability and skills to achieve specific tasks or objectives (Rehman, 2009). According to Bohnstedt & Larsen (2018) that aspect of employee behavior at work on other employees have been used frequently to gauge performance of an employee.

According to Dharma (2018), employee performance is the action of completing a task by individuals within a given time frame. An individual's or an organization's performance is highly influenced by practices, policies, knowledge management and employee engagement (Anita, 2018). Performance can be measured with aid of performance appraisal, which involves assessment of key performance indicators like timelines, targets among other things.

The two types of performance are task and contextual performance (Borman & Motowidlo, 2011). Task performance depicts the employee's basic duties and responsibilities, this can be seen in particular work outputs and deliverables. as well as the quality and quantity of those outputs and deliverables (Koopmans et al. 2014). Contextual performance goes beyond the boundaries of formal job tasks and is expressed in specific work outputs and deliverables, as well as in the caliber and volume of those outputs and deliverables (Koopmans et al. 2014).

Bernthal (2016), explains how employee performance is connected to corporate strategy, the establishment of individual objectives, the frequency with which feedback on those goals is offered, and the provision of chances for development. Employee performance might be viewed as a psychological agreement (Stiles et al., 2007). This is a notion that specifies the parameters the requirements of a relationship that benefits parties in employment relationship (Robinson &

Rousseau, 2014). The benefits of high-performance work methods as outlined by Moncarz and Zhao (2008) help in achieving job satisfaction and reduce turnover by engaging employees in organizational decisions, goals, and directions through team participation. Employee satisfaction is one of several elements that must be addressed in a company in order to achieve optimal firm performance.

Deci and Ryan (1985) state that financial incentives, according to self-determination theory, promote extrinsic motivation drives successful performance while reducing intrinsic motivation (Jordan, 2006). Negative impacts on intrinsic motivation occur only under certain for instance, conditions when the reward is just given once or has no impact on performance for instance. Eisenberger and Cameron (2016), assert that financial incentives are important, if motivated by a desire to complete the task and have been shown to increase intrinsic motivation. Non-monetary rewards, on the other hand like development, employee performance is affected differently by learning and advancement. Employees are encouraged by growth and development of their skills through training and ensuring that they are retained in the organization to enjoy the benefits that accrue due to skilled man power. However, the relationship between job training and performance may not be instant since it depends on how well the skills gained during learning are utilized and the duration of those skills (Zaccaro, 2009).

1.1.3 Sky Foods Limited

Sky Foods Limited is a manufacturing company located in Kenya Juja sub-county, dealing with the manufacturing and distribution of Tree top juice and water. The company was incorporated in the year 2015 as a private limited company and is situated in Juja along Thika superhighway. Sky Foods Limited manufactures premium juices and beverages with an average production capacity of 5 million litres annually. The company has scaled its operations to include other products within the beverages range, and canned fruits. It sells its products directly and through a network of distributors spread out across major towns in Kenya. Sky Foods has expanded its footprint to Uganda, Tanzania, Rwanda, South Sudan and most recently to DRC Congo.

With a lean workforce comprising 120 employees under contract and casual basis which is dependent on the nature and level of work, Sky Foods has 4 major departments; the production department headed by a production manager, the accounts department headed by a chief finance

officer, the sales department headed by the national sales manager and a human resource department headed by the human resource manager. The managing director is the highest authority as per the company's organization structure, with 4 heads of department who report directly to him, supervisors reporting to the heads of department and the general staff. Sky Foods Limited has developed unique reward management system varying across departments to suit the nature of operation and reward employees fairly with high levels of motivation, the workers' output has risen over time.

1.2 Research Problem.

Reward is an important component in motivating employees, ensuring individuals give their best efforts leading to highly innovative ideas in improving business functionality and company performance in all aspects. Edward and Christopher (2006), argue that individuals will not work or continue working hard for an organization unless they are motivated to fulfill organization goals and objectives and reward management is the mechanism that makes this happen.

Cox (2012), argued that money is important since it represents an employee's worth and the things it can manage to buy. An organization's policies on reward management is therefore important since with proper management of money as reward there can be improvement in performance through motivation of the employee. Though pay and benefits are not instant guarantee of high or improved performance they are a crucial factor in assessment of job satisfaction.

Sky foods limited have adopted reward management though the result has not been documented over time. Since inception in 2015 the focus at Sky Foods Limited reward management has not been well defined and structured lacking proper guidelines, policies and good process of administration. There were no clear mechanisms of reward management at the organization and employees were rewarded according to their bargaining power during onboarding and the subsequent organization performance. Since its inception the organization has not been conducting proper job evaluation and employees' performance review. Employee performance was evaluated on monthly or quarterly basis depending on the department and the employee were not rewarded according to the value they brought to the organization. As a result, there was high turnover since some employees who were highly rewarded had lower output adding less value to the organization.

In the year 2019 there was a review of the reward management system at Sky Foods Limited the performance of employees improved over time during the year. The current financial and

nonfinancial rewards include salaries, bonuses, recognition, promotions and allowances among other benefits. However, there is need to clearly show how the reward management has impacted on the employees' performance in the organization to inform the organizations decisions going forward.

