

**PERCEPTION OF THE INFLUENCE OF INCENTIVES ON EMPLOYEE
JOB PERFORMANCE IN THE MINISTRY OF EDUCATION IN KENYA**

WINNIE KWAMBOKA OGUTU

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF
BUSINESS, UNIVERSITY OF NAIROBI.**

NOVEMBER, 2014

DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:Date:.....

Winnie Kwamboka Ogutu
D61/73045/2012

SUPERVISOR'S DECLARATION

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

Signature.....Date.....

Dr. Stephen Nzuve
Department of Business Administration
School of Business
University Of Nairobi

DEDICATION

This study is dedicated to my father Zachariah Ogutu and my mother Josephine Moraa, who gave me the drive and discipline to tackle any task with enthusiasm and determination. To my sisters Maggie, Faith, Purity and my brother Ishmael for their love, and support to me. Their presence was the constant motivation to succeed in this project. God bless you all.

ACKNOWLEDGEMENTS

I take this opportunity to give thanks to the Almighty God for seeing me through the completion of this project. He made me have courage to endure and overcome all difficulties in pursuing this degree.

The work of carrying out this investigation needed adequate preparation and therefore called for collective responsibility of many personalities. The production of this research document has been made possible by invaluable support of many people. While it is not possible to name all of them, recognition has been given to a few.

To my supervisor Dr.Stephen Nzuve I am greatly indebted for his professional guidance. His advice and constructive criticism throughout the study enabled me to complete my project in time. I also extend my appreciation to Prof.Peter K'Obonyo as my moderator and the staff of the Department of Business Administration, University of Nairobi.

My special gratitude to my parents for their financial support, unquestionable devotion and love.Great appreciation to my family's understanding and encouragement. They have been positively appreciating the little time I allocate to them against the program.

Appreciation is given to the encouragement of my friends and classmates, who have always given me morale and advice not to look back but forward ever. The time and effort of the employees of the Ministry of Education headquarters is acknowledged with high gratitude.

ABSTRACT

Incentives, and their use and misuse, have long been the focus of researchers and practitioners dedicated to maximizing human performance. Research posits that incentives have a major influence on employee job performance. The purpose of this study was to determine the perception of the influence of incentives on employee performance at the Ministry of Education. The study adopted a descriptive research design. Data was collected using a semi-structured questionnaire from 45 respondents drawn from various departments at the Ministry, and then analyzed. Quantitative data collected were analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, means, standard deviations and frequencies. Respondents were required to indicate how they perceive the influence of incentives on employee performance at the Ministry of Education by scoring on statements describing such a link that were presented in a 1-5 point likert scale. To determine the perceived link, the study adopted the use of perception indices. The findings of the study showed that the use of incentives is perceived to have improved performance at the Ministry of Education to some level. The study concludes that employees had different views on the influence of incentives on job performance. The study therefore recommends that employees in the various departments should have the same type of incentive system to avoid discrimination at the Ministry of Education. Based on the limitations of the study, suggestions for further research relating to the influence of incentives on job performance have been put forth.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS.....	iv
ABSTRACT	v
LIST OF TABLES.....	viii
LIST OF FIGURES	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Concept of Perception.....	2
1.1.2 Performance Incentives.....	3
1.1.3 Employee Performance.	4
1.1.4 The Civil Service in Kenya.....	5
1.1.5 The Ministry of Education in Kenya.....	6
1.2 Research Problem.....	8
1.3 Research Objective	10
1.4 Value of the Study.....	10
CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 Theoretical Foundation.....	12
2.2.1 Expectancy Theory.....	12
2.2.2 Two-factor Theory.....	13
2.3 Employee Performance.....	14
2.4 Influence of Employee Incentives on Employee Performance	15
2.4.1 Financial Incentives.....	18
2.4.2 Non-financial Incentives.....	19
2.5 Employee Incentives.....	21
2.6 Performance Incentives.....	22

CHAPTER THREE: RESEARCH METHODOLOGY.....	25
3.1 Introduction.....	25
3.2 Research Design.....	25
3.3 Population of the Study.....	25
3.4 Sample Design.....	25
3.5 Data Collection.....	26
3.6 Data Analysis.....	26
CHAPTER FOUR:DATA ANALYSIS RESULTS AND DISCUSSION.....	27
4.1 Introduction.....	27
4.2 Response Rate of the Research.....	27
4.3 Demographic Information.....	27
4.3.1 Gender of Respondent.....	28
4.3.2 Age of the Respondent.....	28
4.3.3 Work Experience of the Respondents.....	29
4.4 Perception of the Influence of Incentives on Job Performance.....	30
4.5 Financial and Non-Financial Performance Incentives.....	33
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	37
5.1 Introduction.....	37
5.2 Summary.....	37
5.3 Conclusion.....	38
5.4 Recommendations.....	39
5.5 Suggestions for Further Research.....	39
5.6 Limitations of the Study.....	40
REFERENCES.....	41
APPENDIX 1.....	46

LIST OF TABLES

Table 3.1: Sample size.....	26
Table 4.1: Work Experience of the Respondents.....	30
Table 4.2: Perception of the Influence of Incentives on Job Performance.....	31
Table 4.3: Extent to which Financial and Non Financial Performance Incentives are used in the Ministry.....	34

LIST OF FIGURES

Figure 4.1: Gender of Respondents.....	28
Figure 4.2: Age of the Respondents.....	29

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Human Resource Management involves all management decisions and actions that affect the nature of the relationship between the organization and its employees (Beer et al, 1987). Human Resource Management comprises a set of policies designed to maximize organizational integration, employee commitment, flexibility and quality of work (Guest, 1987). There has been an economic decline in Kenya's civil service in the past and therefore, it became difficult for the government to sustain a large and inefficient public sector (GoK, 2005). To raise efficiency, extensive civil service reforms and changes in its incentive structure were necessary to reflect the government's new priorities. The main factors affecting performance in the civil service include low salaries and allowances for the civil servants, lack of equipment and office space, poor compensation, absence of a career-development structure, and poor delegation.

According to Morgan and Baser,(2007) the influence of incentives on employee performance with regard to incentive structures, types of incentives and how they are used ranging from wage emoluments, training and promotion procedures and sanctions against poor performance, is in a wanting state. First, salaries and other emoluments of the civil service employees should be improved to a level deemed conducive to increasing morale and productivity and ultimately improve employee performance. The government has been slow in improving its working conditions so as to realize positive impacts of a smaller and flexible civil service that increase employee performance.

In Kenya, the civil service needs to adopt modern management techniques such as performance evaluation, career planning, use of incentives, utilization and effective delegation to enable it achieve efficiency gains in service delivery. In addition, job descriptions and evaluations of job performance should be integrated to the professionalization of the civil service to engender meritocracy in appraisal of individual staff performance. Mengistu and Vogel,(2006) posits that improved performance by the civil servants with adequate and well-maintained office infrastructure requires an increase in the proportion of government expenditure on equipment and general maintenance not forgetting the use of incentives to improve performance in the civil service in Kenya.

1.1.1 Concept of Perception

Perception is the process people use to make sense out of the environment by selecting, organizing and interpreting information from the environment (Daft, 2000) .He contends that employee perception of any aspect of their employment will be a function of the intensity or repetitiveness of that aspect. The number of times that aspect gets highlighted and the intensity with which it happens indicates just how important that activity is taken. Perception of employees is influenced by internal and external factors leading them to see some perceived objects, persons or events differently. External factors could include size, intensity, contrast, repetition, motion, novelty, status and appearance. Internal factors in perception are characteristics of the perceiver. The perceivers have a tendency to use themselves as a basis for perceiving others, events, etc. Internal factors that can influence perceptions of employees are needs and motives, past experiences, self-contest and personality (Nzuve, 1999).

Rhoades and Eisenberger, (2002) have observed that organizational support is significantly influenced by perceptions of fairness. Since these perceptions influence organizational performance and bottom line outcomes, it is important to investigate what influences perception. Employees feel frustrated if they view promotions for example as being awarded on subjective criteria, promotion should be attuned to perception of equity because it affects current employees. Research has shown that if organizational members perceive that the organization does not treat them fairly, they are less likely to engage in behaviour that is useful to the organization (Moorman, 1991).

