

**PERCEIVED INFLUENCE OF EMPLOYEES BENEFIT PACKAGE
ON EMPLOYEE PERFORMANCE AT SAFARICOM LIMITED**

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**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**

DECEMBER, 2016

DECLARATION

This research project is my original work and has not been submitted to any other University for examination

Signature

Date

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D61/60452/2011

This Research project has been submitted with my approval as the University supervisor.

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DEDICATION

This research project is dedicated to my beloved Mother and Father without whom; my dreams of going to School would not have been possible; God Bless You. It is also dedicated to my wife and children for their encouragement, patience, and understanding, in the course of my studies when they most needed my attention and whose prayers, love and tolerance have strengthened me all the time.

ACKNOWLEDGEMENT

I would like to extend my sincere appreciation to all who contributed to the success of my research project. My gratitude goes to University of Nairobi for giving me a chance to pursue this course.

So much gratitude goes to My Supervisor Dr. Nzuve, who enabled me to understand the essence of research methodology and how to apply it in real research scenario.

My heartfelt appreciation goes to my cousin Tom Malachy, who availed his Computer to me for the entire period of my project writing. Finally my gratitude to entire Safaricom fraternity for giving me their time through consultation and support, God bless you

ABSTRACT

The purpose of the study is to establish perceived influence of employees benefit package on employee performance in Safaricom Limited in Nairobi. The study employed descriptive research design. This design was considered appropriate because data was collected from the human resource department in Safaricom limited at one point in time. The study targeted 40 employees of Safaricom Kenya limited. The study used both structured and semi-structured questionnaire to collect primary data. Questionnaires were administered to the senior managers in Safaricom limited in Nairobi. Descriptive statistics such as mean scores, standard deviation, frequency and percentages was used to analyze the data. The results were presented in tables and charts. The results indicated that most respondents (50%) agree that money motivates them to perform better, (27%) strongly disagree, (13%) disagree, (7%) were neutral and strongly disagree (3%). It was therefore established that majority (50%) agree that money motivates them to work. The study sought to establish the extent to which the organization offers bonus to motivate employees. It was found that most ((37%) of respondents agree that bonuses motivate them to perform better, (20%) strongly agree, (20%) neutral, (17%) disagree and (7%) strongly disagree. The researcher sought to establish the level at which attractive benefit packages motivate employees. According to the ratings, 60% of the respondents agree that attractive benefit packages motivates them to perform better, 23% strongly agree, 10% disagree, 3% strongly disagree. This shows that Safaricom Company provides attractive benefit packages to staff to perform better. Hence there is need for the company to increase attractive benefit packages. It was concluded that most employees are motivated by money, bonus, and attractive package benefits. In order to make employees benefit, Safaricom is driven by such factors as the need to improve services and the need to increase performance among others. Based on the above statement, the Safaricom have been able to make benefit package that have enabled them to achieve their core objective. It was recommended that Safaricom should incorporate fully bonuses as a benefit package to all departments because they work towards achieving the overall objective of the firm. There should be a clear policy on the medical care and insurance cover benefits as there are some hospitals which junior staff cannot seek medical attention.

TABLE OF CONTENTS

Declaration	ii
Dedication	iii
Acknowledgement	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 Employee Benefits	2
1.1.2 Employee Performance	3
1.1.3 Influence of Benefits on Employee Performance	4
1.1.4 Safaricom Kenya Limited	5
1.2 Research Problem	6
1.3 Research Objective	7
1.4 Value of the study	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction.....	9
2.2 Theoretical Foundation	9
2.2.1 Expectancy Theory.....	9
2.2.2 Equity Theory.....	10
2.3 Benefit Package	11
2.3.1 Financial Benefits.....	12
2.3.2 Nonfinancial Benefits.....	13
2.4 Employee Performance	13
CHAPTER THREE: RESEARCH METHODOLOGY	16
3.1 Introduction.....	16
3.2 Research Design.....	16
3.3 Target Population.....	16
3.4 Sampling Technique	16

3.5 Data collection	16
3.6 Data Processing and Analysis	17
CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....	18
4.1 Introduction.....	18
4.2 Background information	18
4.3 Discussion.....	33
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	36
5.1 Introduction.....	36
5.2 Summary	36
5.3 Conclusion	37
5.4 Recommendations.....	37
5.5 Suggestions for further research	37
5.6 Limitations of research	38
5.7 Implication of the study on policy, theory and practice.....	38
REFERENCES.....	40
APPENDICES	43
APPENDIX I: LETTER OF INTRODUCTION	43
APPENDIX II: RESEARCH QUESTIONNAIRE	44