Numerous research have tried to explain how reward management affects employee performance. Manolopoulos (2018), established link between job motivation and organizational performance in the Greek public sector. He proposed that using intrinsic rewards rather than financial incentives may result in greater public sector performance. A study by Qureshi (2018), in India argued reward systems in a great measure influence the actions and performance of a worker. Study by Sutherland (2017), in Pakistan banking sector argued that employers should focus a lot of their innovation on reward schemes.

Mbaya (2015), examined Kenya Power and Lighting Company's employee performance and compensation policies and found that distribution of recognition awards in the institutions had no discernible impact on employee performance from financial bonuses. Kibe (2018), linked rewards with employee performance. Mzera (2012), studied reward management and concluded reward management is not evenly distributed in Kenyan banking sector. Mokaya (2017), shown how Kenyan hotels used rewards to keep talent and top performers. The previous studies have not dealt with food industry and this study will narrow the knowledge gap by focusing on impact of reward management on employee performance at Sky Foods Limited. The study answered research question; what is the impact of reward management on employee performance at Sky Foods Limited?

1.3 Research Objective

The objective of the study was to determine the effect of reward management on employee performance at Sky Foods Limited.

1.4 Value of the Study

The study would benefit managers in the food industry and other industries helping in developing policies which would improve employee performance and reward employees. This is because the

study's findings would help them understand the factors surrounding compensation management, especially to create informed policies for enhancing performance of workers in the industry.

The study will aid the academic area of human resources and practitioners by offering fresh empirical evidence and theoretical development. This in turn, would expand the range of knowledge available about rewards and worker performance. Additionally, this would influence how different businesses approach strategic compensation management in order to maximize employee performance.

Finally, future researchers would benefit from this study since it establishes the framework for future studies. This was based on the empirical literature which would be kept in the library and made available for study. The study made recommendations for future research, which will help researchers choose their areas of interest.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter comprised review of theoretical literature as well as empirical research in the field of

reward management and employee performance. It starts with the theoretical foundation of the

study followed by literature on reward management and employee performance.

2.2 Theoretical Foundation

This research was based on expectancy theory and equity theory in relation to reward management

and employee performance.

2.2.1 Expectancy Theory

According to Vroom (1964), people choose to behave or act in a particular manner because they

feel compelled to choose one action over another based on their expectations as a result of the

chosen behavior. In essence, the desirability of the result determines the motivation for action

choices. But at the heart of the theory is the realization of how people deal with motivational

factors. This happens before the final decision is made. Results are not the only factor to consider

when deciding how to act.

Expectancy theory deals with the mental process of making decisions. It describes the process that

a person goes through to make a decision. This theory underlines how crucial it is for businesses

to tie rewards to performance and make sure that the prizes given are deserving and wished for by

the recipients. As per Vroom (1964), motivation is the process of directing the selection of

alternative forms of volunteering, the process by which an individual exerts control. The individual

bases their choice on an assessment of how closely the anticipated result of a specific activity will

resemble or ultimately lead to the desired result. Motivation is the outcome of a person's

expectation that his/her effort will culminate into achieving a particular targeted result and

achieving the desired outcome for the individual is known as valence (Ripley, 2012).

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2.2.2 Equity Theory

According to equity theory proposed by Adams (1966) workers relate their abilities and execution to the result based on their commitment. On the off chance that there is disparity in the adjust due to the person feeling that they have been "underpaid" or "did not get the promotion", value must be settled by way of attitudinal and behavioral reactions. This can be accomplished in a few ways, such as increments in pretentious nonattendance from work, lower work execution, and diminished commitment and believe (Bernthal, 2016).

Adams' equity theory basically comprises of inputs and results. The inputs comprise of commitments by a person. The talents, knowledge involve competence of an employee in the organization. The various inputs worth evaluation for rewarding the employee include experience, academic qualifications, age and other considerations which the human resources manager may deem during job evaluation. The rewards and benefits for the employment include cash and non-cash benefits. The esteem of result is decided by the beneficiary (Adams, 1963), so no outcome has a specific objective measure. Groups can develop acceptable reward systems which can be used to appreciate those doing well and punish those with unfair treatment to other people (Luthans, 2015). People are desperate when they are in an unfair relationship. Individuals are more worried when relationships are unfair (Rehmanm, 2009).

According to equity theory, both "too many" and "too few" are desperate. Those who overdo it may feel guilty or embarrassed. People who are not getting enough can feel angry and humiliated. Unjustified individuals seek to resolve their misery by equity. The prevalence of inequality creates the urge for the individuals to strive in fighting inequality (Walster, 2018). According to Maia (2014), individual choices are made in light of assessments of how effectively the predicted outcomes of a certain activity lead to the expected results. Motivation arises from employee expectation that his/her effort will culminate into an intended achievement with the desirability of individual's outcome being the valence.