1.1.2 Performance Incentives

An incentive is something that motivates an individual to perform an action. An incentive program is a formal scheme used to promote or encourage specific actions or behavior by a specific group of people during a defined period of time. Incentive programs are particularly used in business management to motivate employees, and in sales to attract and retain customers. The terms rewards programmes and recognition programmes do refer to different concepts. In general terms rewards programmes come within the overall concept of compensation strategies which are defined as the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units or individuals are directed towards the achievement of an organization's strategic objectives (Gomez-Mejia and Balkin,1992). They are management tools that hopefully contribute to a firm's effectiveness by influencing individual or group behaviour (Lawler and Cohen, 1992). All businesses use pay, promotion, bonuses or other types of rewards to encourage high levels of performance (Cameron and Pierce, 1977).

Another dimension Moss Kanter, (1987) added to this discussion when she noted that in many organizations rewards are differentiated on the basis of status rather than contribution and, often, the only way an individual can increase his or her pay is to get promoted. This usually motivates them to look out for themselves rather than improve their overall contribution. While recognition is still an important management tool it is slightly different. Usually it is a non-financial award given to employees selectively, in appreciation of a high level of behaviour or accomplishment that is not dependent on achievement against a given target. Recognition can be as simple as giving someone feedback on what they have done right, or just saying thank-you. It is about acknowledging effort, commitment and learning, even if the outcomes were not as planned and it is also about, most importantly, celebrating successes (Lachance, 2000).

It is generally accepted that incentives such as rewards and recognition programmes are used in the belief that they will reinforce an organization's values, promote outstanding performance and foster continuous learning by openly acknowledging role model behaviour and ongoing achievement. Both types are dependent on managers recognizing the subordinates' achievements whether as individuals or as part of teams. Many writers use the more generic rewards as an umbrella term to cover both types. In some cases the term rewards is used to imply both reward and recognition. The more generic term is incentive programmes, possibly a better term to use.

1.1.3 Employee Performance

Employee performance indicates the financial or non-financial outcome of the employee that has a direct link with the performance of the organization and its success. A number of studies show that a way of enhancing employee performance is to focus on employee incentives. Christian et al, (2011) suggests that the presence of high levels of employee engagement enhances job

performance, task performance, and organizational citizenship. The others as suggested by Macey and Schneider, (2008) include productivity, discretionary effort, affective commitment, levels of psychological climate, and customer service. As the impact of employee engagement on employee performance was already shown in these earlier studies, this study intends to study the impact of employee engagement on employee performance.

Employee performance is a particularly important issue to managers and supervisors as the primary purpose of their job is to get the most out of the people that they are responsible for (Fleming and Asplund, 2007). Employee performance of employees is actually tied to productivity. Performance refers to the degree of accomplishment of the task that makes up an employee's job. The concomitants of job performance are the capacity to perform, the opportunity to perform, and the willingness to perform. The capacity relates to the degree to which an individual possesses task relevant skills, abilities, knowledge and experiences. The availability of opportunity to perform is also a critical ingredient in the performance recipe. Poor decisions and outdated attitudes may prove to be potential hurdles for an employee to lack performance. The third factor, willingness, relates to the degree to which an individual both desires and is willing to exert effort towards attaining job performance. It is, in other words, motivation. No combination of capacity and opportunity will result in high performance in the absence of some level of motivation or willingness to perform.

1.1.4 The Civil Service in Kenya

The ultimate role of incentives in developing countries is to promote, via its impact on enhanced public sector performance, the objective and wider process of capacity development in the public sector. The correlation between effective public institutions and capacity development is well

known. The importance of incentives is linked to their impact on the very same chain of causality. Incentives with motivational effects influence public sector performance, which in turn is decisive for poverty reduction and economic growth (UNDP, 2006)

The link between incentives and public sector performance implies a focus on the human dimension of public sector organizations, namely the civil service. Incentives often include measures that create competition and accountability, such as merit-based pay and promotion, evaluations and a transparent work environment. Generally, incentives should correspond to the objective of fostering a high-performance public service that attracts, retains and motivates competent staff (World Bank, 2008). Verheijen, (2000) identifies training as an important contributor to change in the civil service, in addition to legislation. Civil service laws may establish transparent systems of employment and structure. Training is considered an efficient reform tool as it creates a more coherent civil service, changes mentalities and may create a sense of community among civil servants. The problems of Kenya's civil service include excessive staffing at lower grades (grades A-G in Kenya), wage compression, low output and low morale which is common to many developing countries

1.1.5 The Ministry of Education in Kenya

The Ministry of Education, Science and Technology (MoEST) is responsible for providing education to its citizens (Ministry of Education, 2008). The ministry's tasks include employment of teachers for government schools, distribution of learning resources, and implementation of education policies. The education sector takes up about 30% of the government's annual expenditure accounting for the largest share of the annual budget. However, much of the expenditure goes toward higher education and teacher training. Among other roles, the higher

education ministry is responsible for improving the quality, relevance, equity, access to higher education, technical training and education services (Ministry of Higher Education, Science, and Technology, 2009).

The Teachers Service Commission (TSC) is responsible for teacher recruitment, human resources services, and place of government employed teachers (Ministry of Education, 2008). Historically, Kenyan schools have had two types of teachers including those hired through the Ministry of Education and those hired locally and informally by Parent Teacher Associations (PTAs). For civil-service teachers, promotion, transfers, and disciplinary measures are decided through the Ministry of Education, rather than by more locally accountable bodies. These teachers are represented by a strong union, have civil-service protection, and receive wages and benefits considerably above market levels. PTA teachers, while typically paid much less than their civil-service counterparts have much stronger incentives, partly because they do not have union protection, but also because a good track record as a contract teacher can help them obtain a civil-service job. Incentives for civil service teachers, while weak, are largely based on their students' scores on the primary school exit exam. Teachers may, therefore, have an incentive to focus on students they believe will perform better on the exam, while ignoring the weaker students who may be too far behind to catch up.

In 2003, Kenya abolished school fees for primary school. This led to an almost 30 percent increase in enrollment and greater heterogeneity in student preparation. Many of the new pupils were first generation students and had not attended preschools. Since parents were no longer required to pay fees, local school committees were generally unable to raise the funds necessary to hire PTA teachers to match the influx of students and bring the new students up to speed.

Since a contract teacher position is a stepping stone for permanent civil-service positions, it is highly valuable despite the low pay. As a result, existing civil-service teachers may want to hire their own relatives as contract teachers.

1.2 Research Problem

As noted by Halligan, (1994) a commitment to the values of public service underscores the attitude towards public service rewards and that public service motivation may be quite complex but remains poorly understood. The rewards of public service contrast with those of extrinsic rewards and senior public servants are often prepared to accept lower pay as a trade-off for the rewards of actually working in the public service. Other research that investigated the differences in the motivation of private versus public sector managers found that pay has a significantly greater motivating potential for private than public sector managers (Khojasteh, 1993). In addition, while both private and public sector managers were equally motivated by intrinsic reward factors of achievement and advancement the intrinsic reward factor of recognition was ranked as the second most important motivating factor for public sector managers, in contrast, the ranking was very low for the private sector.

Sussels and Magid, (2005) argue that there are several reasons why, historically, public sector employers have not embraced pay-for-performance systems as readily as their private sector counterparts. For example, in the public sector it is more difficult to quantify or measure output. In the private sector, pay-for-performance rewards are often tied to profit/loss criteria as well as easily measurable production outputs. In addition, Sussels and Magid, (2005) argue that, it is often difficult to develop appropriate programmes in the public sector for several structural reasons. First, if employees are represented by labour unions, performance-based pay is, in all

likelihood, a mandatory subject of bargaining. Second, the relationship between fiscal outcomes or service delivery outcomes and pay is less direct than in the private sector and finally, since managers often have a difficult time supporting the programme if they have not been adequately trained or do not have timely and accurate data upon which to measure performance and outcomes. The change of organizations culture of putting in place incentives to motivate employees raises a fundamental question if incentives influence employee performance, and whether provision of incentives to employees is the way to go in improving performance. The performance of an employee depends on the strength of employee incentive schemes used in an institution. An employee incentive is given accordingly, to encourage the behavior and work done. The psychological literature on employee motivation states that motivational incentives can produce better employee performance. In essence, few studies are supported by an explanation of how incentives in workplace affect employee performance (Torrington, 2009).

