PERCEPTION OF BRITISH AMERICAN INSURANCE COMPANY SALES AGENTS ON THE INFLUENCE OF FINANCIAL INCENTIVES ON THEIR PERFORMANCE

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DECLARATION

In accordance with University of Nairobi policies, this thesis project is submitted in partial fulfillment of requirements for the degree of Master of Business Administration (MBA). This is my original work and has not been presented for a degree in any other university.

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

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DEDICATION

This thesis is dedicated to my dear children and husband who endured long periods of my absence and offered all kinds of support to ensure it became a reality.

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ABSTRACT

Monetary benefits are offered to consumers, employees and organizations to encourage behavior or actions which otherwise would not take place. The purpose of this study was to establish the perception of the sales executives on the influence of financial incentives on their performance at British American Insurance Company. Remunerative incentives (or financial incentives) are said to exist where an agent can expect some form of material reward especially money in exchange for acting in a particular way. The research design adopted was descriptive survey. The main population for this research was all the sales executives at British Insurance Company. The study adopted systematic sampling in which the researcher obtained the list of the population and then took a sample in which every 10^{th} event was picked for the research; this resulted in 120 respondents being selected for the study. The study used primary data which was collected using self-administered questionnaires. The data was analyzed using the Statistical Package for Social Sciences (SPSS) software. The study found out that the incentives influencing the performance of sales agents at britam were fringe benefits such as holidays with pay, pensions and time off, adequate pay to meet the requirements of life and bonuses for workers according to their post and which was consistent with their level of performance. The study found out that the medical scheme of the company, rewards offered to the employees and the existence of fairness and equity was not comparable with what the market offers and this will result in low performance of the employees and turnover. The study established that the sales agents of the company are faced by challenges emanating from poor pay as a result of difficulties faced on the job and lack of customers to purchase products. It was concluded that Commission salaried sales executive are motivated to work harder when there are financial and non financial incentives. It is recommended that, the organization should find a workable design of an incentive system which may be group or individual based.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The successful operation of any organization is dependent, to a large degree, upon the effectiveness in which key managers carry out their responsibilities. A competitive base pay program merely compensates staff for carrying out their basic activities and responsibilities (Rocco, 2005). However, from a management perspective, an incentive plan places the focus on key results and outputs, which tie into the organization's management strategy and what it is trying to accomplish as an organization.

Given the level of interest in contingent pay in both the public and private sectors, there is surprisingly little research into how best to structure an incentive system. There are very few studies that compare the effectiveness of different incentive plans (Milkovich and Wigdor, 2001). This may be due to the difficulty of conducting comparative research. Comparing the impact of different incentive structures requires recruiting many organizations into a study. This is costly in both time and effort. It is much easier for a researcher to focus on the incentive scheme in one particular organization, although such analysis does not yield direct information about how one type of incentive scheme compares to another or the conditions under which a particular type of incentive scheme makes sense.

As noted earlier, Zenger and Marshall (2005) found that schemes with greater incentive intensity (percentage of pay that is contingent on performance and thus at risk) have a larger positive impact on motivation and performance than schemes with lesser incentive intensity. We also know that, when designing group-based incentives, the smaller the group, the greater the impact of the incentives on motivation. But only one feature of incentive system design has received sustained attention: whether and when incentives should be individual or team-based. Rocco (2005) on his part posited that financial incentives awarded in addition to base salary, provide a recognized, accepted, and effective method of stimulating the productivity of staff in key management positions.

1.1.1 Concept of Employee Perceptions

Employee 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. 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.

According to Kotler (1997), perceptions are internal processes which help individuals in the interpretation of stimuli as well in order to form a meaningful picture of their environment and at the same time giving meaning to the stimuli. As observed by Vroom (1964) in expectancy theories, perceptions may differ from person from as they are internal processes. Vroom (1964) noted that implicit assumptions are often made that the amount of effort that is likely to be made in the pursuit of a reward or incentive is positively related to the value of the reward offered. The importance of employees' perceptions, though hardly considered, cannot be overemphasized. These perceptions cut across the constructs of the organization as concluded by Kin law (1988). The true and unsolicited employees' perceptions towards implementation of performance appraisals, salaries, and salary systems in any organization are critical.

On the other hand, when assessing the fairness of the distribution of rewards, it is possible that one will discover that their ratio of rewards to inputs is bigger than another's. Adams' theoretical framework predicts that in this situation of relative overpayment, an employee will react by increasing their inputs – effort – in order to bring the ratios in line. The evidence for this prediction is mixed. In the short term, workers may indeed react to feeling overpaid by expending more effort to justify their rewards. Over the long term, however, workers are likely to simply change their perception of their deservedness, rather than sustaining an increased effort level (Campbell and Pritchard, 2006).

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. Srikanth and Ramamirtham (2008) suggest that the recognition of innovations will ultimately reduce attritions and helps establishing correct expectations during interview along with rewards and recognition.

1.1.2 Financial Incentives

Any factor (financial or non-financial) that provides a motive for a particular course of action, or counts as a reason for preferring one choice over the alternatives (Vroom, 1964) can be considered as an incentive. It is an expectation that encourages people to behave in a certain way. Since human beings are purposeful creatures, the study of incentive structures is central to the study of all economic activity, both in terms of individual decision-making and in terms of co-operation and competition within a larger institutional structure. Over time, there has been an overwhelming recognition by the business community on the effectiveness of incentive compensation award plans (Boone and Cummings, 2001). An increasing number of trade associations, health and welfare organizations, professional associations, and educational organizations are introducing incentive award compensation plans (Rocco, 2005). The plans are based on the premise that an incentive award program can be a powerful motivational tool for attracting and retaining top talent, increasing productivity, and ultimately, achieving corporate goals.

Financial incentives comprise of bonuses, pay rises, commissions, and pensions. These are conventionally, further categorized into managerial and non-managerial kinds of incentives (Slavin, 2003). These are further categorized as individual, unit/departmental and organizational level. In this study, the researcher focused on the individual financial incentives commonly applied at the non-managerial level, that is, bonuses and commissions. To be accepted, as well as to be effective, an incentive award compensation plan must be carefully designed, conscientiously administered, and most importantly, conform to the policies, ethical standards and culture of the organization. There are, of course, recognized limitations to the financial reward that can be expected from employment within an organization.

1.1.3 Performance of salespersons

According to the Princeton Review (2012), most people will attribute their initial contact to an insurance company through an insurance agent or broker. Insurance sales agents are not only tasked with selling policies on behalf of the company, but are also charged with the role of educating and assisting individuals and organizations select the appropriate policies. They also assist policy holders settle insurance claims and therefore are a crucial part of the insurance industry as a whole.