2.3 Components of a Reward Management System

Armstrong (2010) defines reward management as making decisions based on incentives on the accuracy of expected outcomes. Motivation is realized when an employee expectation that a particular input in a given task or assignment will translate into intended achievement. A comprehensive rewards system includes the following components: compensation, flexibility, benefits, performance recognition and career development. According to Armstrong (2010), compensation is seen overall and includes not only basic salary, but other forms of compensation that promote employee performance. According to Rehmann (2009), as soon as the employee reaches first salary, he/she must will expect payment of all subsequent employment period. Incentives given in short term provide additional rewards for improvement in performance. Long-term incentive pay provides long-term productivity and performance benefits such as stock options and cash bonuses. These alternatives appeal to top personnel because they are confident in their ability to continually meet expectations. Employers can make decisions to give their employees benefits that exceed minimum wages of higher salary than the expected payment in the industry's (Maund, 2017).

According to Tremblay (2013), workplaces should promote a healthy balance of work and personal time. Better morale can be enhanced through creation of environment which recognizes employees need of a proper work schedule which has enough room for rest. Organizations should have policies which ensure there is flexibility for employee with special responsibility outside their scope of work for instance caring for their elderly and infants.

Gerhart and Rynesx (2014), describes how pay relate to rewards in terms of fixed salaries, wages and in the form of systems such as incentives and bonuses. Eisenhardt (2008), designed a compensation management system using the basic wage to short-term bonus ration. This basic ratio was expanded to include the ratio of cash compensation to basic pay, as well as both temporary and permanent rewards (Tremblay, 2016).

The total package of monetary and non-monetary benefits provided by any business is designed to recruit, retain, and elicit reciprocal excellent performance from its employees. Armstrong (2007) describes first component as compensation and work experience. Whereas recognition, learning,

and growth, work-life balance, work environment, and culture are all included in the latter (Gomez Mejia et al. 2017; Elvira 2020).

2.4 Reward Management and Employee Performance

The primary concern of reward management is the design of rewards, as well as the implementation and maintenance of pay systems that aid in the improvement of firm performance (Armstrong & Murlis, 2017). Rewarding can be described as actualization of strategies, directives, and incentives., guidelines, and systems that aid businesses in achieving their objectives by recruiting and maintaining the human resources they require while boosting their commitment and motivation. Therefore, reward management systems should be designed in such a way that they support the achievement of corporate strategies. The systems must be based on a reward philosophy that corresponds to the culture of the organization.

Njanja and Kibet (2013), investigated the extent to which KPLC's rewards system influenced performance which was investigated using inference statistics (chi-square). The results of the survey showed that cash bonuses did not affect employee performance. The study showed that those who received the cash bonus carried out their tasks same as those who did not. As a result, organizations need to focus on changing the nature and job content.

Freedman (2018), conducted study in California using an exploratory design and a sample size of 40 employees in a health facility, researchers discovered effective compensation and awards are adopted in the firm to foster a positive working environment that encourages people to succeed. The sense of appreciation and employee satisfaction enhances morale, which in turn increases organizational productivity. Rewards have a vital role in assessing significant job performance and have a favorable impact on the motivation process (Rizwan & Ali, 2016).

A study conducted by Mehmood (2018), in USA using a descriptive analysis found that incentives influence performance through change of behavior when an employee is disoriented. A good compensation system improves business performance and productivity while attaining organization goals, fairness to employees within given legal framework (Maire & Nick, 2017). According to Carraher et al (2016), an organization's incentive practices should be effective. This is done in order to retain high-performing employees while also equating reward with productivity.

Ahmed & Ali (2008) found there was favorable association between incentives, work satisfaction, and motivation. Payment 86 percent, advancement 74 percent, working environment 61 percent, and personal 37 percent were cited as factors influencing satisfaction. The study adopted exploratory design. The study's sample size was 80 employees from Unilever enterprises in Kenya. The researchers suggested that extra in-depth study on the reward management on diverse groups of people," such as race, gender, and disability (Ahmed & Ali, 2008).

Mutua (2011), also conducted a study on reward management in relation to employee performance at NHIF in Kenya. He established that organization remuneration policies calls for equal pay for equal task done with no discrimination which can be achieved through elimination of discrimination at work place and having a competitive reward structure which advocates for performance oriented rewards. Bange (2013) found that there was disparity in remuneration which was dependent on the employee scale and the findings further indicated that the employees with a higher scale in the organization had a higher ranking than the employee in lower scale in the organization. The employees in higher scale were also involved in decision making processes.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology used to complete the study. The subsections

include, in particular, research design, data collection, and data analysis.

3.2 Research Design

Descriptive survey was chosen as the best for this study. Mugenda and Mugenda (2003), describes

an endeavor to gather information from individuals of a population. Descriptive research is the

data collection procedure used to answer queries regarding the present situation of the issue under

study. This design was found suitable because it described the impact of reward management on

employee performance at Sky Foods Limited.

3.3 Population of the Study

The research focused on employees at Sky Foods Limited. The target population was all employees

of Sky Foods Limited who are 120 employees.

3.4 Sample and Sampling Design

The study used stratified sampling to obtain a total of 60 respondents from the target population.