The Ministry of Education has a number of employee incentives in place, however, there is scanty empirical study to determine the influence of these incentives to employee performance. The ministry of education employees may enjoy incentives like salary increments which is annual subject to satisfactory performance. Those at school leadership positions earn higher salaries, reflecting increased levels of responsibility. Depending on their employment status, teachers may also take advantage of salary packaging scheme which allows them to tailor their salary arrangements to increase the value of their take-home pay through a wide range of benefits including highly attractive holiday and leave conditions. In addition to four weeks annual leave, there is no requirement for teachers to attend school during student vacation periods. Additional leave entitlements include leave without pay, parental leave, long service leave, careers leave and study leave, to name a few. The Ministry of Education offers a range of

attractive incentives for teachers in most remote country schools, as a way of fulfilling continuing high staffing demand in these areas. These may include generous locality allowances such as rental subsidies and vacation travel expenses, eligible for priority transfer to a school in a location of choice after a specified period of employment. Employee Performance is measured through, service delivery, productivity, creativity, complains and turnover. The study sought to fill the research gap and this prompts the research question, what is the perception of the influence of incentives on employee job performance in the Ministry of Education?

1.3 Research Objective

To determine the influence of performance incentives on employee performance in the Ministry of Education in Kenya.

1.4 Value of the Study

The findings of this study will be useful to the Ministry of Education in Kenya, the management, stakeholders and staff of other local authorities and the private sector. They will have an opportunity to measure the perceived influence of performance incentives on employee performance. The study shall also benefit the general public on the types of incentives used on employee job performance.

For academicians and other researchers, the findings will contribute to existing literature for further research to extend, refine or validate the findings of the study on the influence of incentives on employee job performance. The findings of this study will also benefit organizations whether public or private to review their use of incentives on employee job performance. The study will generate information that would be used by various HR

professionals who have interest on the perceived influence of incentives on employee job performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a literature review on the influence of performance incentives on employee performance. It also covers in specific, the theoretical foundation, employee performance, employee incentives and performance incentives.

2.2 Theoretical Foundation

Skinner, (1976) argues that a person will more likely to do an action that is positively received, while he will more likely avoid an action that is negatively received. An incentive is either a promise or an act that is provided for the sake of greater action. In business, an incentive may be an additional benefit or remuneration or job promotion given to an employee either to recognize his achievements or encourage him to perform better. Additional remuneration or benefits motivate an employee to accomplish greater things. On the other hand, non-financial incentives such as job promotion, job security, pride of accomplishment and job satisfaction are also employee motivators. This study will use motivation theories.

2.2.1 Expectancy Theory

McClelland, (1976) posits that need theories of motivation attempt to explain what motivates people in the workplace. Expectancy theory is more concerned with the cognitive antecedents that go into motivation and the way they relate to each other. That is, expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance. In other words, people will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards. Expectancy theory is based on four assumptions

(Vroom, 1964). One assumption is that people join organizations with expectations about their needs, motivations, and past experiences. These influence how individuals react to the organization. A second assumption is that an individual's behavior is a result of conscious choice. That is, people are free to choose those behaviors suggested by their own expectancy calculations. A third assumption is that people want different things from the organization for instance good salary, job security, advancement, and challenge. A fourth assumption is that people will choose among alternatives so as to optimize outcomes for them personally.

2.2.2 Two-Factor Theory

Frederick Herzberg's two-factor theory, also known as the motivation-hygiene theory or intrinsic/extrinsic motivation, argues that while there are certain factors in the workplace that cause job satisfaction, a separate set of factors can cause dissatisfaction. The factors that motivate people can change over their lifetime, but respect for me as a person, is one of the top motivating factors at any stage of life. According to Herzberg,(1964) intrinsic motivators such as challenging work, recognition, and responsibility produce employee satisfaction, while extrinsic hygiene factors, including status, job security, salary, and fringe benefits if absent produce dissatisfaction. Herzberg's theory appears to parallel Maslow's needs hierarchy. Individuals look for the gratification of higher-level psychological needs having to do with achievement, recognition, responsibility, advancement, and the nature of the work itself. However, Herzberg added a new dimension to this theory, including factors that cause dissatisfaction as well, such as company policies, supervision, technical problems, salary, interpersonal relations on the job, and working conditions. This two-factor model of motivation is based on the notion that the presence of one set of job characteristics incentives leads to worker satisfaction, while another and

separate set of job characteristics lead to dissatisfaction. Thus, satisfaction and dissatisfaction are not on a continuum with one increasing as the other diminishes, but are independent phenomena.

2.3 Employee Performance

Employee's performance is derived from the broader performance management of the firm. Performance management refers to a process that contributes to effective management of individuals and teams in order to achieve higher levels of organizational performance. Cascio, (2003) argues that performance ensures that an individual employee or teams know what is expected of them, and stay focused on effective performance. Organizational performance takes many forms which may include increased productivity, increased diversity in regard to workforce mix, retention of talent, increased satisfaction both for the employee and the customer, increased quality of service among many others. Engagement can lead to enhanced performance as a result of various factors. These findings are supported by a growing number of studies arriving at a positive relationship between engagement and individual performance (Halbesleben, 2010, Mone and London, 2010).

The effects of performance management practices in public sector organizations are affected by institutional factors with the results suggesting that the behavioral effects of performance management practices are as important as the economic effects in public sector organizations. In the same study, Verbeeten, (2008) found out that large organizations appear to have more difficulty in defining clear and measurable goals, are less likely to use incentives and have lower quality performance (Dewatripont et al, 1999).

There is a need to investigate goal-setting procedures and generalization in the achievement of managed performance as Latham, (2001) considers. This is more crucial in the public sector where empirical evidence on performance management is inconclusive. Performance

management practices have a positive relationship with managed performance. Job performance is often the result of at least two aspects that is the abilities and skills which can be natural or acquired. Employee possesses these, and his/her motivation to use them in order to perform a job better. In addition, a number of authors believed that employees can help to improve business performance through their ability to generate ideas and use these as building blocks for new and better products, services, and work processes. On the other hand, as pointed out by (Axtell et al, 2000) many practitioners and academics endorsed the view that employees' innovation help to attain organizational success.

Managers create decent work situations that achieve two purposes. They facilitate performance and stimulate employee to strive for high performance (Bateman and Zeithami, 1993). Managers facilitate performance by providing the things employees need to do their jobs such as adequate training, the necessary tools and equipment, adequate budget, enough authority and information to perform their jobs well. Improving performance is only achievable where there are effective processes of continuous development. People either as individuals or teams put the greater effort into performance if they know and understands what is expected of them and have had an involvement in specifying those expectations. Many factors can prevent an employee from performing at high levels and therefore it is the duty of the mangers to ensure that employees perform at the highest level given the fact that managers are responsible for results.

2.4 Influence of Employee Incentives on Employee Performance

The complexity of incentives is linked to their role in predicting and influencing human behaviour. What encourages people to change is often a very complex and abstract mixture of objectives and expectations, with some elements of concern for society at large, but with a heavy

emphasis on individual rewards (Lopes and Theisohn, 2004). Individual rewards, or benefits, are identified by most authors as the main incentive for behavioral change. Financial incentives represent the principal type of incentives used in the public service to reward civil servants, mainly through salaries and monetary allowances. In most developing countries, salaries represent a major capacity challenge in that they are too low to attract, motivate and retain civil servants. In some countries, such as Madagascar almost everybody has two or three jobs in order to make ends meet. The theme of low salaries has been recurrent in the literature, as is the focus on and use of financial incentives. However, most authors agree that the value of non-financial incentives generally has been underestimated, and much of the recent literature devotes considerable attention to this area. Such non-financial incentives are incentives that involve no direct transfers of monetary values or equivalents (Mathauer and Imhoff, 2006).

Mathauer and Imhoff (2006), emphasizes two main groups of non-financial incentives. The first one being merit-based non-financial incentives and secondly incentives that are linked to accountability issues. These correspond largely to the distinction made between performance and accountability as sources for capacity development. Merit based incentives are for rewarding performance. For incentives to be motivational, they have to be closely linked to notions of what is equitable, just and fair. Fairness in the working place is linked intrinsically to merit– that is, recognizing, awarding and appraising performance. Merit has generally been interpreted and applied as a financial incentive, matching salaries to individual performance, for example by introducing performance-related pay (PRP).