There is hardly a simpler or more concise description, at least within the context of sales, of the term ‘performance’ such as the one offered by Milkovich (2001). He suggests that performance is basically the accomplishment of a given task as measured against preset and already known and established standards of accuracy and/or completeness. People who design incentive plans and those who manage sales people would be wise to understand that good sales people are motivated by the same characteristics of success, that is, good performance or achievement, an aversion to failure and recognition, including the money that comes from those successes (Marshall, 2005). Good salespeople are basically entrepreneurial in nature and are willing to take risks if the potential rewards are sufficient and achievable to be called performance.

The designer of an incentive plan must also be aware that many plans fail because the company does not set high enough goals and objectives for those who want to achieve them. An effective plan is one that motivates salespeople to work enthusiastically toward the sales and profit margin goals of the company. It helps them reach their highest potential and provides them with a sense of security and a strong desire to make more money. Furthermore, the incentive plan must be flexible, economically sound, have a reasonable amount of challenge and be well administrated if it is to work in the long term. Few companies are happy with their present sales incentive plan and more importantly the lack of sales results they are presently experiencing. That dissatisfaction often comes from the fact that the incentive combined with the way sales people are managed doesn't take into account the "whole sales person" in terms of well-rounded motivation (Denny, 2000).

1.1.4 British American Insurance Company

British-American Insurance Company has evolved over the years since its inception in Kenya in 1965. The company has grown from a home service based company to its current position as a financial services provider. In 2004 there was a share swap whereby the ownership of British-American Insurance Company moved to British-American Investments Company. British-American Investments Company in turn established British-American Asset Managers Ltd. After the successful launch of British-American Asset Managers, the group re-organised its structure. The new organisation structure came into place in January 2007. The company has grown tremendously. The total gross premium as at 31st Dec 2010 was Kshs 4.3 billion while the total assets were Kshs 25.4 billion. Investment income was over Kshs 4.7 billion by 25th Dec 2010 (British American, 2011). The human resource has also grown from 29 employees and 50 agents in 1980 to 300 employees and 1000 agents in 2010.

This study was based on the Kisumu, Eldoret and Nakuru agencies (branches) of the British American Insurance Company, which is an International Insurance Company based in Kenya. The researcher selected British American Insurance Company purposively because the company employs its sales executives on the basis of individual financial incentives through commissioned salary. Sales executives at British American Insurance Company, being non-managerial staff and by the fact that they are on the individual finance incentive, presents an ideal population for this study.

1.2 Research Problem

Employees should be given incentives according to their job 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 financial incentives and vice versa. Performance based incentives primarily refers to a variable pay anchored to a measurement of performance and by an organization shining the spot light on employees who perform. By a company rewarding those employees that meet their targets, a company not only encourages staff to do it repeatedly, they also encourage other employees to emulate the same behavior themselves which will ultimately led to an increase in the organizational competitiveness (Harris, 2009). Indeed, 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. The never-ending problem of high attrition rate has seen most organizations offer a number of financial rewards to sale agents with the idea of attracting and then motivating the employees to stay in the organization and equally achieve the sales targets (Grant, 1994).

British American Insurance Company Ltd is one of the indigenous insurance firms in Kenya and has been able to strengthen its presence in the country through opening of more branch networks across the country as well as in the East African region. This growth of the company can be attributed to among others the effort input by its sales agents. In the insurance industry, customers will in most cases not come to the supply side but rather by the company going to the customers. This process is made possible through the company employing sales agents that sell the company's products and therefore, it is incumbent upon the company to reward the agents based on their performance in order to continue registering the good results. This recognition does not come about automatically but through employees being rewarded on the basis of the results they generate in the organization and how their input has led to the improvement of the organizations competitiveness. Thus, the views of the same staff towards the competitiveness of performance based rewards in the organization can provide organizational leaders with valuable information regarding the efficacy of the change efforts being undertaken as well as their desires as far as the financial incentive management is concerned.

Several studies have been undertaken in the area of employee perception on rewards. One of them is Kamenchu's (2011) study, 'The Effect of Performance Appraisal Systems on Employees in Kenya Tea Development Agency: A Survey of Selected Tea Factories in Meru County-Kenya' as part of its conclusions, the study implores the management to equally consider other rewarding conditions as part of an overall strategic approach to incentives. Mbithe (2011) undertook a research on the assessment of the influence of performance based rewards on job satisfaction on employees at the National Cereals and Produce Board. She found out that performance based rewards have had a greater effect on the job satisfaction of employees compared to the early pay in the organizations that were uniformly rewarding staff as per the job cadre. On her part Wangui (2010) researched on the influence employees culture on performance based pay at the Kenya Power and Lighting Company and concluded that the successful implementation of a performance based pay in an organization will depend on the organizational and employee culture to abide to it. In addition, she found out that rewarding has a motivating effect on employees to do what managers expect of them and also rewarding can induce employees to deliver high-quality service.

On the basis of above studies, there exists a knowledge gap on the perception of sales agents on the influence of financial incentives on their performance especially in industries where employees are solely rewarded on performance. This gap therefore leads to the following research question; what is the perception of sales agents at Britam (k) Ltd on financial incentives on their performance?

1.3 Research Objective

To establish the perception of sales executives of the influence of financial incentives on their performance at British American Insurance Company

1.4 Value of the Study

The study will be of value to sales executives working in britam since the study will come up with findings on how they perceive the financial incentives offered to them. As such, the study will furnish the employer with information which can be used to better the terms of service of britam sales executives.

Britam may use the study findings to improve the financial incentives of its executives which will go a long way in improving the performance of the executives in the short term and improve the performance of britam as a company in the long run. With a satisfied and contented sales force, the consumers of insurance services will receive better services from the sales executives.

In view of the above rationale, this study is of crucial significance because of the importance of the critical issues it attempts to address in organizational management and performance at practical and theoretical levels. As such, human resource experts and academicians can borrow from this study to understand how financial incentives affect performance in an organizational setup. .

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on what other scholars have contributed on various issues related to the proposed study. More specifically, the chapter covers information on the understanding of the concept of financial incentives; predicting dysfunctional effects of incentives, how incentives should be structured, financial incentives and employee performance.

2.2 Financial Incentives

The study of economics in modern societies is mostly concerned with remunerative incentives rather than moral or coercive incentives — not because the latter two are unimportant, but rather because remunerative incentives are the main form of incentives employed in the world of business, whereas moral and coercive incentives are more characteristic of the sorts of decisions studied by political science and sociology.