LIST OF TABLES

Table 4.1: Overview of data collected	18
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LIST OF FIGURES

Figure: 4.1 Positions	18
Figure 4.2: Gender	19
Figure 4.3: Work experience.....	19
Figure 4.4: Qualification.....	20
Figure 4.5 Ages.....	21
Figure 4.6 Money on work performance	21
Figure 4.7 Employee bonus	22
Figure 4.8 Attractive benefit packages	23
Figure 4.9 Health Screening	23
Figure 4.10 Luncheon Vouchers.....	24
Figure 4.11 Income Protection.....	25
Figure 4.12 Repay Student Loans	25
Figure 4.13 Travel Insurance	26
Figure 4.14 Childcare Vouchers	27
Figure 4.15 Season ticket travel loan.....	27
Figure 4.16 Car loan	28
Figure 4.17 Optical care vouchers	29
Figure 4.18 Private medical insurance.....	29
Figure 4.19 Legal advice.....	30
Figure 4.20 Gym membership	31
Figure 4.21 Personal accident insurance.....	31
Figure 4.22 Group income protection.....	32
Figure 4.23 Financial advice.....	33

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

As organizations continue to face mounting competitive pressures, they seek to do more with less and do it with better quality. As goals for sales volume, profits, innovation, and quality are raised, employment growth is often tightly controlled and in many cases, substantial cuts in employment have been made. Typically, the employee benefit system, the focus of this chapter, plays a major role in efforts to manage human resources better.

Employee benefits play such a key role because it is at the heart of the employment relationship, being of critical importance to both employees and employers. Employee benefits practices differ across employment units (for instance organizations, business units, and facilities) on several dimensions (Gerhart et. al. 1990). The focus of the employee benefits literature has been on defining these dimensions, understanding why organizations differ on them (determinants), and assessing whether such differences have consequences for employee attitudes and behaviors, and for organizational effectiveness.

According to Gerhart et. al. (1992), three theories were taken into consideration to give an explanation to the question raised in the problem formulation. These theories include: Herzberg two factor theories, Vroom's expectancy theory, Greenberg Equity theory. Furthermore, the employee benefits package used as a tool to measure increase employee performance. This research equally looked at the various benefits packages which could be used by a company. Employee benefit is essential for the development of corporate industrial relations. According to Herzberg's two factor theory, an employee benefit program was a necessary and sufficient working condition. The hygiene factor will affect employees' work motivation and thus productivity. In the stimulus response behavior, employees' work motivation, seen as the response, can be analyzed from absence rate, leave rate, quit rate, get-to-work speed and so on.

Safaricom Kenya Limited has corrective action process implements progressively more formal counseling, feedback, and goal setting. Employees can talk to supervisor if they

are unsure of the work that they are expected to perform or the standards they are expected to meet in order to gain a better understanding of their performance expectations. Today, the role of human resource in Safaricom limited has been radically redefined and more emphasis has been placed on effectively managing every aspect of the employee performance and employee benefits.

1.1.1 Employee Benefits

An employee benefits system comprises of an organization's incorporated policies, processes and practices for rewarding its employees in harmony with their contribution, skills and competence, and their market worth. It emerges within the framework of the organization's benefit philosophy, strategies and policies. The benefit systems of employees has arrangements in the form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits. The benefits system consists of financial benefit and employee benefits, which together comprise total compensation. The system also incorporates non financial benefits and in many cases, performance management processes. Armstrong (2002) suggested that an organization's benefit system is the way by which it encourages and discourages certain characteristics of the employees.

Griffin (2006) indicated that the most important machinery of the benefit system includes salaries, bonuses and privileges. The benefit system as a means to support innovation by employees is a fairly mechanical but nevertheless effective management technique. Once the members of an organization understand that they will be rewarded for such activities, they are more likely to work creatively. The initiative to provide financial and non financial rewards to people and groups who develop innovative ideas is important for organizations. But it is equally vital to avoid punishing creativity when it does not result in highly successful innovation. Block (2005) suggested that benefit systems are necessary because they give preference to service over self interest. It also means there need to be an equitable distribution of wealth. One test of equity is how well to affirm the fact that the success of the institution is in the hands of people at each level. An institution's wealth and value, in the broadest sense, is then a community creation.