Incentive structures as a capacity development strategy in public service delivery behind PRP is that merit will lead to competition, which will lead to enhanced performance. The limited

availability of financial resources in many developing countries has turned the attention of policymakers to non-financial, merit-based incentives. In the absence of basic, reasonable salaries, other factors may assume greater importance. The UNDP maintains that, it is arguable that, at least up to a certain point, low salaries are more likely to be accepted in a system that is commonly regarded as equitable (Lopes and Theisohn, 2004). Incentives are therefore designed by appealing to a perception of what can be considered just, such as the introduction of transparent, performance-based criteria for recruitment and promotion (Adams and Hicks, 2000). Consequently, in recruitment processes, merit may be translated as open, ongoing, fair and vigorous competition for all positions, supported by a clear set of rules and provisions for enforcement of those rules. The notion of merit is more detail that merit is linked directly to wider organizational goals such as bureaucratic capacity, anti-corruption efforts, individual performance and accountability.

Another merit-based, non-financial incentive is use of training. Kamoche, (1997) is one of the authors who raises doubt about the use of training as a means to improve individual performance, but recognizes that it is often used as an incentive within the public sector for attracting and retaining staff. In this sense, training is perceived as a merit-based reward for good performance, rather than as a way of promoting and enhancing future performance. Even though enhanced performance may result from the training, it is not always perceived by the participants as the main objective. This is an interesting perspective because it shows how a typical capacity development effort may be used as an incentive which is not necessarily conducive to capacity development there is emphasis on the value of training for promotion. Lopes and Theisohn, (2004) confirm that training programmes may rather be linked to certain perks associated with it,

such as travelling with expenses covered, than the actual objective of learning. These practices divert the interest of the remaining staff from their main duties.

Higher financial incentives can reduce non-financial motivation, in particular in environments where the latter is high or where such measures are perceived as controlling. The result may ultimately be a negative one, that is, overall reduced motivation. This also is a function of values and cultures that vary in different societies. A sensible starting point is to understand and address first and foremost the demoting factors, which may undermine employee motivation. Kohn, (1998) sensibly states, pay people well, pay people fairly and then do everything in your power to take people's minds off of money. This also implies clear, fair and enforced rules to deal with corruption. Rewards that bind an employee to an organization have more to do with the way an employee is treated than any particular pay scheme. While people may come to work for the pay, they stay at work for many other reasons. Managers need to acknowledge and manage those other rewarding conditions as part of an overall strategic approach to rewards (Njoroge W, 2011). There are several types of performance incentives, these are reviewed below.

2.4.1 Financial Incentives

The theoretical basis for money as an effective incentive motivator has been given attention over the years (Mitchell and Mickel, 1999). In the most general sense, money has been shown to attract, motivate, and retain employees as well as to serve as a reinforcement of employee performance (Stajkovic and Luthans, 2003), and when withheld, money can act as a punisher (Milkovich and Newman, 1999). Theoretically, money serves as an incentive primarily because it can be exchanged for other desirable outcomes such as goods, services, or privileges. There are many forms of financial incentives available e.g., vacations, gift certificates, lump-sum bonuses

that are becoming a commonly used pay method to retain and motivate employees (Sturman and Short, 2000). In addition, lump-sum bonuses are a part of compensation that is not guaranteed and is usually paid in recognition of some level of performance attainment or goal achievement (Milkovich and Newman, 1999). To make financial incentives more effective, administrative or application processes should be given attention. First, the more closely the financial incentives are tied to performance, the greater the improvement on a variety of outcomes.

A second theoretical consideration relevant to this study of financial incentives revolves around whether the pay plan is focused on the individual or on the group. Group-incentive systems include plans in which payouts are contingent on the achievement of group or unit goals and often include a formal employee involvement component. Profit sharing and gain sharing are the most common, but lump-sum bonuses delivered to a group in recognition of group performance levels or goal achievement are quickly supplanting other plans. There is initial evidence that well-designed pay plans based on group performance can increase productivity (Milkovich and Newman, 1999)

2.4.2 Non-Financial Incentives

Non-financial incentives in organizations are most closely associated with recognition and performance feedback. Although the nonfinancial incentive of recognition does not have as extensive a theoretical foundation as that of money, we argue that the conceptual differentiation between recognition and social recognition is important. Recognition in the application literature (Nelson, 2001) usually refers to formal programs such as employee of the month or top sales awards. Social recognition, however, refers to the more informal acknowledgment, attention,

praise, approval, or genuine appreciation for work well done from one individual or group to another.

Social recognition has been given relatively less attention than formal recognition in the practitioner literature, considerable research has shown that if social recognition is provided on a contingent basis in managing employee behavior, it can be a powerful incentive motivator for performance improvement. In addition, practicing managers do seem to value social recognition as an incentive. As to the non-financial incentive of performance feedback, although conceptually and practically closely related to social recognition, in behavioral performance management it has precise meaning. Performance feedback is defined as providing quantitative or qualitative information on past performance for the purpose of changing or maintaining performance in specific ways (Prue and Fairbank, 1981). Thus, a true feedback intervention in behavioral management conveys more task-relevant information to employees than social recognition. This is because social recognition, instead of conveying task-related information gains its power primarily from the recipient's expectation.

Receiving acknowledgment or appreciation may lead to more tangible rewards down the road. It often fails to guide future performance efforts. In fact, meta-analysis indicates that feedback interventions have mixed results on performance. In some conditions performance increases, and in other conditions no effect is reported (Kluger and DeNisi, 1996). However, performance feedback as used in behavioral management (Kopelman, 1986) refers to information regarding a level of performance, outcome feedback and/or the manner and efficiency with which performance has been executed and how to improve it in the future commonly referred to process feedback. The delivery of social recognition allows the targeted employees to realize that they were noticed, and the feedback condition enables the target employees to know how they

were doing. Another reason we combined them into one non-financial incentive is that social recognition and feedback may be potentially confounding interventions that is, social recognition is a form of feedback and vice versa.

2.5 Employee Incentives

Employees can be better motivated to enhance their creativity and performance through incentives based on knowledge sharing. This encourages the employee to get recognized well as in becoming a good team player. The performance of the organization as a whole is enhanced through this method while the employee reaches the peak of creativity by this method of non-monetary incentive allotment. This method is likely to be effective in creating a feeling of cooperation, ownership and commitment amongst the employees and develops competence, recognition, trust and expertise (Kathryn, 2002).

Cesare, (2003) revealed that while the US employees found money and position to be driving forces for work and keep hopping jobs, the Japanese employees find job security to be a more motivating factor to work for the organization. The Japanese culture makes them more dedicated towards the enhancement of their company as compared to their commitment towards spending time with their family. This in turn leads to extremely low levels of attrition and high level of performance by the employees. On the other hand the US employee may change his job based on payment that they receive and are much individualistic in their approach. Ghatak, (2003) explores the feasibility and expected outcome of the incentives in terms of ownership on decentralized basis which may lead to enhanced output. The study also focuses on how the involvement of motivated employees in their preferred missions.

2.6 Performance Incentives

Not all writers agree that incentive programmes will always lead to positive outcome, in fact some go as far as indicating that they can undermine productivity and performance. When an employer offers a reward for performance, the writers suggested that employees begin to perform the task for the external reward rather than for intrinsic reasons. Because of this, perceptions of self-determination is said to decrease. Motivation and quality of performance decline too as brought out by (Kohn, 1993, Powell, 1998).

A significant study, based on an extensive meta-analysis of 25 years of earlier research that examined rewards and performance, refutes the argument that rewards undermine both motivation and performance. This research found that, generally, people enjoy activities or tasks more when they receive a reward and the argument that rewards undermine performance and interest is not supported by the experimental data. It concluded that rewards could be used effectively to enhance interest and performance (Cameron and Pierce, 1997). They also investigated whether different types of rewards and recognition have different effects. To assess this possibility they analyzed studies that used either verbal or tangible rewards. Verbal rewards involved giving participants praise or positive feedback for their work while tangible rewards involved giving money, tickets to a theatre, certificates or other similar rewards. In their study they conclude that praising people for their work leads to greater task interest and performance and that tangible reward also enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance standards. In summarizing the results from the experimental literature they examined, it is noted that rewards increase performance and interest when they are made contingent on quality or performance or are given for meeting clear

standards of performance, made contingent on challenging activities, given for mastering each component of a complex skill, and delivered for high effort and activity.