A representative sample, according to Mugenda and Mugenda (2003), is one that includes at least

10% of the population, However, for the purposes of this study, a population of at least 10% is

required. 50% was deemed representative. Table 3.2 indicates proportionate stratified sample.

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Table 3.1: Sample Size

| Category of Employee | | Proportion sample% | Sample |
|-----------------------|-----------|--------------------|--------|
| Category of Employee | Frequency | Sample / v | |
| Top Level managers | 5 | 50% | 3 |
| Middle level managers | 10 | 50% | 5 |
| Lower level managers | 15 | 50% | 8 |
| Other employees | 90 | 50% | 45 |
| Total | 120 | 50% | 60 |

3.5 Data Collection

A questionnaire which was divided into three sections. The first section was utilized in obtaining the respondent information; it assessed the capacity of the respondent in providing accurate information. This helped gauge respondent's capability to provide accurate information, while the second part was on reward management and the third part was on employee performance. To provide structured responses to allow for concrete recommendations There were closed-ended questions on the questionnaire. The questionnaire was distributed to the respondents physically and collected as per agreed timelines.

3.6 Data Analysis

Prior to data analysis, data was checked for consistency and errors, and descriptive analysis was performed to summarize and analyze the data on the respondents' perspectives on impact of reward management on employee performance at Sky Foods Limited. Data was coded and grouped into various categories and analyzed through descriptive statistics. Measures of central tendency where applicable were used to make inferences on analyzed data in accordance with the objective of the study. Tables and graphical presentations where necessary was used for presentations of data.

Simple linear regression was specified by the following equation:

$$Y = \beta_0 + Bx_1 + Bx_2$$

Whereby

Y = Employee performance

 x_1 = Intrinsic Reward

 $x_2 = Extrinsic Reward$

 β = Coefficients

 ε = Error Term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, findings and discussion of the study findings. The objective of the study was to determine the effect of reward management on employee performance at Sky Foods Limited. These are written in prose based on the responses of the respondents.

The study targeted to collect data from 60 respondents in order to determine the effect of reward management on employee performance at Sky Foods Limited. The questionnaires which were filled out and returned were 58 out of 60 sample respondents, which led to response rate of 96.67%. This reasonable response rate became a reality after the researcher personally called and visited the respondents to remind them to complete the questionnaires and return them on time.

4.2 Respondents Demographics

The gender, age, level of education, years of experience, and current position of respondents were all requested in the study. This information was critical in determining the respondents' ability to provide credible information.

4.2.1 Gender of Respondents Table 4.2 Gender of Respondents

| | Frequency | Percentage |
|--------|-----------|------------|
| Male | 32 | 55 |
| Female | 26 | 45 |
| Total | 58 | 100 |

The study determined the gender of responents. According to the findings in table 4.1, 55% of respondents were male, while 45% were female. From these findings we can deduce that the respondents were evenly distributed between genders.

4.2.2 Age of Respondents

Inference on age was made. According to the findings in table 4.2, majority of the respondents 43.1% of the respondents were aged 31 to 35 years, 31.1% of the respondents were aged 36 to 40 years, 8.6% of the respondents were aged 26 to 30 years, 12.1% of the respondents were aged above 41 years while 5.1% of the respondents were aged below25 years. Based on these findings, we can conclude that the respondents were of age and thus provided credible information to the study. Based on these findings, we can deduce that the respondents were of legal drinking age and thus provided reliable information.

Table 4. 3Age of Respondents

| Age | Frequency | Percentage |
|----------------|-----------|------------|
| Below 25 years | 3 | 5.1 |
| 26-30 years | 5 | 8.6 |
| 31 to 35 years | 25 | 43.1 |
| 36-40 years | 18 | 31.1 |
| Above 41 years | 7 | 12.1 |
| Total | 58 | 100 |

4.2.3 Level of Education

The respondents were requested to give information on education attained. According to the findings in table 4.4 majority of the respondents 67.24% had college education, 18.79% had university education while 14.7% had secondary education. Based on these findings, we can conclude that the respondents were well educated, understood the research instrument, and thus provided credible information.

Table 4. 4 Level of Education

| Level of Education | Frequency | Percentage |
|---------------------------|-----------|------------|
| Secondary | 8 | 13.79 |
| College | 39 | 67.24 |
| University | 11 | 18.97 |
| Total | 58 | 100 |

4.2.3 Working Experience

Inferences on work experience was made, table 4.3 showed majority of the respondents, 65.52% indicated that they had worked in the organization for 6 to 10 years, 34.48% indicated they had worked for below 5 years. This indicates respondents had enough experience in the organization and therefore gave credible information.

Table 4.5 Working Experience (in years) in the Organization

| Years | Frequency | Percentage |
|---------------|-----------|------------|
| Below 5 years | 20 | 34.48 |
| 6-10 years | 38 | 65.52 |
| Total | 58 | 100 |

4.3. Reward management

The main purpose of study was to establish the effect of reward management on employee performance at Sky Foods Limited, the reward management had to be established. This section therefore deals with reward management at Sky Foods Limited. The respondents used a rating scale of 1 to 5.