1.1.2 Employee Performance

Hatry (2006) indicated that organizations need highly performing individuals in order to meet their goals, to deliver the products and services they specialized in, and finally to achieve competitive advantage. Performance is also important for the individual. Accomplishing tasks and performing at a high level can be a source of satisfaction, with feelings of mastery and pride. Low performance and not achieving the goals might be experienced as dissatisfying or even as a personal failure. Moreover, performance if it is recognized by others within the organization is often rewarded by financial and other benefits.

Performance is a major although not the only prerequisite for future career development and succession in the labor market. Although there might be exceptions, high performers get promoted more easily within an organization and generally have better career opportunities than low performers (Van Scotte et. al. 2000). The job related activities expected of a worker and how well those activities were executed. Many business personnel directors assess the employee performance of each staff member on an annual or quarterly basis in order to help them identify suggested areas for improvement

Comparing performance measurement system to an instrument panel on a dashboard provides significant insights about the mix of financial and nonfinancial measures needed in a management control system. A single measure cannot control a complex system. Anthony et. al, (2007) suggested that performance measurement could be defined as the regular measurement of the results and efficiency of services or programs. This entails the regular measurement of progress towards precise outcomes, a customer oriented procedure that focuses on maximizing benefits and minimizing negative cost for customers of service and programs. When performance is not measured or is measured inaccurately, those using the information will be misled and bad judgments will be likely followed. Therefore, the old saying garbage in garbage out provides more credence.

Hatry (2006), also suggested that employee performance measurement offers general information that can be exploited for decision making purposes both for management and for all levels of employees. In this aptitude, the employee performance can become the instrument panel. This instrument panel is used for strategic maneuvering, day to day running of the organization and planning, implementing improvements and changes.

1.1.3 Influence of Benefits on Employee Performance

Flamholtz (1996) stated that employee benefit is very important in any organization as the process that is in command of human behavior within an organization. It helps to verify not only performance in relation to current goals but also influences the possibility of people joining and remaining in an organization. It also shapes the degree to which effort is directed in the development of the organization future capabilities. If correctly designed or administered, benefit systems can lead to attractive behavior for a firm. On the other hand, if incorrectly designed or administered, benefits systems can lead to the steady deterioration of an organization and why not its immediate demise.

According to Andersen et. al. (2002), every company is in competition with other companies in similar businesses or in other businesses for recruiting and retaining prolific employees. For instance, two professional sport organizations may seek good candidates for front office jobs. Two fitness clubs may require good accountants. The managers in these circumstances must keep in mind that the potential candidates are employable in different kinds of organizations. An accountant may find lucrative jobs with a construction company, a law firm, a hospital, or a university. Therefore, the managers must guarantee that its benefit structure is equivalent to the market rate. An effective benefit system shall enable competitiveness with those of the other firms seeking a particular kind of competency and talent which is more striking to prospective candidates. According to Lawler Company, managers can design benefit systems to diminish absenteeism by linking bonuses to levels of attendance. This strategy is particularly positive in compensation for low job content and poor working conditions that cannot be improved.

Chelladurai (2006) found that some of the jobs in facility management companies may be simple and routine and therefore may lack motivational properties. The facility manager may attempt to decrease such absenteeism by linking certain benefits to attendance. For instance, the manager may set a policy of giving a monetary bonus or extra days of paid leave for an ideal or near-perfect attendance. Company's effectiveness is augmented through employee performance that in turn can be facilitated by an effective benefit system. Porter and Lawler suggest that the linkage between performance and benefit is a strong factor influencing subsequent performance.

1.1.4 Safaricom Kenya Limited

Safaricom is the leading provider of converged communication solutions in Kenya. In addition to providing a broad range of first-class products and services for Telephony, Broadband Internet and Financial services. The company was based on an analogue ETACS network and was upgraded to GSM in 1996. Safaricom Limited was incorporated on 3 April 1997 under the Companies Act as a private limited liability company. It was converted into a public company with limited liability on 16 May 2002. By virtue of the 60% shareholding held by the Government of Kenya (GoK), Safaricom was a state corporation within the meaning of the State Corporations Act chapter 446 laws of Kenya, which defines a state corporation to include a company incorporated under the Companies Act which is owned or controlled by the Government or a state corporation. Until 20 December 2007, the Government of Kenya shares were held by Telkom Kenya Limited (TKL), which was a state corporation under the Act, (www.safaricom.co.ke)

Following the offer and sale of 25% of the issued shares in Safaricom held by the Government of Kenya to the public in March 2008, the Government of Kenya ceased to have a controlling interest in Safaricom under the State Corporations Act and therefore the provisions of the State Corporations Act no longer apply to it. Safaricom Limited's corrective action process implements progressively more formal counseling, feedback, and goal setting. Employees can talk to supervisor if they are unsure of the work that they are expected to perform or the standards they are expected to meet in order to gain a

better understanding of their expectations. This amazing shift in human resource starts at the most fundamental level: helping raise the bar on individual performance not only helps employees realize their full potential, but also the company as a whole, (www.safaricom.co.ke).