Incentive structures, however, are notoriously trickier than they might appear to people who set them up (Kenfer, 1990). Human beings are both finite and creative; that means that the people offering incentives are often unable to predict all of the ways that people will respond to them, just like they would not be able to predict all the possible implications of the incentives to the organization. Thus, imperfect knowledge and unintended consequences can often make incentives much more complex than the people offering them originally expected, and can lead either to unexpected windfalls or to disasters produced by unintentionally perverse incentive. This is an important issue forming the gist of the proposed study.

Kamenchu (2011) implores managers to consider other rewarding conditions in equal measure as part of the comprehensive strategic approach to incentives through a conclusive study of factory workers at the Kenya Tea Development Agency. The perception of staff incentive schemes by managers and staff, based on the qualitative reviews of incentive schemes should be a key consideration in their design. Gramlin & Hofman (2006) show, through a study of Microfinance Institutions in different countries, that incentives can and should be designed in such a way as to enhance productivity and at the same time not detract from other (more powerful) motivation factors such as organizational values. This is due to the great impact these perceptions of any such incentives, including financial ones could have on their effectiveness (Gramling and Hofman, 2006).

With the overwhelming recognition by the business community on the effectiveness of incentives, over 80% of top executives in the private sector currently participate in incentive plans (Zenge and Marshal, 2005). Recent studies e.g. (Rocco, 2005, p. 1) have found that even Non-Profit organizations offer their key managers the opportunity to earn cash compensation awards in addition to their base salaries. Most of these programs are based on incentives, mainly financial, tied to the achievement of performance measures to determine the awards. Thus, an incentive may be described as any factor (financial or non-financial) that provides a motive for a particular course of action, or influences preference or one choice over the alternatives (Vroom, 1964). Since human beings are purposeful creatures, the study of incentive structures is central to the study of all economic activity, both in terms of individual decision-making and in terms of co-operation and competition within a larger institutional structure. Economic analysis of the differences between societies (and between different organizations within a society) largely amounts to characterizing the differences in incentive structures faced by individuals involved in these collective efforts.

Incentives can be classified according to the different ways in which they motivate agents to take particular courses of actions. One common and taxonomy divides incentives into three broad classes (Deci, 2001): the first class consists of Remunerative incentives (or financial incentives) which are said to exist where an agent can expect some form of material reward — especially money — in exchange for acting in a particular way. The second class comprises Moral incentives which are said to exist where a particular choice is widely regarded as the right thing to do, or as particularly admirable, or where the failure to act in a certain way is condemned as indecent. A person acting on a moral incentive can expect a sense of self-esteem, and approval or even admiration from her community; a person acting against a moral incentive can expect a sense of guilt, and condemnation or even ostracism from the community.

The third class consists of Coercive incentives. These are said to exist where a person can expect that the failure to act in a particular way will result in physical force being used against her (or her loved ones) by others in the community — for example, by inflicting pain in punishment, or by imprisoning her, or by confiscating or destroying her possessions (Heneman, 1992). These categories do not, by any means, exhaust every possible form of incentive that an individual person may have. In particular, they do not encompass the many other forms of incentive—which may be roughly grouped together under the heading of personal incentives - which motivate an individual person through her tastes, desires, sense of duty, pride, personal drives to artistic creation or to achieve remarkable feats, and so on. The reason for setting these sorts of incentives to one side is not that they are less important to understanding human action—after all, social incentive structures can only exist by virtue of the effect that social arrangements have on the motives and actions of individual people: Rather, personal incentives are set apart from these other forms of incentive because the distinction above was made for the purpose of understanding and contrasting the social incentive structures established by different forms of social interaction. Personal incentives are essential to understanding why a specific person acts, but social analysis has to take into account the situation faced by any individual in a given position within a given society—which means mainly examining the practices, rules, and norms established at a social, rather than a personal level (Locke and Taylor, 2008).

2.3 Structuring Incentives - Individual versus group

Should incentives be based on individual or on group performance? Research shows that both approaches have benefits and both have costs (Pearce, et al. 2006). Basing rewards on individual performance is generally associated with increased pressure on individuals to perform and to accept responsibility for their own actions, and increased risk-taking behavior (Milkovich and Newman, 2000). When individualistic schemes successfully distinguish between high and low performers, such systems provide a valuable source of performance feedback, and foster the sense of a meritocracy. Individual rewards can be especially useful in large organizations where workers might otherwise feel lost in the system (Lawler, 2001).

When incentives are based on group performance (which typically means every group member receives an equal reward), group members report greater liking and respect for one another, enhanced self-esteem and perceptions of control, lower anxiety, and more task enjoyment (Johnson and Johnson, 2008). Slavin (2003) found greater communication among team members when rewards were group-based rather than individual-based, even when the task did not require any interaction. Mesch *et al.,* (2008) found higher levels of learning and information sharing among group members when rewards were based on group performance. Several researchers have found that group-based rewards foster cooperation and helping in the organization and as such, it should be encouraged (Miller and Hamblin, 2003).

Both the individualistic and the egalitarian, group-based approaches have serious shortcomings. Under the individualistic approach, resources and information are more likely to be hoarded than shared. Individualistic systems can exacerbate the sense of a two-tied society of organizational winners and losers. Outstanding incentive appraisals are, at least in theory, reserved for a select minority. This can alienate the very people who most need to improve (Drennan, 2008). Instead of trying harder, low performers may rationalize their poor incentive evaluations as merely a sign of incompetence or bias on the part of those conducting the incentives appraisals.

The organization can produce a residue of disgruntled people who feel they owe it nothing; indeed, they may wish it ill (Gabris and Mitchell, 2008). High performers also can suffer under individualistic pay schemes. Several classic case studies of incentive plans, Roethlisberger and Dickson (1929), have documented the ostracism and other negative social sanctions high performers must sometimes endure. In this study, the researcher looks at the dysfunctions of individual reward-plan, being the most common form of reward in most organizations, towards the quality of the organization's products.

Group-based rewards can have dysfunctional effects as well. Group-based incentives can promote regression to the mean rather than outstanding contribution (Milkovich and Newman, 2000). Low performers may have little incentive to obtain training and raise their contribution. So as not to be taken advantage of, high performers may hold back from exerting themselves or leave the organization altogether. Alternatively, high performers may become vigilant police officers who pressure the low performers to try harder (Drabman, Spitalnik, and Spitalnik, 2004). As a result, low performers may feel tremendous pressure and scrutiny from other group members, which may further inhibit improvements in low performers' output. Furthermore, the group product could suffer if low performers feel their low status gives them little right to exert influence or express their individual perspective.