The study sought to determine the degree to which respondents agreed with statements about reward management, means greater than 1 and less than 1.5 implied very poor reward

management, greater than 1.5 and less than 2.5 implied poor reward management, greater than 2.5 and less than 3.5 implied moderate reward management. Means greater than 3.5 but less than 4.5 indicated good reward management, while means greater than 4.5 indicated strong agreement on the presence of reward management. The standard deviation gives a description of the distribution of means. It gives the dispersion on the responses to every statement and was used to rate the how evenly distributed the results were.

4.3.1 Intrinsic Rewards

The study sought to establish extent to which the respondents agreed to statements in regard to intrinsic rewards at Sky Foods Limited.

Table 4.6 Intrinsic Rewards

| Statements | Mean | Std. |
|-----------------------------------------------------------------------------|------|------|
| | | Dev. |
| Organization recognize excellent performance on duties and responsibilities | 2.80 | 0.21 |
| Management allow and emphasize on social interaction with junior employees | 3.52 | 1.11 |
| Employee are allowed to air their views about pay | 3.32 | 1.21 |
| Employees are paid for extra effort in their work | 3.81 | 0.85 |
| Organization pays good salary compared to firms in same industry | 2.23 | 0.62 |
| I am paid for overtime worked fairly | 3.74 | .032 |
| I have paid leave from the organization | 4.0 | 0.32 |
| Best performance | 3.87 | 0.21 |
| Company pays for best team performance | 2.21 | 0.31 |
| Aggregate Mean on Intrinsic Reward | 3.27 | 0.54 |

The study rated statements on intrinsic reward, from findings in table 4.6, the respondents were in agreement of having paid leave from the organization as shown with a mean of 4.0,employees have access to loan facilities in the organization as shown with a mean of 3.87,employees are paid for extra effort in their work as shown with a mean of 3.81, they are paid for overtime worked fairly as shown with a mean of 3.74, the organization pays a good salary compared to other firms as indicated with a mean, of 3.53. Management allow and emphasize on social interaction with junior employees as shown with a mean of 3.52. The employees are moderately allowed to air their views about pay as shown with a mean of 3.32, the employees indicated that there was moderate recognition of excellent performance on duties and responsibilities as shown with a mean of 2.80. Overall the employees at Sky Foods Limited indicated there was moderate intrinsic rewards with an average mean of 3.27 and standard deviation 0.54. The above analysis implies that intrinsic rewards at Sky Foods Limited is moderate and this means that the employees are not satisfied with these rewards. The employees feel the management should raise these rewards to meet industry standards.

4.3.2 Extrinsic Rewards

The study sought to establish extent to which the respondents agreed to statements in regard to intrinsic rewards at Sky Foods Limited.

Table 4.7 Extrinsic Reward

| Statements | Mean | Std. |
|-----------------------------------------------------------------------------|------|------|
| | | Dev. |
| Employees are provided with health and medical insurance by the company. | 3.83 | 0.21 |
| The company makes certain that their employees' jobs are secure. | 2.11 | 0.25 |
| In addition to what I already have, I have been given new responsibilities. | 3.51 | 0.11 |
| The company creates a work schedule for its employees | 2.23 | 0.22 |
| Employees who excel in the workplace are given special recognition. | 2.65 | 0.13 |
| The company emphasize on promotion and advancement to its employees | 2.78 | 0.12 |
| Aggregate Mean on Extrinsic Reward | 2.85 | 0.17 |

The study rated statements on intrinsic reward, from findings in table 4.7 respondents agreed they are provided with a health and medical insurance by the company as shown with a mean of 3.83, in addition to what they already have, they have been given new responsibilities as shown with a mean of 3.51, the company emphasize on promotion and advancement to its employees as shown with a mean of 2.78. Respondents were neutral on employees who excel in the workplace are given special recognition as per with a mean of 2.65. The respondents disagreed that the company creates a work schedule for its employees as shown with a mean of 2.23, the respondents disagreed that the company makes certain that their employees' jobs are secure as shown with a mean of 2.11. Overall, the employees at Sky Foods Limited indicated there was moderate extrinsic rewards with an average mean of 2.85and standard deviation 0.17.

The above analysis implies that intrinsic rewards at Sky Foods Limited is moderate, this means that the employees have expectations of improvements in reward management at the company. The employees feel that the extra responsibilities given to them are not rewarded as well.

4.4 Employee Performance

The study sought to establish employee performance at sky food limited.

4.4.1 Task Performance

The study sought to establish task performance at sky food limited.