1.2 Research Problem

Employee performance is a tool that is used to make sensitive and important decisions in an organization, there is need to ensure that it is handled as effectively as possible so that it can meet the desired objectives. Boice and Kleiner (1997) argued that the effectiveness of employee work performance is very important since it enables an organization to measure performance expectations. They further indicate that an ineffective employee performance system is not likely to unearth areas of weakness that need improvement and training. The stabilizing contextual performance behaviors include organizational citizenship behavior with its five components altruism, conscientiousness, civic virtue, courtesy, and sportsmanship (Organ, 1988), some aspects of organizational spontaneity (George et. al. 1992). Thus, contextual performance is not a single set of uniform behaviors, but is in itself a multi dimensional concept.

Bladen (1998) suggested that salaries and bonuses are the major benefits which Safaricom limited implements for its employees. There are also benefits to employees with outstanding performance within the company. This form of benefits encourages other workers to strive to reach similar goals, as they will make every effort to meet similar targets as the award holders. Safaricom limited offer end of year bonus to outstanding employees as instrumental to performance. Safaricom limited continually improves their benefit system as it has proved to increase employee performance. Safaricom limited has insurance health policy for its employees and plans to implement a risk allowance as well as an out of station allowance as part of the company policy.

Despite the great relevance of individual performance and the widespread use of job performance as an outcome measure in empirical research, relatively little effort has been spent on clarifying the performance concept. Still, in 1990, Campbell described

the literature on the structure and content of performance a virtual desert. However, during the past 10 to 15 years, one can witness an increasing interest in developing a definition of performance and specifying the performance concept. Authors agree that when conceptualizing performance one has to differentiate between an action aspect and an outcome aspect of performance (Campbell, 1990). The behavioral aspect refers to what an individual does in the work situation. It encompasses behaviors such as assembling parts of a car engine, selling personal computers, teaching basic reading skills to elementary school children, or performing heart surgery. Not every behavior is subsumed under the performance concept, but only behavior which is relevant for the organizational goals. Performance is what the organization hires one to do, and do well, performance is not defined by the action itself but by judgmental and evaluative processes (Schneider et. al. 1991).

Motowidlo et. al. (1997) stated that diversity of today work force presents managers with problems of substantial magnitude. Huge differences among employees in every organization and work group means that there is no one best way to deal with them. An approach that motivates some employee to perform well misses the mark with other employees. Serene (2010) carried out a study on incentive practices in the savings and credit cooperative societies in Kenya. She found that bonuses motivate employees in their work. Dickens (2002) did a study on motivation practices on goal setting in hospitality industry in Kenya. He found that employees are motivated when the organization sponsors them for training. Mukuha (2006) did a study on the effect of incentives in petroleum industry in Kenya. He realized that non monetary incentives motivate staff to work hard. It is evident that these studies did not focus on the perceived influence of employees benefit package on employee performance thus creating a knowledge gap. Therefore the research question for this study is what is the perceived influence of employees benefit package on employee performance at Safaricom limited in Nairobi?

1.3 Research Objective

To establish perceived influence of employees benefit package on employee performance in Safaricom Limited.

1.4 Value of the study

This study seeks to contribute to the literature by broadening the understanding of employee benefits and its perceived influence in employee performance. The telecommunication industry stakeholders benefited from the study in that it provided an insight into the best employee benefits to adopt in order to enhance employee performance in the industry.

The government benefited from the study in that it helped in having a clear picture of the level of employee performance based on the fact that it has shares in Safaricom. It was also a primer for policy making for the government. The researchers and academicians benefited from the study in that it added to the existing body of knowledge on employee benefits which helped academicians and aid further research on employee performance in other telecommunication industry. The management benefited from the study in that it assisted Safaricom management in formulation of policies, standards, guidance for employee benefits and work performance. It provided an insight into the better employee benefits on the business. It justified the need for providing satisfactory employee benefits.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter the researcher reviews studies on employee benefits and employee performance. Only the issues in the objective will be reviewed and discussed. The section focuses on the employee benefit and how they affect employee performance. It examines empirical review of the employee benefits and employee performance of telecommunication industry as well as their relationship. Moreover, the chapter has analysis of the literature on employee benefit in various contexts. It seeks to appreciate the dynamic of employee benefits and provides a platform on which to consider the relationship between employee benefits and employee performance.