It is correct to state that Cameron and Pierce, (1997) made conclusions that rewards are not inherently bad or good for people. They can have negative effects, but these effects are circumscribed and can be easily prevented. In the workplace, careful arrangement of rewards can enhance employees' interest and performance and this is likely to occur when rewards are closely tied to the attainment of performance standards and to the personal accomplishment of challenging tasks. Their research also suggested that when rewards are linked to specific standards of performance, people are more contented and become productive employees. Other researchers are working in areas that are more closely aligned to knowledge work and knowledge sharing. (Eisenberger and Armeli, 1997) shows that when rewards are given for creative thinking and performance, people do show generalized creativity in other tasks.

Claman, (1998) states that although work has changed, compensation programmes have not. The current compensation systems do not reward the core competencies of the intelligent career of knowing why, knowing how, and knowing whom but are still based on the industrial economy from which they evolved. Knowing why refers to a person's work values, careers are now defined more by the employee and not the employer and what one wants as an employee is important. Higher salaries and promotion are not the only medium of exchange and if these are not valued for themselves by employees they will not be motivated to pursue them. Knowing how relates to the actual medium of exchange in the knowledge economy, knowledge itself. Old skills such as following orders or knowing and applying policies have been replaced by the skills of the knowing how competency of the intelligent career research skills, strategic thinking skills

and skills of personal leadership. Knowing whom refers to the relationship-building competency that is the set of relationships to which a person contributes and from which they learn.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the steps that were followed in the execution of the study. They included the research design, population of the study, sample design, data collection and data analysis.

3.2 Research Design

The research design adopted in this research study was descriptive cross-sectional survey. This design was appropriate for the study because data was gathered from a cross-section of respondents at one point in time (Cooper and Schindler,2003).Since the study was to seek the influence of incentives on employee performance in the Ministry of Education in Kenya, a descriptive cross-sectional was the best research design to fulfill the objectives of the study.

3.3 Population of the Study

Population refers to the entire group of people or event of things of interest that the study wishes to investigate Sekaran, (2003). The target populations for this research were 630 employees in different job groups at the Ministry of Education Headquarters.

3.4 Sample Design

Sampling involves selection of elements of a population to enable a researcher while doing research to make conclusions about the entire population. The samples was determined statistically and the Ministry of Education was selected. A stratified random method was used in order to obtain representatives. A representative sample is one which is at least

10% of the population as stated by Kothari (2000). The research used 10% of the sample. The sample size was 63 employees as shown in the table below.

Table3.1 Sample Size

Job Group	Population	Sample 10%
P and above	130	13
K- N	200	20
J and below	300	30
Total	630	63

Source: Ministry of Education (2014)

3.5 Data Collection

The study used primary data. Data was collected using a semi-structured questionnaire administered on a drop and pick basis. The questionnaire used both open ended and closed ended questions. The questionnaire was divided into two parts, part one is focusing on demographic data while part two on the influence of incentives on employee performance.

3.6 Data Analysis

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data. According to Shamoo and Resnik, (2003), various analytic procedures provide a way of drawing inductive inferences from data and distinguishing the signal, which is the phenomenon of interest, from the noise which is the statistical fluctuations present in the data. The data was analyzed using descriptive statistics such as the mean, frequencies, and percentages. The analyzed data was presented in tables, graphs, bar charts and pie charts wherever each was appropriate.

CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a summary of the findings of the study as well as conclusion gathered from the analysis of the data. The conclusion and the recommendations are guided by the objectives of the study as explored by the questionnaire. This was to establish the perception of the influence of incentives on employee job performance.

4.2 Response Rate of the Research

The expected sample population was 63 respondents of which 45 successfully completed and returned the questionnaire for analysis. This was a representation 71% of respondents which was quite good for the study analysis. According to Mugenda and Mugenda (1999) a 50% response rate is adequate, 60% good and above 70% rated very well. Other scholars including Kothari (2004) and Sekaran (2003) had also proved the response rate of over 50% to be adequate for carrying out adequate statistical analysis in a study.

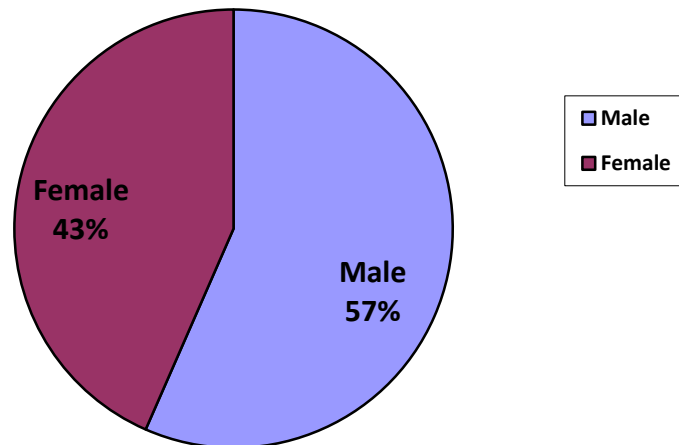
4.3 Demographic Information

The study sought to find out background characteristics of the respondents relevant to the study including gender, age, department worked , work experience in terms of years, terms of employment, highest level of education and the basic salary range in order to present a wider view of the research problem. This information is particularly important as recommended in field studies to ascertain existence of subjects. According to Kothari (2004) field respondents should have some common characteristics that can be proven without necessarily having to be involved in objective analysis.

4.3.1 Gender of Respondents

According to results in Figure 4.1, majority of respondents were male (57%) and (43%) were female. This signified a near gender parity in the sample of study which represented a gender balance that could offer a neutral or an unbiased approach during the study and therefore gender was not significant to the findings.

Figure 4.1: Gender of Respondent



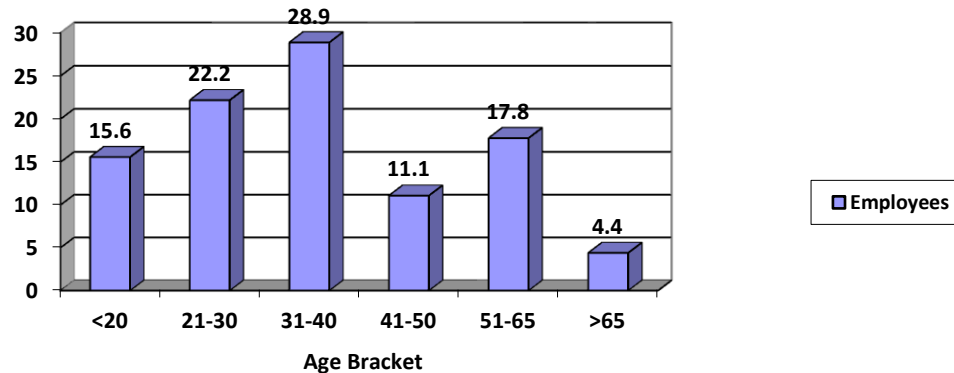
4.3.2 Age of the Respondents

The study sought to investigate whether the perception of the respondents on the incentives might be influenced by the age group of the employees.

According to the findings as shown in figure 4.2, most of the respondents were aged between 31 and 40 years giving 29%, 16% were below 20 years of age, 11% were aged between 41 and 50 years, 18% were aged between 51 and 65, while 4% were above 65years. The results show that majority of staff in the government departments were below 60 years and therefore energetic to perform their tasks accordingly. According to my observation, most of the employees were

below sixty five years since the minimum retirement age in the Government is 60 years and the maximum being 65 and thus most of them who had surpassed the age of fifty years had retired.

Figure 4.2: Age of the Respondents



4.3.3 Work Experience of the Respondents

This study sought to find out the work experience of the respondents in the ministry. The results are presented in Table 4.1.