Table 4.8 Task Performance

| Statement | Mea | Std. Dev. | |
|-------------------------------------------------------------|-------|-----------|--|
| | n | | |
| Fully completes duties assigned | 3.75 | 0.02 | |
| Fulfills duties and responsibilities as per job description | 3.81 | 0.01 | |
| In a position to carry out expected tasks | 3. 58 | 0.02 | |
| Meets formal expectations of the job | 3.63 | 0.02 | |
| Always keen in listening to problems of other workers | 3.61 | 0.34 | |
| Have interest in other employees who perform similar tasks | 3.48 | 0.02 | |
| Gives prior notice when not in a position to report to work | 4.0 | 0.02 | |
| Average on task Performance | 3.71 | 0.45 | |

From the analysis, respondents agreed that they fully give prior notice when not in a position to report to work as indicated by a mean of 4.0, fulfil duties as per job description assigned as shown with a mean of 3.81, fully complete duties assigned as shown with a mean of 3.75, they meet formal expectations of the job as shown with a mean of 3.63, they are always keen in listening to problems of other workers as shown with a mean of 3.61, the respondents are in a position to carry out expected tasks as shown with a mean of 3.58 and have interest in other employees who perform similar tasks as shown with a mean of 3.48. Overall the employees at Sky Foods Limited indicated

that task performance was high as shown by a mean of 3.71 and standard deviation 0.45. This implies that management of Sky Foods Limited should review their policies on task performance. The employees have indicated they have performed their part hence the management should reciprocate on the performance in the organization.

4.4.2 Contextual Performance

The study sought to establish contextual performance at sky food limited.

Table 4.9 Contextual Performance

| Statement | Mea | Std. Dev. |
|-------------------------------------------------------------------------------------------------------|-------|-----------|
| | n | |
| Often talk to others before taking actions that might affect them | 3.81 | 0.02 |
| Usually put in extra effort to get work done on time | 3.75 | 0.03 |
| Encourage others to overcome their differences and get along | 3. 48 | 0.02 |
| Have high resilience to overcome any challenges that can come up in the process of performing a task. | 3.53 | 0.02 |
| Often take the initiation to solve work problems | 3.71 | 0.34 |
| Usually tackle difficult work assignments enthusiastically | 3.62 | 0.21 |
| Average on Contextual Performance | 3.70 | 0.09 |

From the analysis respondents agreed that they talk to others before taking actions that might affect them as shown mean of 3.81, usually they put in extra effort to get work done on time as shown with a mean of 3.75, they often take the initiation to solve work problems as shown with a mean of 3.75, often employee take the initiative to solve work problems as shown with a mean of 3.71, the respondents usually tackle difficult work assignments enthusiastically as shown with a mean of 3.62, they have high resilience to overcome any challenges that can come up in the process of performing a task as shown with a mean of 3.53, respondents encourage others to overcome their differences and get along as shown with a mean of 3.48. Overall, the employees at Sky Foods

Limited indicated that contextual performance was prevalent proof by a mean of 3.70 and standard deviation 0.09. This implies that employees were self-motivated to work at Sky Foods Limited which should be a concern of the management so that the organization does not loose the active and skilled employees to industry competitors.

4.5 Regression Analysis

Table 4.10: Model Summary

| Model | R | \mathbb{R}^2 | Adjusted R ² | Std. Error of the Estimate |
|-------|------|----------------|-------------------------|----------------------------|
| | | | | |
| 1 | .81ª | .651 | .645 | .0533 |

R² is coefficient of determination which indicates the percentage of variations in dependent variable due to changes in independent variables. According to the findings, the adjusted R squared value was 0.645, indicating that there was a variation in employee performance of 64.5% due to changes in reward management at the 95% confidence interval. This means that reward management can account for 64.5% of changes in employee performance. R is the correlation coefficient, which demonstrates the relationship between the variables under consideration. According to the findings, there was a strong positive relationship between the study variables, as demonstrated by 0.651.

Table 4.11: Coefficients

| Model | | Unsta | ndardized | Standardized | T | Sig. |
|-------|------------------|-------|------------|--------------|-------|------|
| | | Coe | fficients | Coefficients | | |
| | | В | Std. Error | Beta | | |
| 1 | Constant | 3.752 | .064 | | 4.096 | .001 |
| | Intrinsic Reward | 0.642 | .070 | .060 | 1.133 | .002 |
| | Extrinsic Reward | 0.543 | .062 | .044 | 1.108 | .001 |

Dependent Variable. Employee performance

Predictors: Reward Management

Using simple regression analysis, the study established the effect of reward management on employee performance at Sky Foods Limited. The research assumed a linear relationship between the independent and dependent variables and was guided by OLS estimation methods. The regression model's prediction of the effect of the independent and dependent variables was tested. The simple regression equation was:

$$\mathbf{Y} = \mathbf{\beta}_0 + \mathbf{B}\mathbf{x}_1 + \mathbf{B}\mathbf{x}_2$$

Whereby

Y = Employee performance

 x_1 = Intrinsic Reward

 $x_2 = Extrinsic Reward$

 β = Coefficients

 ε = Error Term

The following regression equation was established from the data.

 $Y = 3.752 + 0.642X_{1} + 0.543X_{2}\varepsilon$

From the above regression equation, it was revealed that reward management at a constant zero, employee performance would be at 3.752. A unit increase intrinsic reward would increase employee performance with a factor of 0.642. A unit increase in extrinsic reward would increase employee performance with a factor of 0.543.

4.6 Discussion of Findings

Reward management is crucial in an organization since it motivates the employees in organization to work more towards organization goals. There is need as per the findings for Sky Foods Limited to work on the intrinsic rewards and extrinsic rewards, which in return would lead to enhanced task and contextual performance.