Given the compelling data on both the pros and cons, what can be inferred from this body of research is that incentives should be team-based when cooperation and knowledge sharing are critical to task success, such as in cross-functional product development (Balkin and Gomez-Mejia, 2004). Task complexity is likely to shape the need for cooperation and the extent of interdependence among workers. When task success hinges on individual excellence, individual incentives are appropriate. This is likely for tasks that are simpler and less interdependent. The nature of the work should drive the design of the incentive system.

2.4 Structuring incentives: Types of worker

How should the design of an incentive system vary based on the type of worker? Several decades ago, sharp distinctions were drawn between the types of pay plans appropriate for senior managers, middle managers, and line workers. Those distinctions have now largely fallen by the wayside. Only a small amount of research speaks to this question (and the research addresses the question only indirectly).

Gomez-Mejia and Balkin (2004) found that incentives-contingent pay is less appropriate for workers who have a low willingness to take risks. Placed under a variable compensation regime, such workers are likely to withdraw, either cognitively or behaviorally. Igalens and Roussel (1999) report that exempt employees are more likely to experience contingent pay as motivating than are non-exempt employees. Bushman, Indejejikian, and Smith (1996) found that incentive intensity (the percentage of pay at risk) is greater at higher levels in an organizational hierarchy than at lower levels. Bushman et al. (1996) argue that this is appropriate, since people at higher levels have greater influence over the organization’s success. This study on the centrally, looks at incentives at the lower non-managerial level in an organizational hierarchy.

2.5 Financial Incentives and Employee Performance

Evidence (Boon and Cummings, 2001) shows that when extrinsic rewards such as monetary incentives were linked to performance on interesting and appealing tasks, intrinsic motivation decreased. The reason for this effect was that when workers were rewarded for doing work they already enjoyed, they observed themselves accepting a reward and inferred that they must be working for the reward rather than for intrinsic enjoyment of the task. Extrinsic rewards thus dampened intrinsic interest (Deci, 2001; Lepper, et al. 2009). This finding received a great deal of attention, but subsequent research, however, provided limited support. One review of 24 relevant studies found that while 14 reported a negative impact of extrinsic rewards on intrinsic motivation, 10 reported no such impact (Boon and Cummings, 2001). It is now clear that extrinsic rewards can impair *or* enhance intrinsic motivation, depending upon how the rewards are constructed and construed.

The dominant model for understanding and predicting whether a reward is likely to affect worker motivation and effort is Vroom's (1964) expectancy model. Several decades of research have largely substantiated the accuracy and robustness of this model. Vroom asserts that the strength of a reward's impact on worker motivation and effort are a function of three factors: expectancy, instrumentality, and valence. Expectancy is the worker's perception of the strength of the link between effort and performance. If I work hard and put myself out, will that translate into enhanced task performance? Instrumentality is the worker's perception of the strength of the link between performance and the reward. If my performance is strong, will I receive commensurate rewards? Valence is the value a worker places on the reward. Will the rewards I receive be things I really care about? Vroom's model highlights the fact that, in order for an incentive program to have a strong impact on worker motivation and effort, the worker must believe that effort will lead to performance, that performance will lead to rewards, and that the rewards will be desirable.

A manager who wants to design an effective incentive system must take into account the worker's perceptions along each of these three dimensions. Empirical research has shown that the strength of these three factors can in fact predict a worker's effort and performance level (Mitchell, 2002). If any one of these factors is weak, the incentive system is not likely to have a meaningful positive impact. This is primarily on the individual level. That is, it focuses on the impact of incentives on individual workers. (Actually, the research participants are usually college students rather than workers.) What about the organizational level? Do organizations that introduce incentives perform better? The evidence is mixed.

Some researchers firmly conclude that linking pay to results leads to enhanced organizational performance (Zenger and Marshall, 2005). Other researchers conclude that contingent pay has no appreciable impact on organizational performance (Shay, 2008). Part of the reason for the lack of consensus is that these studies encompass a broad array of incentive systems, such as merit salary increases, one-time bonuses, gain-sharing programs, and profit-sharing programs. Furthermore, these studies operationalize performance in very different ways, such as quality of output, quantity of output, financial status, worker perceptions, etc. Indeed, recent literature reviews (Heneman, 1992; Milkovich and Wigdor, 2001) note that it is too early to draw firm conclusions about the impact of incentives on firm performance, thus, suggesting further evidence.

Harackiewicz, Manderlink, and Sansone (2004) explain that rewards have three aspects: evaluation, performance feedback, and reward value. Each aspect can have a different impact on intrinsic motivation. The evaluation aspect promotes feelings of external control and thus reduces intrinsic motivation. The feedback aspect promotes feelings of internal control and thus enhances intrinsic motivation. The reward value aspect – the incentive as a symbolic cue of achievement – makes competence salient and thus enhances intrinsic motivation. In a series of experiments, Harackiewicz *et al.*, (2004) and colleagues showed that introducing contingent rewards can enhance, inhibit, or have no effect on intrinsic motivation, depending upon which of the three aspects is made most salient. Other researchers have obtained similar results (Enzle and Ross, 2008). Researchers are just starting to address the most interesting question: under what conditions will a given aspect be most salient? This is also the concern of this study.

2.6 Dysfunctional Effects of Incentives

In an ideal world, incentives lead to enhanced motivation, effort, and performance. In the real world, however, incentives can have dysfunctional effects. The dysfunctional effect that has received the most study is the worker's lament, "It's not fair!" When rewards are contingent on performance, workers are finely attuned to issues of fairness, and a distribution of rewards that is perceived as even slightly unfair can lead to significant problems (Greenberg, 2000).

Researchers have tried to understand when workers are likely to perceive their rewards as unfair, and how they are likely to react. A useful model for understanding these issues is Stacy Adams' equity theory, which has been supported and refined through decades of research. Adams' theory, simply put, is: To assess whether I am being rewarded fairly, I compare myself to others. I compare not only the rewards I receive (known as "outcomes" in equity theory) but also my inputs, and the ratio of my rewards to my inputs. Inputs include such things as effort, talent, and tenure. If my ratio is smaller than yours, I perceive the distribution of rewards as unfair. I will try to redress this injustice by changing the elements of our two ratios to make them equal. Research has indicated that the most common approach to equalizing the ratios is decreasing my inputs – that is, reducing my effort (Campbell and Pritchard, 2006). When I try to affix blame for my unjust situation, I am likely to blame external factors, such as my supervisor, the organization, or the incentive system, rather than myself (Taylor and Pierce, 1999). Not surprisingly then, when workers feel relatively undercompensated they are more likely to engage in theft, sabotage, politicking, and turnover (Summers and Hendrix, 2001).

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter covered the various methodological procedures that the study employed during its execution. The chapter is made up of the study area, population of study, methods of sampling and the methods of data collection that were adopted.