Most of the respondents had worked with the government departments for between 11 and 20 years. This is represented by 13%. Those who had worked for between 21 and 30 years were 17% of the total respondents while those who had worked for less than 10 years were 69%. This formed majority of the employees in the ministry’s headquarters and implies that they are familiar and experienced in the ministry. They are more familiar with the activities of the ministry and can provide useful insight in the maintenance of good performance. In addition most of them had better versed on the perception of incentives being offered by the ministry.

Table 4. 1: Work Experience of the Respondents

Years Worked	Frequency	Percent
Below 10	31	68.9
11-20	6	13.3
21-30	8	17.8
Total	45	100.0

4.4. Perception of the Influence of Incentives on Job Performance

The respondents were requested to indicate the perceived factors that affect employee's performance in a five point Likert scale. The range was (1) strongly agree, (2) agree, (3) neither agree nor disagree, (4) disagree to (5) strongly disagree. In this section, the scale used was such that the least mean indicated high agreement for the respondents in terms of mean. The scores of strongly agree and agree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale, ($0 \leq S.E. < 2.55$). 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 disagree and strongly disagree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale, ($3.5 \leq L.E. < 5.0$). A standard deviation of > 0.9 implies a significant difference on the impact of the variable among respondents, as illustrated in Table 4.2.

Table 4.2 Perception of the Influence of Incentives on Job Performance

Employee performance	Mean	Std. Deviation
Certificates and attention as incentives benefits directly affect my performance.	2.02	.753
The ministry uses lump sum bonuses to motivate and encourage high level performances of employees.	2.09	.793
The ministry's genuine appreciation for work well done guides my job performance.	2.31	1.125
The ministry of education employees' value vacations and praises for their job performance.	2.33	1.148
Incentives cause satisfaction of the employee which directly influences performance of the employee.	2.33	1.148
The ministry of education encourages group incentive systems on group performance.	2.36	1.334
Allowances and rewards are given for special efforts in job performance.	2.49	1.487
The ministry of education recognition and personal attention on its employees is important in job performance.	2.64	1.384
The incentives provided by the ministry of education are generally supportive to my job performance.	2.67	1.398
The recognition from my supervisor and colleagues influences my job performance	2.69	1.395

Source: Research Data

The results in Table4.2 indicate that the respondents strongly agreed that certificates and attention as incentives benefits, directly affect their performance with a mean of 2.02 and standard deviation of 0.753. These findings are consistent with Mathauer and Imhoff (2006), who stated that there are two main groups of non-financial incentives. The first one being merit-

based non-financial incentives and secondly incentives that are linked to accountability issues. These correspond largely to the distinction made between performance and accountability as sources for capacity development, hence improve performance.

The respondents also agreed that use of lump sum bonuses to motivate and encourage high level performances of employees with a mean of 2.09 and standard deviation of 0.793 respectively. These confirm the findings of Milkovich and Newman, (1999) that lump-sum bonuses are a part of compensation that is not guaranteed and is usually paid in recognition of some level of performance attainment or goal achievement therefore retains and motivates employees.

On whether the genuine appreciation for work well done guides employee job performance, the respondents agreed with a mean score of 2.31 and a standard deviation of 1.125. Bateman and Zeithami, (1993) proposed that managers create decent work situations that achieve two purposes. They facilitate performance and stimulate employee to strive for high performance. On whether employees' value vacations and praises for their job performance, the respondents had a mean score of 2.33 and a standard deviation of 1.148, while, whether incentives cause satisfaction of the employee which directly influences performance of the employee, respondents gave a mean score of 2.33 and a standard deviation of 1.148 respectively. On whether the ministry of education encourages group incentive systems on group performance respondents agreed with a mean score of 2.36 and a standard deviation of 1.334. Allowances and rewards are given for special efforts in job performance gave a mean score of 2.49 and a standard deviation of 1.487 respectively.

On whether recognition and personal attention on employees is important in job performance the respondent were neutral with a mean score of 2.64 and a standard deviation of 1.384. The study

is consistent with the findings of (Cameron and Pierce, 1997) that rewards could be used effectively to enhance interest and performance and different types of rewards and recognition have different effects.

The respondents were neutral that the incentives provided by the ministry of education are generally supportive to employees' job performance with a mean score of 2.67 and a standard deviation of 1.398. On whether the recognition from supervisor and colleagues' influences job performance, the respondents were neutral with a mean score of 2.69 and a standard deviation of 1.395 respectively. The study is consistent with the findings of Nelson (2001), who stated that social recognition has been given relatively less attention than formal recognition, considerable research has shown that if social recognition is provided on a contingent basis in managing employee behavior, it can be a powerful incentive motivator for performance improvement. This is because social recognition, instead of conveying task-related information gains its power primarily from the recipient's expectation.

4.5 Financial and Non-Financial Performance Incentives

The study also required the respondents to indicate the extent to which financial and non financial incentives influence employee performance. A likert scale was used where 1 equals to very small extent, 2 equals to small extent, 3 equals to moderate extent, 4 equals to great extent and 5 equals to very great extent. For analysis purpose a score of weighted average and standard deviation were used to analyze the data.

Table 4.3 Extent to which Financial and Non Financial Performance Incentives are used in the Ministry

Financial and Non-financial Performance Incentives	Mean	Std. Deviation
Being commended by my supervisor for a good job done in writing directly affects my performance and commitment.	3.49	1.014
Individual financial incentive is an unfair index of measuring one's performance at work.	3.33	1.087
The company provides fair and adequate incentives on retirement.	2.96	1.065
The ministry of education salaries and perks are attractive and are appreciated by employees.	2.80	.944
The incentives I get from my current job as a civil servant supports my job performance.	2.78	1.126
The ministry of education financial support for lifelong learning program is an important consideration for my staying in the ministry.	2.71	.991
The ministry of education provides a good pension scheme and other fringe benefits for its employees.	2.69	1.427
The ministry of education employees value financial incentives.	2.44	1.374
The ministry of education provides opportunity for promotion for high performing employees.	2.22	1.146

Source: Research Data

Table 4.4 revealed that respondents reported that to a very great extent employees who are commended by their supervisor for a good job done in writing directly affect their performance and commitment with a mean score of 3.49 and a standard deviation of 1.014. In their study (Cameron and Pierce, 1997) concluded that praising people for their work leads to greater task interest and performance and that tangible reward also enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance standard.

On whether individual financial incentive is an unfair index of measuring one's performance at work, the respondents agreed to a great extent with a mean score of 3.33 and a standard deviation of 1.087 respectively. This is consistent with the findings of Kohn, (1993), Powell, (1998) who stated that not all writers agree that incentive programmes will always lead to positive outcome, in fact some go as far as indicating that they can undermine productivity and performance. On whether Provision of fair and adequate incentives on retirement, respondents were neutral with a mean score of 2.96 and a standard deviation of 1.065 respectively. On whether salaries and perks as attractive and appreciated by employees, the respondents gave a mean score of 2.80 and a standard deviation of .944. This confirms the findings of Sturman and Short, (2000) who stated that money serves as an incentive primarily because it can be exchanged for other desirable outcomes such as goods, services, or privileges. On whether the incentives got from current job as a civil servant supports job performance respondents were neutral with a mean score of 2.78 and a standard deviation of 1.126. The study is consistent with the findings of (Stajkovic and Luthans, 2003), that, money has been shown to attract, motivate, and retain employees as well as to serve as a reinforcement of employee performance. On whether the ministry of education financial support for lifelong learning program is an important consideration for staying in the ministry respondents were neutral extent with a mean score of 2.71 and a standard deviation of .991. The study is consistent with the findings of Kamoche, (1997) who raises doubt about the use of training as a means to improve individual performance, but recognizes that it is often used as an incentive within the public sector for attracting and retaining staff.

On whether the ministry provision of good pension scheme and other fringe benefits for its employees, respondents disagreed with a mean score of 2.69 and a standard deviation of 1.427. The study is consistent with the findings of Herzberg, (1964) who stated that extrinsic

motivators such as hygiene factors, including status, job security, salary, and fringe benefits if absent produce dissatisfaction. The respondents revealed to a small extent that employees value financial incentives with a mean score of 2.44 and a standard deviation of 1.374. Kohn, (1998) stated, pay people well, pay people fairly and then do everything in your power to take people's minds off of money. This also implies clear, fair and enforced rules to deal with corruption. While people may come to work for the pay, they stay at work for many other reasons. Managers need to acknowledge and manage those other rewarding conditions as part of an overall strategic approach to rewards (Njoroge W, 2011).