Study established moderate intrinsic reward at Sky Foods Limited. The organization should work hard to ensure the employee rewards are at par with the industry standards or even higher which would lead to a motivated work force and attract skilled labor. The findings concur with a study conducted by Mehmood (2018), which discovered that incentives are important in improving employee performance and changing the behavior of disgruntled employees. The study further indicated that a good pay system boosts business performance and productivity while also meeting other management of cost employee and general firm process.

The study found that there was moderate extrinsic reward at Sky Foods Limited. The findings indicated that employees at Sky foods limited were not certain about their job security. The company makes certain that their employees' jobs were not secure and there were no good work schedules with little or no recognition of employees who excel well in their performance. The company did not give emphasis on promotion and advancement to its employees that affected the employees' performance in the process of executing their duties. The findings concur with study by Freedman (2018), who discovered that effective compensation and awards are adopted in the firm to foster a positive working environment that encourages people to succeed. Employees' sense of recognition is a source of gratitude and value and morale.

The findings indicated that increase in rewards could translate into increased employee performance. This finding implies that any given organization that aims to increase the productivity of employee should give reward management great emphasis. The findings in agreement with study by Carraher et al (2016) who argued that organization incentives and practices should be effective which leads to retention of high-performing employees while also equating reward with high productivity.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The objective of the study was to determine the effect of reward management on employee performance at Sky Foods Limited. This chapter summarizes the study and draws conclusions and recommendations based on the findings. The chapter also discusses the study's implications and future research directions.

5.2 Summary of Findings

This study established that reward management affected employee performance at Sky Foods Limited. The adjusted R squared value was 0.645, indicating that there was a variation in employee performance of 64.5% due to changes in reward management at the 95% confidence interval. This indicated that reward management could account for 64.5% of changes in employee performance. From the study it was established employee motivation increased as reward management was improved. On the intrinsic reward, the study found recognition of the employee increased the performance. Study further revealed that employees were not allowed to air their views about pay. The study also found that organization does not pay a competitive salary compared to other firms in same industry. The study found that employees felt encouraged in the organization when they have access to loan facilities as well as where best performance was rewarded accordingly.

On extrinsic reward, the study found that employee work harder where the company provides them with health and medical insurance, as well as employees wellbeing. Further the study also found that where company makes certain that their employees' jobs are secure and those who excel in the workplace are given special recognition leads to higher performance. On task performance, the study found that employees at Sky Foods Limited fulfill duties and responsibilities as per their job description. The findings also indicated that the employee's meet formal expectations of the job and that they are keen and have personal interest of other employee's problems.

On contextual performance, the study found that employees usually put in extra effort to get work done on time. The study also found that employees encourages each other to overcome their differences and get along. The findings further indicated employees have high resilience to overcome any challenges that can come up in the process of performing a task. The study also found that often employee take the initiative to solve work problem.

5.3 Conclusion

Based on findings, study concludes that organizations should put emphasis on intrinsic rewards to their employees. The employees should have good interactions across the management levels such that they can be in a position to air their views regarding their pay easily. The study further concludes where the employee is well recognized there are higher chances of increased performance.

The findings indicated that extrinsic reward affects the performance of an organization. The study therefore concludes that management in the organization should consider reward management as an integral part of employee motivation and have structures that would lead to a highly motivated workforce.

The study also concludes that when employees feel they are highly appreciated they are in a position to work harder and achieve more for organization. The terms of employment in an organization should also be made clear such that employees would not have expectations that are not realistic which would affect the organization's performance.

5.4 Recommendations

The study found reward management at Sky Foods Limited is moderate and needs improvement. Employees believe that the organization has not prioritized intrinsic rewards. The study therefore recommends that the organization develops a fair reward policy for intrinsic rewards.

Management at diverse levels in organizations should understand significance of proper reward management. This study recommends, management should devise a merit-based reward system, which will be highly acceptable by employees, and this would translate to high performance. The study recommends the organizations should benchmark their reward system with other firms in the same industry. This will assist organizations in developing competitive reward policies that will be reviewed on a regular basis based on business trends. The study also recommends that organizations should employ research and development while evaluating their reward system.

5.5 Implications of the study

The results of the study show that reward management is crucial on employee performance. The study therefore recommends that organizations prioritize employee incentives. The rewards also need to be in a language the said employees can understand.

Thus, employers who have keen interest in high performance should invest in the rewards. The productivity of the firms with skilled and performing employees will have a competitive edge against their rivals and survive in future.

5.7 Limitations of the Study

The study was confined to determine the effect of reward management on employee performance at Sky Foods Limited. Some respondents were hesitant to provide information that they considered private. The researcher had to work hard to persuade the respondents of the importance of the information, gave assurance that it would be kept confidential and that it was intended for their benefit as well as academics.

The results of the study may not be applicable to all organizations globally but can be used as a reference to food processing companies in other regions with firms operating in the similar environment hence the study gives a good guidance on reward management and employee performance.