3.2 Research Design

The study adopted descriptive survey design. The study design involved collection of detailed information about a case. The reason for using this design of study was because descriptive research determines and reports the way things are. In addition, this research design is deemed appropriate for this study because it allowed the researcher to draw conclusions about the variables under the study without the interviewee being manipulated and thus allow the measurements to be fully controlled.

The method of research was also adopted because it also gave illustrations and emphasized issues of concern to the study (Neuman, 2000). The descriptive research design was suitable in this case because the researcher focused on finding information on financial incentives and how they affect performance at BRITAM from several cadres of employees.

3.3 Population of study

The population of the study consisted of all the sales executives at British Insurance Company. According to the organizations human resource department, there were 3000 sales executives as at 30th June 2013 and this group of employees formed the population of the study. Sales executives were selected because they are mainly paid through individual financial incentives since they are non-managerial staff at the organization.

3.4 Sample Design

The researcher systematically selected 10% of the sales executives from each branch in Kenya. Each branch had between 100 – 120 sales executives and from the list provided by the branch manager of the staff in that branch, the researcher will select every 10th sales executive in the list to form the sample. This approach was considered appropriate since it ensured a representative sample and that all regions of the sales executives are represented and therefore reducing sampling bias and achieving a high level of representation. According to Kerry and Bland (1998) the technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population.

3.5 Data Collection

The study used primary data. The primary data was collected through self-administered questionnaires. A questionnaire is a useful tool for collecting data from respondents because of the need to provide a means of expressing their views more openly and clearly. The semi structured questionnaire consisted of open ended and closed ended questions designed to elicit specific responses for qualitative analysis. The questionnaires were administered purposeful to the sampled staff and was made up of three sections. Section A covered demographic characteristics of respondents; Section B dealt with perception of financial incentives and Section C covered the influence of financial incentives on the staff performance. The respondents of the study were sales agents from British American Insurance Company.

3.6 Data Analysis

The data was analyzed by the use of descriptive statistics. Descriptive statistics techniques including mean, frequencies and standard deviations were used to classify the responses on the perception of sales agents on the influence of financial incentives on their performance. The outcomes were presented in tables, charts and graphs to provide pictorial view. Statistical Package for social science [SPSS] was used for the analysis.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers the presentation of the results and findings of the study. The analysis proceeds according to the specific objective as explored by the study's questionnaire. This was to establish the perception of the sales executives on the influence of financial incentives on their performance at British American Insurance Company.

4.2 Response Rate

Out of 120 questionnaires distributed, a total of 114 questionnaires were fully filled and returned. This is an equivalent of 95 percent. The table below shows the response rate of the respondents.

Table 4.1: Response Rate

Total number of questionnaires issued	Questionnaires returned	Response rate
120	114	95%

Source: Research Data

According to Mugenda and Mugenda (1999) a 50% response rate is adequate, 60% good and above 70% rated very well. This implies that, basing on this assertion, the response rate in this case of 95% is very good.

4.3 Reliability Analysis

The questionnaires used had items that were to be responded to. For reliability analysis Cronbach's alpha was calculated by application of SPSS. The value of the alpha coefficient ranges from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = poor, 5 = excellent). A higher value shows more reliable generated scale. Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient. It involved questionnaires from 114 respondents. As the alpha coefficients were all greater than 0.7, a conclusion was drawn that the instruments had an acceptable reliability coefficient and were appropriate for the study.

4.4 General information

The demographic data sought in the study included: general profile of the study's respondents with regards to gender, age bracket, level of education, working experience the period of time employed by current employment and the employment status.

4.4.1 Age of the respondents

The study sought to investigate whether the perception of the respondents on the financial incentives might be influenced by the age group of a sales executive.

Table 4.2: Respondents age bracket

Years	Frequency	Percent	Cumulative Percent
Under 25	5	4	4
26-30	60	53	57
31 - 35	35	31	88
36-40	09	08	96
41 and above	05	04	100
Total	114	100	

Source: Research Data

Table 4.2 showed that majority of the respondents 60(53%) were between the age of 26-30 years, followed by 35(31%) of those who were between the age of 31-35 years, they were then followed by 09(08%) of those who were between the age of 36-40years while very few 5(5%) were in the age bracket of below 25 years and above 41years. This meant that most of the sales executives in BRITAM were young and experienced in their areas of work and therefore will be conversant in the field.

4.4.2 Gender of the respondents

The table below shows the gender of respondents. Majority of the respondents 70 (61%) were female while male sale executives 44 (39%). This infers that the majority of the sales executive employed in British American Insurance Company are female compared to male. The nature of financial incentives might be perceived differently by male and female and hence this will make the results not be gender biased. The results are presented in table 4.3 below.

Table 4.3: Gender of the respondents

Gender	Frequency	Percent
Male	70	61
Female	44	39
Total	**114**	**100**

Source: Research Data

4.4.3 Employment Period

This study sought to find out the period the respondents had worked in firm. The results are presented in Table 4.4 below.

Table 4.4: Period of employment in the current organization

Years	Frequency	Percent
Below 1 year	29	25
2 – 4 years	30	26
5 - 7	35	31
8 and above	20	18
Total	**114**	**100**

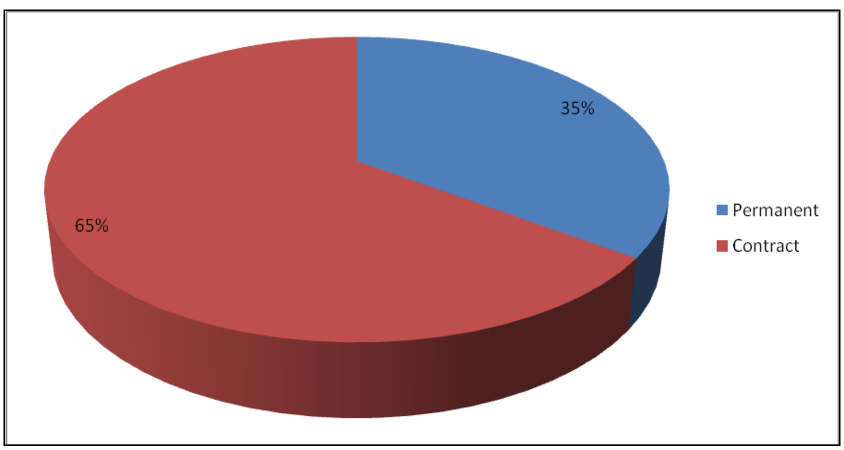
Source: Research Data

The above shows that majority of the sales executive had worked for BRITAM for more than 5 years 35 (31%), followed by 2-4 years 30 (26%), those who have worked for less than a year are 29 (25%) and then those who had worked more than 8 years were 20 (25%). This implies that most sales executives had worked for than 2 years and will therefore be considered to be familiar and experienced in the organization. They are more familiar with the activities of the firm and can provide useful 2qinsight in the maintenance of good performance in the sales department. In addition most of them had been in the sales section for their entire employment period at britam and were therefore better versed on the perception of sales executives of financial incentives being offered by the organization.