The respondents revealed that to a very small extent the ministry's provision of opportunity for promotion for high performing employees with a mean score of 2.22 and standard deviation of 1.146. These findings are consistent with those of Claman, (1998) who stated that although work has changed, compensation programmes have not. The current compensation systems do not reward the core competencies of the intelligent career of knowing why, knowing how, and knowing whom but are still based on the industrial economy from which they evolved. Higher salaries and promotion are not the only medium of exchange and if these are not valued for themselves by employees they will not be motivated to pursue them.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main focus of this study was to determine the perceived influence of financial incentives on employee job performance at the Ministry of Education in Kenya. The study has determined employees' perception of the influence of incentives on employee job performance at the Ministry of Education in Kenya.

This chapter presents a summary of the findings gathered from the analysis of the data. Conclusions have been drawn from the study and recommendations put forward that may help to deal with the challenge of the perceived influence of performance incentives on employee performance at the Ministry of Education in Kenya.

5.2 Summary

This study sought to establish the perceived influence of incentives on employee job performance at Ministry of Education in Kenya.

From the data analysis it was found out that majority of respondents were male however the third gender rule was met. Majority of the respondents were less than 40 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 ministry for more than ten years and therefore they understood the ministry and the perceived influences of financial incentives on their performance. The study found out that the respondents valued certificates and attention as incentives benefits which affected their performance.

The study established that the Ministry provided the employees 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 employees. 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 among employees.

The study also found that the respondents did not value the recognition from supervisor and colleagues which did not influence job performance. The study found out that the way employees are rewarded causes satisfaction which influences employee performance although the respondents were neutral on the ministry of education use of salaries and perks as being attractive and are appreciated by employees.

The study established that the employees of the ministry are faced by challenges emanating from the use of various incentives. The ministry however does not delay in payment although the respondents were neutral on the recognition and individual financial incentive being an unfair index.

5.3 Conclusion

From the findings, it can be concluded that, incentives play a major role in enhancing performance in an organization. While goals and feedback clearly boosts performance, adding an incentive will enhance job interest and persistence. Incentives have a positive effect on motivation. All employees in the various departments should have the same type of incentive system to avoid discrimination in the ministry. It can also be concluded from the findings, that attention and recognition of employees enhances better job performance. With the incentives the

ministry will realize, improved effort by employees, good performance hence can also lead to good public image.

5.4 Recommendations

The following recommendations are given to both the policy makers and researchers. From the findings, it can be concluded that, incentives play a major role in enhancing performance in an organization. While goals and feedback clearly boosts performance, adding an incentive will enhance job interest and persistence. Incentives have a positive effect on motivation. All employees in the various departments should have the same type of incentive system to avoid discrimination in the ministry. It can also be concluded from the findings, that attention and recognition of employees enhances better job performance. With the incentives the ministry will realize improved effort by employees, good performance hence can also lead to good public image.

5.5 Suggestions for Further Research

Future studies should obtain a large sample to determine whether the results can be generalized as this case only used a sample of 45 respondents. On attributes of financial support for lifelong learning program as a consideration for stay in the ministry, the Government must see its role as a facilitator. Further research might be necessary to study the perceived influence of incentives on employee job performance to find out whether there are other factors that influence and enhance employee performance.

To this end therefore, a further study should be carried out to establish the influence of incentives on employee job performance in other government institutions in Kenya.

5.6 Limitations of the Study

There was a time and financial constraint in carrying out the research. The ministry of education employees operates in different areas of jurisdiction and as such to collect data was not easy. The mode of data collection was through drop and collect basis which was not only expensive but which also took long period. Most of the respondents were reluctant to participate in research and had to be really convinced by the human resource department to understand the essence of filling the questionnaire. Some of the respondents kept the questionnaire for too long and others failed to return at all while some could not fully fill the questionnaire thus delaying data analysis.

The research was conducted at the Ministry of Education headquarters and the findings are related to particular area and time only. Also, the given time span for study was less to cover the whole area of the study effectively. Thus, not all aspects of incentives for employee performance could be considered in this study. Therefore there are many areas on which the project can be further worked upon.

REFERENCES

- Adams, Orvill and Hicks, V. (2000), Pay and non-pay incentives, performance and motivation, association, *Public Personnel Management*, Vol. 29 No.3, pp.305-13.
- Axtell, M., Holman, J., Unsworth, L., Wall, D., Waterson, E., Harrington, E. (2000), Shop floor innovation: facilitating the suggestion and implementation of ideas, *Journal of Occupational & Organizational Psychology*, Vol. 73 pp.265-285.
- Bateman, S, and Zeithami, P (1993), *Management: function & strategy* Annotated Instructor's Edition2, Irwin.
- Beer, M., Spector, B., Lawrence, R., Quinn, D. and Walton, R. (1984), *Managing Human Assets*. New York: Free Press.
- Cameron, J., Pierce, D.W (1997), Rewards, interest and performance: an evaluation of experimental findings, *American Compensation Association Journal*, available at: http://zigonperf.com/PMNews/reward_and_perf_research.html (accessed 19 February 2001), Vol. 6 No.4.
- Cascio, W(2003), *Performance Management: Managing Human Resources*. (5th Int. Edi.) Irwin/McGraw-Hill Publishers.
- Cesare, J (2003), Management Research News. *Do all Carrots look the same?* Barmarick Publications.
- Christian, S., Garza, S., Slaughter, E. (2011), Work engagement: a quantitative review and test of its relations with and contextual performance, *Personnel Psychology*, Vol. 64 No.1, pp.89-136.
- Claman, H.(1998), Work has changed but our compensation programmes have not. *Compensation and Benefits Management*, Vol. 14 No.1, pp.1-6.
- Cooper, R., Schindler S. (2003), Business Research Methods. *The McGraw-Hill/Irwin series operations and decision sciences* Edition8 illustrated Publisher McGraw-Hill School Education Group.
- Daft, L. (2000), *Management*. Dryden press 5th edition.

- Denning, S (2001), *Incentives for Knowledge Management: A Practical Guide for Managers*, Routledge, New York.
- Dewatripont, M., Jewitt, I., Tirole, J. (1999), *The economics of career concerns, part I: document W 107*. The Hague: Netherlands Scientific Council for Government Policy.
- Eisenberger, R., Armeli, S. (1997), *Can silent reward increase creative performance without Ethnic federalism; the case of Ethiopia in Public Administration Review*.
- Fleming, H., Asplund, J. (2007), *Human sigma*. Gallup Press, New York.
- Ghatak, B. (2003), *Incentives, Choice and Accountability in the Provision of Public Services*. Centre for Analysis of Risk and Regulation (London).
- Gomez-Mejia, R., Balkin, B. (1992), *Compensation, Organizational Strategy and Firm Guide to the Human Impact of Modern Work Practices*, Wiley, Chichester.
- Government of Kenya, (2005), *A Strategy for Performance Improvement in the Public Services*. Department of personnel management. Nairobi: Government Printer.
- Guest, D. (1987), Human resource management and industrial relations. *Journal of Management Studies*, Vol. 24, No. 5.
- Halbesleben, B. (2010), A meta-analysis of work engagement: relationships with burnout, historical review, a meta-analysis, and a preliminary feedback intervention theory. *Psychological Bulletin*, 119, 254–284.
- Halligan, J. (1994), Senior executive pay policies in the Australian public service in comparative perspective, *Public Administration Quarterly*, Vol. 18 No.3.
- Herzberg, F. (1964), The Motivation-Hygiene Concept and Problems of Manpower. *Personnel Administrator* (27): pp. 3–7.
- Holman, T., Wall, D., Clegg, W., Sparrow, P., Howard, A. (2004), *The New Workplace: A Comparative Civil Service Research Consortium*, Indiana University, Bloomington, Indiana, USA.