5.8 Suggestions for Further Research

Tits important for other studies be carried out focusing on other firms. At the same time, there is need for further research targeting narrowing down on how each type of reward affect employee performance.

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APPENDIX I: RESEARCH QUESTIONNAIRE

Kindly fill in the questionnaire as per questions given and as instructed. The information given will be treated with high level of confidence and meant for academic purposes only. You are requested not to indicate your name in this questionnaire.

Section A: Respondents Profile

Personal Data (tick appropriately)

| 1. | Position | |
|----|--------------------------|-----------|
| 2. | What is your gender? | |
| a) | Male | [] |
| b) | Female | [] |
| 3. | What age bracket are ye | ou within |
| c) | Below 25 years | [] |
| d) | 26-30 years | [] |
| e) | 31 -35 years | [] |
| f) | 36-40 years | [] |
| g) | Above 41 years | [] |
| 4. | What is your level of ed | ducation? |
| h) | Secondary | [] |
| i) | College | [] |
| j) | University | [] |

| b) 6-10 years [] c) 11-15 years [] d) 16-20 years [] e) Above 20 years [] | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------|------|------|------|----------|---|
| d) 16-20 years [] e) Above 20 years [] | | | | | | | |
| e) Above 20 years [] | | | | | | | |
| | | | | | | | |
| CECTION A Deviced more goment | | | | | | | |
| CECTION A Deviced management | | | | | | | |
| SECTION A. Reward management | | | | | | | |
| 6. In this section the researcher aims to rate reward management in | the organi | zati | on, | rate | the | e | |
| following statements concerns using a scale of 1 to 5 where 1= Strongl | y disagree | 2= J | Disa | gre | e 3= | = | |
| Neutral, 4= Agree and 5 = Strongly Agree. | | | | | | | |
| Intrinsic Rewards | | | | | | | |
| Statement | | | 1 | 2 | 3 | 4 | 5 |
| Organization recognize excellent performance on duties and | | | | | | 7 | |
| Organization recognize executing performance on duties and | | | | | | | |
| responsibilities | | | | | | T | |
| | | | | | | 7 | |
| responsibilities | | | | | | 7 | |
| responsibilities Management allow and emphasize on social interaction with junior | | | | | | | |
| responsibilities Management allow and emphasize on social interaction with junior employees | | | | | | | |
| responsibilities Management allow and emphasize on social interaction with junior employees Employee are allowed to air their views about pay | | | | | | | |
| responsibilities Management allow and emphasize on social interaction with junior employees Employee are allowed to air their views about pay Employees are paid for extra effort in their work | | | | | | | |

5.

How many years have you worked in the organization?

| 8 | Employees have access to loan facilities in the organization | | | | |
|---|--------------------------------------------------------------|--|--|--|--|
| 9 | Company pays for best team performance | | | | |

Extrinsic Rewards

| | Statement | | 1 | 2 | 3 | 4 | 5 |
|---|-----------------------------------------------------------------------------|--|---|---|---|---|---|
| 1 | Employees are provided with health and medical insurance by the company. | | | | | | |
| 2 | The company makes certain that their employees' jobs are secure. | | | | | | |
| 3 | In addition to what I already have, I have been given new responsibilities. | | | | | | |
| 4 | The company creates a work schedule for its employees. | | | | | | |
| 5 | Employees who excel in the workplace are given special recognition. | | | | | | |
| 6 | The company emphasize on promotion and advancement to its employees | | | | | | |

SECTION B: Employee Performance

7. In this section the researcher aims to rate employee performance in the organization, rate the following statements concerns using a scale of 1 to 5 where 1= Strongly disagree 2= Disagree 3= Neutral, 4= Agree and 5 = Strongly Agree

Task performance

| | Statement | 1 | 2 | 3 | 4 | 5 |
|---|-------------------------------------------------------------|---|---|---|---|---|
| 1 | Fully completes duties assigned | | | | | |
| 2 | Fulfills duties and responsibilities as per job description | | | | | |
| 3 | In a position to carry out expected tasks | | | | | |

| 4 | Meets formal expectations of the job | | | |
|---|-------------------------------------------------------------------------------------|--|--|--|
| 5 | Always keen in listening to problems of other workers | | | |
| 6 | Have interest personal interest in other employees who handle perform similar tasks | | | |
| 7 | Gives prior notice when not in a position to report to work | | | |

Contextual performance

| | Statement | | 1 | 2 | 3 | 4 | 5 |
|---|---------------------------------------------------------------------------------|--|---|---|---|---|---|
| 1 | Often talk to others before taking actions that might affect them | | | | | | |
| 2 | Usually put in extra effort to get work done on time | | | | | | |
| 3 | Encourage others to overcome their differences and get along | | | | | | |
| 4 | Have high resilience to overcome any challenges that can come up in the process | | | | | | |
| | of performing a task. | | | | | | |
| 5 | Often take the initiation to solve work problems | | | | | | |
| 6 | Usually tackle difficult work assignments enthusiastically | | | | | | |
| 7 | Often take the initiation to solve work problems | | | | | | |

Thank you for taking time to respond