4.4.4 Employment status

The researcher sought to find the employment status of the respondents. Some of the sales executives are on permanent basis while others are on contract. The nature of their employment is expected to influence their perception on financial rewards.

Figure 4.1: Employment status of the respondent



Source: Research Data

The above figure shows 74 (65%) of the respondents were on contract basis. These group of the respondents can be considered to majorly rely on the financial incentives being offered by the employer and hence will be expected to give more accurately the influence of financial incentives on their performance.

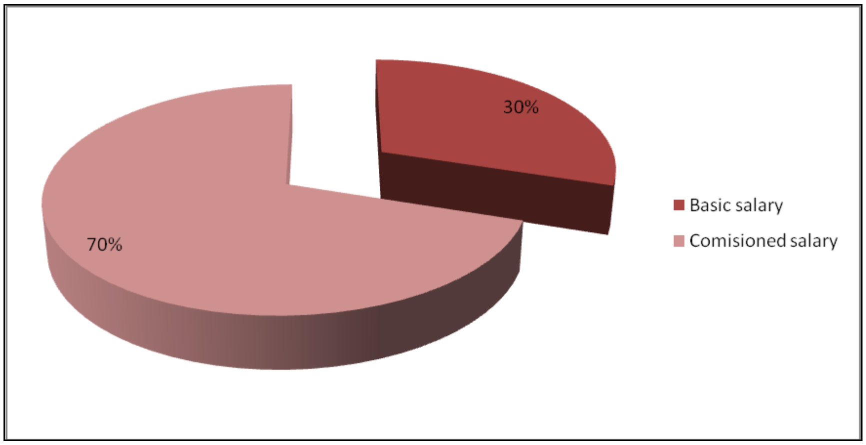
4.5 Perceptions of Incentives

An incentive is any factor (financial or non-financial) that provides a motive for a particular course of action, or counts as a reason for preferring one choice to the alternatives (Vroom, 1964). Since human beings are purposeful creatures, the study of incentive structures is central to the study of all economic activity, both in terms of individual decision-making and in terms of co-operation and competition within a larger institutional structure. Economic analysis of the differences between societies (and between different organizations within a society) largely amounts to characterizing the differences in incentive structures faced by individuals involved in these collective efforts.

4.5.1 Wage-salary employment terms

The researcher sought to establish the category which best describes the respondents' wage-salary employment terms.

Figure 4.2: Wage-Salary Employment Terms



Source: Research Data

From the figure 4.4 above, the researcher found out that majority of the respondents 80 (70%) are on commission based. This implies that the sales executives reward at the end of the period will depend on the number of sales of products made in that period and the bank adopts such a structure in the case of sale executives because some of these agents are at the same time selling products of other insurance firms and therefore will not receive the basic pay from britam.

4.5.2 Perceived Factors Influencing Sales Agents' Performance

The respondents were requested to indicate the perceived factors that influence sales agents' 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 'neutral' 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≤ L.E. <5.0). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents.

4.5.3 Influence of Financial Rewards on Employee Performance

The respondents were asked to indicate the influence of finance incentives on the performance of sales agents. Motivation is one of the key ingredients in employee performance and productivity and therefore the incentives being given should be able to motivate the employees to achieve work objectives. The results are shown in Table 4.5.

Table 4.4: Influence of Financial Rewards on Employee Performance

Influence of Financial Rewards on Employee Performance	Mean	Std. Deviation
Incentives, allowances and rewards are given for special efforts	3.2637	1.6939
The company provides bonuses for workers according to their post and consistent with their level of performance	3.5916	1.6730
The company provides transportation and subsidized meals allowances for those who live in far areas	1.7891	1.3033
The company provides rewards for skilled employees commensurate with their performance	3.3142	1.3695
The company provides fringe benefits such as holidays with pay, pensions and time off	4.3711	1.2043
The company reward system fosters effective relationship between workers	2.9737	1.3660
The company offers loan facilities to its employees at a lower rate	1.5137	1.4832
The company provides enough payment to meet the requirements of life	3.6184	1.3756
The company provides a fair and adequate compensation on retirement	2.8947	1.4383

The results in Table 4.5 indicate that the respondents agreed that the company provides fringe benefits such as holidays with pay, pensions and time off with a mean of 4.3711.

They also agreed that the company provides a good pay package and bonuses for workers according to their post which is consistent with their level of performance with a mean of 3.6184 and 3.5916 respectively. The respondents were neutral as to whether the rewards for skilled employees provided by the company were commensurate with their performance with a moderate score of 3.3142. They were also neutral on the incentives, allowances and rewards being given for special efforts and the company reward system fostering effective relationship between workers with a moderate score of 3.2637 and 2.9737 respectively. The respondents were neutral on the company providing a fair and adequate compensation on retirement with a moderate score of 2.8947.

The results further indicate that the respondents found that the company did not offer loan facilities to its employees at a lower rate with a mean score of 1.5137 nor did they provide transportation and subsidized meals allowances for those who live in areas that are far away from the office with a mean of 1.7891. From the analysis, it can be concluded that financial incentives influence the performance of sales agents especially in terms of provision of a good pay package and fringe benefits (such as holidays with pay), pensions and time off. The sales agents could not comment on the provision of rewards to employees that are commensurate with their performance. They could not also comment on incentives, allowances and rewards being given for special efforts nor on reward system fostering effective relationships between workers. Another conclusion was that the company does not provide loan facilities at a lower rate, and transport and subsidized meals allowances.

4.5.4 Factors affecting employee performance

The respondents were asked to indicate the factors that influence sales agents' performance. This was important for the study as a highly motivated person will work hard towards the achievement of organizational goal, given the ability and adequate understanding of the job. Therefore, the challenge for today's management is to administer motivational programmes which will encourage employees to improve their work performance and productivity. The results were presented in Table 4.6.