- Kamoche, K. (1997), Managing human resources in Africa: Strategic, organizational and epistemological issues, *International Business Review*, Vol.6.
- Kathryn, M. & Bartol, A. (2002), *Encouraging Knowledge Sharing: The Role of Organizational Reward Systems*. University of Maryland, College Park, MD
- Khojasteh, M. (1993), Motivating the private vs. public sector managers, *Public Personnel Management*, Vol. 22 No.3.
- Kluger, N., & DeNisi, A. (1996), The effects of feedback interventions on performance: A historical review, a meta-analysis, and a preliminary feedback intervention theory. *Psychological Bulletin*, 119.
- Kohn, A. (1993), *Punished by Rewards*, Houghton Mifflin, Boston, MA.
- Kopelman, E. (1986), Objective feedback. In E. A. Locke (Ed.), *Generalizing from laboratory to field settings* (pp. 119–145). Lexington, MA: Lexington Books.
- Kothari. (2004), *Research Methodology: Methods and Techniques*. New Age International Publishers Ltd. India
- Lawler, E. (2000), *Rewarding excellence*. San Francisco: Jossey-Bass.
- Lopes, Carlos, Thomas, Theisohn and UNDP (2003). *Ownership, Leadership and Management: A Practical Guide for Managers*, Routledge, New York.
- McClelland, C. (1976), *The achieving society*. New York, NY: Irvington Publishers.
- Milkovich, George T. Newman, Jerry M. (1999), *Compensation* 6th ed., International ed Published Boston: Irwin/McGraw-Hill, c.
- Ministry of Education, Science and Technology, (2008), Mandate. Retrieved June 19, 2014 from <http://www.scienceandtechnology.go.ke/>.
- Ministry of Education, (2008), About the Ministry. Retrieved June 11, 2014, from <http://www.education.go.ke/Resources.htm>.
- Mone, M., London, M. (2010). *Employee Engagement Through Effective Performance. A Handbook of Essential Theory and Research*, Psychology Press, Hove, pp.102-117.

- Moorman, R. (1991), *Relationship between Organizational justice and organizational citizenship behaviour: Do fairness perceptions influence employee citizenship?* Journal of Applied Research, vol.76 pp845-855.
- Morgan, P, Baser, H (2007), *Building the capacity for managing public service reform :the Tanzanian Experience* (ECDPM Disc).
- Moss Kanter, R. (1987),*The attack on pay*, *Harvard Business Review*, March-April, pp.60-7.*Performance*, South-Western Publishing, Cincinnati, OH.
- Njoroge, W, (2011), *The relationship between reward system and employee motivation in civil service employees in Kenya Government ministries*. Unpublished MBA project, University of Nairobi.
- Nzuve, S. (1999), *Elements of Organizational Behaviour*. Nairobi University Press, Nairobi.
- O'Donnell, M., Shields, J. (2002),*Performance management and the psychological contract in the Australian federal public sector*, *Journal of Industrial Relations*, Vol. 44 No.3.
- Prue, M., & Fairbank, A. (1981),*Performance feedback in organizational behavior reducing intrinsic creative interest*. *Journal of Personality and Social Psychology*, Vol.88.
- Rhoades, L and Eisenberger, R. (2002) *Perceived Organizational Support: A review of the literature*, *Journal of applied psychology*, vol. 87 No, 4 pp 698-714.
- Robert, M. (2002),*Marketing Research: a Southern Africa Perspective*. *Mow bray: Future Managers*.
- Sekaran (2003).*Research method for business: A skill building approach*, 4th edition, John.
- Shamoo, A.E., Resnik, B.R. (2003), *Responsible Conduct of Research*. Oxford University Press.
- Stajkovic, D. and Luthans, F. (2003), *Behavioral management and task performance in organizations: conceptual background, Meta - analysis, and test of alternative models*.
- Sturman, C. & Short, C. (2000), *Lump-sum bonus satisfaction: Testing the construct systems'*. *Journal of Leadership and Organisation Studies*, vol.9 no.1 *Transformation; Can we do better for Capacity Development?* UNDP/Earth scan.
- Sussels, R., Magid, M. (2005), *Pay performance in the public sector*, *Benefits and Compensation Digest*, Vol. 42 No.1.

Torrington, D (2009), *Fundamentals of Human Resource Management: Managing People at Work*. Financial Times Prentice Hall.

UNDP. (2006), *Incentive systems: incentives, motivation, and development performance – a UNDP capacity development resource (Conference Paper No. 8, working draft, November)*. New York: Capacity Development Group, Bureau for Development Policy, UNDP.

Verheijen, G. (2000), *Administrative capacity development: a race against time? (Working document W107)*. The Hague: Netherlands Scientific Council for Government Policy Work. Financial Times Prentice Hall.

Vroom, H. (1964), *Work and motivation*. San Francisco, CA: Jossey-Bass.

World Bank. (2008), *Public sector reform: what works and why? An IEG Evaluation of World Bank Support (Advance Copy)*. Washington DC: World Bank.

Appendix 1

QUESTIONNAIRE

This questionnaire is designed to gather information on the influence of incentives on employee job performance in the Ministry of Education in Kenya. I kindly request you to provide information by providing a tick✓ or filling in the blank space.

SECTION A

DEMOGRAPHIC DATA

1. What is your gender? Male { } Female { }

2. What is your age bracket?

(a) Below 20 { }

(b) 21-30 { }

(c) 31-40 { }

(d) 41-50 { }

(e) 51-65 { }

(f) Above 65 { }

3. Which department do you work under?

4. What is the number of years you have worked in your Organization?

5. What are your terms of service/employment?

(a)Permanent and pensionable { }

(b) Permanent without pension { }

(c) Probationary { }

(d) Contract { }

(e)Temporary/casual { }

6. What is your education level?

(a) Primary level { } (b) Secondary level { }

(c) Bachelor's Degree { } (d) Master's Degree { } (e) PHD { }

7. Indicate your basic salary range (tick one).

(a) Below 10,000 { } (b) 10,000-30,000 { } (c) 30,000-60,000 { } (d) Above 60,000 { }

8. How can you describe these basic salaries offered? (Tick one).

(a) Appropriate { } (b) In-line with responsibilities { } (c) Not in line with responsibility { }

9. Can you recommend the ministry of education as an employer to prospective job seekers?

(Tick one) (a) Can recommend { } (b) cannot recommend { }

SECTION B

THE INFLUENCE OF INCENTIVES ON JOB PERFORMANCE AT THE MINISTRY OF EDUCATION

Kindly indicate the extent to which you agree with the following statements concerning the factors affecting employee performance in the ministry of education. Please indicate the level of your agreement with each.

Key1= Strongly Agree, 2= Agree, 3=Neither Agree nor Disagree, 4= Disagree, 5=Strongly disagree.

No.	Employee Performance	1	2	3	4	5
10.	The incentives provided by the ministry of education					

	are generally supportive to my job performance.					
11.	The ministry of education recognition and personal attention on its employees is important in job performance.					
12.	The recognition from my supervisor and colleagues influences my job performance					
13.	The ministry of education encourages group incentive systems on group performance.					
14.	The ministry of education employees' value vacations and praises for their job performance.					
15.	Allowances and rewards are given for special efforts in job performance.					
16.	The ministry uses lump sum bonuses to motivate and encourage high level performances of employees.					
17.	Certificates and attention as incentives benefits directly affect my performance.					
18.	Incentives cause satisfaction of the employee which directly influences performance of the employee.					
19.	The ministry's genuine appreciation for work well done guides my job performance.					

SECTION C

The following statements describe the influence of financial and non-financial incentives on employee performance. Please indicate the level of your agreement with each. Tick the appropriate box.

Key1= Very small extent; 2= Small extent; 3= Moderate extent; 4= Great extent; 5=Very great extent.

No.	Financial and non-financial Performance Incentives.	1	2	3	4	5
20.	The ministry of education employees value financial incentives.					
21.	The ministry of education salaries and perks are attractive and are appreciated by employees.					
22.	The ministry of education provides opportunity for promotion for high performing employees.					
23.	The ministry of education financial support for lifelong learning program is an important consideration for my staying in the ministry.					
24.	The ministry of education provides a good pension scheme and other fringe benefits for its employees.					
25.	Being commended by my supervisor for a good job done in writing directly affects my performance and commitment.					
26.	The company provides fair and adequate incentives on retirement.					
27.	Individual financial incentive is an unfair index of measuring one's performance at work.					
28.	The incentives I get from my current job as a civil servant supports my job performance.					

END OF QUESTIONNAIRE

Thank you!