Table 4.5: Factors affecting employee performance

Factors affecting employee performance	Mean	Std. Deviation
Reward causes satisfaction of the employee which directly influences performance of the employee	4.2105	1.5519
The company is managed effectively thus improving motivation and employee performance	2.2947	1.4383
There is fairness and equity in the organizations compensation practices	1.9190	.9696
Employee commitment to the company is as a result of the appreciation demonstrated through the benefits they receive	2.7033	1.2200
The rewards offered by the company are comparable with what the market offers	2.1209	1.1471
The company has satisfactory performance appraisal which enhances employees remuneration and continuous working	3.0850	.9593
The medical scheme offered to the employees is comparable to what is in the market which leads to reduction of employees' mobility	2.1765	1.0007

The results indicate that the respondents were in agreement that rewards in the company causes satisfaction of the employee which directly influences performance of the employee with a mean of 4.2105. The respondents were neutral as to whether the company performance appraisal system was satisfactory or the employee commitment to the company was as a result of the appreciation demonstrated through the benefits they receive with a mean of 3.0850 and 2.7033 respectively. The respondents disagreed that the company is managed effectively with a mean score of 2.2947. They also felt that the medical scheme offered to the employees was not comparable to what is in the market therefore leading to reduction of employees' mobility and that the rewards offered by the company are comparable with what the market offers with a mean score of 2.1765 and 2.1209 respectively. The results also disagreed that there is fairness and equity in the organizations compensation practices with a mean of 1.9190.

From the findings, it can be concluded that the way employees are rewarded causes satisfaction which influences employee performance although the respondents could not comment on the influence of performance appraisal, management of the company and appreciation. The medical scheme of the company, rewards offered to the employees and the existence of fairness and equity was not comparable with what the market offers and this they felt will result in low performance of the employees and turnover.

4.5.5 Factors influence the commissioning of salary schemes

The respondents were requested to indicate the factors that influence the commissioning of salary schemes in the company. The results are presented in Table 4.7.

Table 4.6: Factors influence the commissioning of salary schemes

Factors influence the commissioning of salary schemes	Mean	Std. Deviation
Lack of customers to convince to purchase one's product	3.9867	1.0113
Delay in payment	1.5693	.8435
Lack of recognition even after sales boost or high profits are experienced	2.9412	.9268
Poor pay even when the sales job is difficult	3.5621	1.0688
Individual financial incentive is an unfair index of measuring one's performance at work	3.2353	.9010

The findings indicate that the respondents agreed that the agents face challenges emanating from lack of customers to convince to purchase one's product with a mean of 3.9867. They also agreed that they receive poor pay even though the sales job was difficult with a mean score of 3.5621. The respondents were neutral on individual financial incentive being an unfair index of measuring one's performance at work and lack of recognition even after sales boost or high profits are experienced with a mean score of 3.2353 and 2.9412 respectively. The respondents felt that there was no delay in payment. It can be concluded that the sales agents of the company are faced by challenges emanating from poor pay as a result of difficulty of the job and lack of customers to purchase products. The company however does not delay in payment although the respondents were neutral on the recognition even after sales boost and being awarded individual financial incentive.

4.6 Discussion

In every organizational establishment there are certain incentives that give an individual the edge to work in. These factors let workers stay in particular organizations or they move elsewhere for better conditions. The results of the findings point to the fact that, the factors that motivate respondents at work are key to their performance. A good signal affirmed that environmental factors are the main things that will keep them in the work. The study established that majority of the sales agents in the company were on commission based pay and this depended on the number of products sold and since majority of the clients could have already purchased the product, this hinders the performance of the employees as they do not sell more products. This reinforces the argument of Smith (1994) that due to environmental and biological variables, individuals within organizations will want a form of motivation that they see as personal. At the same time it confirms Lawler’s (2003) argument that different theories questioning why people prefer certain careers, why they seek particular rewards and why they feel satisfied or dissatisfied with their work and rewards are inextricably linked.

Employees of the company who feel important and appreciated by the company are more motivated. These motivated employees are performing in their job which contributes directly to growth and productivity for the company. This is because they have the enthusiasm to go an extra mile for the company to contribute their intellectual capital and are willing to stay longer on their job. The study established that the financial incentives influence the performance of sales agents especially in terms of provision of enough pay and fringe benefits such as holidays with pay, pension and time off. The results are consistent with the findings of Arnolds and Venter (2007) that the most important individual motivational reward for blue-collar employees is paid holidays and for frontline employees, retirement plans. The most important motivational reward category for both blue-collar and frontline employees is fringe benefits (paid holidays, sick leave and housing loans). Pouliakas (2008) also found out that small amount of financial incentives results into a highly important effect on employee satisfaction, whereas large amounts of financial incentives affect them positively. Therefore, the researcher suggested financial incentives should be given however they should be satisfactory to all employees and accompanied with non financial incentives.

People have different needs and these different needs make them to behave in different ways. The study established that rewards causes satisfaction which influences employee performance although in the company the medical scheme of the company, rewards offered to the employees and the existence of fairness and equity was not comparable with what the market offers. This concurred with Herbert, (1983) who indicated that inadequate or unsound wage classification structure may cause dissatisfaction and may result in termination of job by the staff. He also observed that pay problems arise because of uncompetitive, inequitable or unfair pay systems in the organizations. Based on these findings, the conclusion was that non-financial incentives were more effective then financial incentives in terms of the attitudes of employees.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The purpose of this chapter is to give an overview of findings, conclusion and recommendation. The conclusions are made from the analysis and the objective of the research.

5.2 Summary of Findings

The objective of the study was to determine the perception of sales executives on the influence of financial incentives on their performance at British American Insurance Company.

The study established that majority of the respondents were less than thirty years and therefore they still have many years to retirement thus they need to be motivated in order to improve their performance. Majority of the respondents were found to have been working in the company for more than two years and therefore they understood the company and the perceived influences of financial incentives on their performance. The study found out that majority of the respondents were being paid by the company on commission basis and therefore they relied on the financial incentives being offered by the company and the number of products sold within the period.

The study established that the company provided the sales agents with fringe benefits such as holidays with pay, pensions and time off, enough pay and bonuses for workers according to their post and consistent with their level of performance and this influences the performance of the agents. The study further established that the respondents were neutral on the provision of rewards to employees that commensurate with their performance, incentives, allowances and rewards being given for special efforts and reward system fostering effective relationship between workers. The study also found that the company does not provide loan facilities at a lower rate, and transport and subsidized meals allowances.

The study found out that the way employees are rewarded causes satisfaction which influences employee performance although the respondents were neutral on the influence of performance appraisal, management of the company and appreciation. The medical scheme of the company, rewards offered to the employees and the existence of fairness and equity was not comparable with what the market offers and they felt that this will result in low performance of the employees and turnover. The study established that the sales agents of the company are faced by challenges emanating from poor pay as a result of difficulty of the job and lack of customers to purchase products. The company however does not delay in payment although the respondents were neutral on the recognition even after sales boost and individual financial incentive being unfair index.

5.3 Conclusion

From the findings, it can be concluded that, financial incentives play a major role in enhancing performance in an organization. Commission salaried sales executive are motivated to work harder when there is a financial incentive. Their performance is determined by the reward they intend to get. While goals and feedback clearly boosts performance, adding an incentive will enhance task interest and persistence. Incentives have a positive effect on motivation. The senior managers, middle managers and line managers should have the same type of incentive system to avoid biasness in the organization.

It can also be concluded from the findings, the nature of the work should drive the design of the incentive system. When task success hinges on individual excellence, individual incentives are appropriate. This is likely for tasks that are simpler and less interdependent. Majority of sales executives are generally motivated by personal rather than the company’s goals. So for the company to realize high performance that leads to high profit, they ought to find ways to motivate the sales executives and the use of financial incentive is the most preferred mode. With the financial incentives the company will realize; improved effort by employees, good performance hence high profits and it can also lead to good public image.

5.4 Recommendations

This study makes several recommendations for policy implementation and also suggest for further research.

5.4.1 Recommendation for policy and practice

The study established that the performance of employees in the company was influenced by the incentives being given and it is recommended that, organizations should use financial incentives to motivate their sales executives. This will lead to high performance by the sales executives and hence the organization will realize good profits. The extent of the performance by the sales executives is determined by the reward they intent to get.

The higher the reward the harder they work. The senior managers, middle managers and line managers should also be given incentives to avoid biasness in an organization.

The incentive system of the company was found to be influenced by several factors and it is also recommended that, the organization should find the appropriate design of incentive systems. It can either be group or individual based. If the task given hinges towards individual, then individual design should be adopted. The organizations should also set goals for both the organization and the individual. Goals direct attention, mobilize task effort, encourage task persistence and facilitate development of task strategies. It is recommended that the organization, should give feedback to their employees. Feedback allows an employee to compare his performance with others. Comparative feedback has a stronger impact on employees' feelings of effectiveness.

Results from the present study add to the understanding of a much-debated topic in the field. It contributes to the financial performance literature by focusing on influence of the incentives on the employee motivation and performance. The finding provides an important reference and new insight for practitioners in understanding how the performance of employees can be enhanced through the provision of the foundation of the study. The competition in the insurance industry has gone a notch higher and this necessitates the employment and retention of employees who would ensure that the company remains competitive in the market and the results from the present study offer some implications for both research and practice. As for practical implications, the findings from present study offer important insights for executives in enhancing the performance of employees through financial incentives.

5.4.2 Suggestion for Further Studies

This study was focused on how financial incentives affect the performance of sales executives in British American Insurance Company. It is therefore recommended that further studies be conducted in other related areas such as the effects of financial incentives in other insurance non insurance companies.

5.5 Limitations of the study

Firstly, this study was carried out mainly in Kisumu, Nakuru and Eldoret; therefore, the results obtained may not be pertinent to the country as a whole. The study should be extended to other parts of Kenya. Secondly, the present study has been conducted by taking a sample of 300 agents of an Insurance Corporation (a private company), ignoring the other private insurance companies. This cannot lead to the generalization of the findings and the results may not be implied conclusively to the whole insurance industry. Additional studies are recommended to fill this gap. Finally the data for this study were collected using a single survey of insurance agents. Future researchers should attempt to examine the relationships posited in this study using samples from different industries.

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APPENDIX I: QUESTIONNAIRE FOR SALES EXECUTIVES

(Tick or Circle appropriately)

Part I. Demographic Information

1 Gender? Male [ ] Female [ ]

2 Age

Below 25 yrs [ ]

26-30yrs [ ]

31-40 yrs [ ]

Above 40 yrs [ ]

3 What is your marital status?

Single [ ] Married [ ] Divorced [ ] Widowed [ ]

4 Highest level of education?

None [ ] Primary [ ]

Secondary [ ] College/polytechnic [ ] University [ ]

5 Present employment status?

Permanent employee [ ] Contract employee [ ]

6 Work-station branch?

Nakuru [ ] Kisumu [ ] Eldoret [ ]

7 For how long have you worked in this Company?

Less than a year [ ] 2-3 years [ ]

4-5 years [ ] Over 5 years [ ]

Part II: Perceptions of Incentives

8 Which of the following categories best describe your wage-salary employment terms?

Basic salary ☐ Commissioned salary ☐

9 Is your salary/commission paid on schedule as agreed with your employer?

Yes ☐ No ☐

10. To what extent do you perceive the following financial incentives as influencing sales agents' performance in the company? Use 1 – Strongly Disagree, 2 – Disagree, 3 – Moderate extent, 4 – Agree and 5 – Strongly Agree.

Perceived influence of incentives and benefits on employee performance	1	2	3	4	5
Incentives, allowances and rewards are given for special efforts					
The company uses bonuses to motivate and encourage high level performances of employees					
The company provides transportation and subsidized meals allowances for those who live in far areas					
The company provides rewards for skilled employees commensurate with their performance					
The company provides fringe benefits such as holidays with pay, pensions and time off					
The company reward system fosters effective relationship between workers					
The company offers loan facilities to its employees at a lower rate					
The company provides enough payment to meet the requirements of life					
The company provides a fair and adequate compensation on retirement					

11. To what extent do the following factors affect employee performance in the company? Use 1 – Strongly Disagree, 2 – Disagree, 3 – Moderate extent, 4 – Agree and 5 – Strongly Agree.

Factors affecting employee performance	1	2	3	4	5
Reward causes satisfaction of the employee which directly influences performance of the employee					
The company is managed effectively thus improving motivation and employee performance					
There is fairness and equity in the organizations compensation practices					
The promotion policy of my organization is fair and equitable					
Employee commitment to the company is as a result of the appreciation demonstrated through the benefits they receive					
The rewards offered by the company are comparable with what the market offers					
There is job security which encourages employees to remain in the company					
The company has satisfactory performance appraisal which enhances employees continous working					
The medical scheme offered to the employees is comparable to what is in the market which leads to reduction of employees' mobility					
The company provides certificate of outstanding					

12. To what extent do the following factors influence the commissioning of salary schemes in the company? Use 1 - Not at all, 2 - Small extent, 3 - Moderate extent, 4 - Great extent and 5 - Very great extent.

Factors influence the commissioning of salary	1	2	3	4	5
Lack of customers to convince to purchase one's product					
Delay in payment					
Lack of recognition even after sales boost or high profits are experienced					
Poor pay even when the sales job is difficult					
Individual financial incentive is an unfair index of measuring one's performance at work					

13. What would you suggest as possible solutions in solving challenges faced?

………………………………………………………………………………………..

………………………………………………………………………………………..

END

(Thanks a lot for participating in the study)