2.2 Theoretical Foundation

Employees benefit must be evaluated in order to provide management with some assurance regarding its effect. Despite the fact that it imposes a significant performance, little information is available on the perceived influence of employee benefit package on employee performance.

2.2.1 Expectancy Theory

Reinforcement theory states that a response followed by a benefit is more likely to recur in the future. The implication for compensation management is that high employee performance followed by a monetary benefit will make future high performance more likely. By the same token, high performance not followed by a benefit will make it less likely in the future. The theory emphasizes the importance of a person actually experiencing the benefit.

Reinforcement theory of (Vroom, 1964) focuses on the link between benefits and behaviors, although it emphasizes expected. Motivation is also a function of two other factors namely expectancy, the perceived link between effort and performance, and valence, the expected value of outcomes. Benefits systems differ according to their impact on these motivational components. Generally speaking, pay systems differ most in

their impact on instrumentality of the perceived link between behaviors and pay also referred to in the pay literature as line of sight. Valence of pay outcomes should remain the same under different pay systems. Expectancy perceptions often have more to do with job design and training than pay systems.

2.2.2 Equity Theory

According to Adams (1963), equity theory suggests that employee perceptions of what they contribute to the organization, what they get in return, and how their return contribution ratio compares to others inside and outside the organization, determine how far they perceive their employment relationship to be. Perceptions of inequity are expected to cause employees to take actions to restore equity. Unfortunately, some such actions may not be helpful to the organization. Two recent empirical studies provide good examples of the types of counterproductive behaviors that can occur as a result of perceived inequity. Greenberg (1990) examined how an organization communicated pay cuts to its employees and the effects on theft rates and perceived equity. Two organization units received 15% across the board pay cuts. A third unit received no pay cut and served as a control group. The reasons for the pay cuts were communicated in different ways to the two pay cut groups. In the adequate explanation pay cut group, management provided a significant degree of information to explain its reasons for the pay cut, and also expressed significant remorse. In contrast, the inadequate explanation group received much less information and no indication of remorse. The control group received no pay cut. The control group and the two pay cut groups began with the same theft rates and equity perceptions. After the pay cut, the theft rate was 54% higher in the adequate explanation group than in the control group.

In the inadequate explanation condition, the theft rate was 141% than in the control group. In this case, communication had a large, independent effect on employees' attitudes and behaviors. Cowherd et. al. (1992) examined whether the size of the pay differential between lower level employees and top management had any impact on product quality. He suggested that individuals often compare their pay to that of people higher in the organization structure. If lower level employees feel inequitably treated,

they may seek to reduce their effort to achieve equity. They hypothesized that extra role, or citizenship behaviors, such as freely offering to help others, following the spirit rather than letter of rules, and correcting errors that would ordinarily escape notice, would be less likely when pay differentials between hourly and top managerial employees were large. Their results supported this hypothesis, suggesting that organizations need to take care that they not forget the potential adverse motivational consequences of executive pay for the motivation of other employees.

2.3 Benefit Package

According to Chung (2006), there are various types of employee benefits including pension schemes, personal security, financial assistance, personal needs, subsidized meals, clothing allowance, mobile phone credit, company car and petrol allowance among others. Employees regard pension as the most vital benefit after basic pay. Pensions are finance by both employee and employer contributions. Attractive pension schemes attract and retain high quality workers since they maintain competitive levels of total remuneration. Welfare benefits promote the total wellbeing of employees both at work and at home and may include insurance schemes, stock purchase, sporting facility and savings plans. Some of the welfare benefits are required by law and are statutory.

In Kenya, the retirement Benefits Authority (RBA) for instance has been created to deal with matters of employee benefits in Kenya. Welfare benefits are provided voluntarily and are in some cases through collective bargaining or union demands. According to Nzuve (2010), employee benefits are provided with the understanding there is a return to the organization in terms of improved employee commitment and productivity. The organization should provide only those benefits which employees need and whose absence will affect their performance. There are various employee benefits models and theories that include the Towers Perrin Model of Reward, Total Remuneration Theory and Cafeteria Approach to Employee Benefits.

2.3.1 Financial Benefits

Many types of financial inducement exist. Some directly provide the employee with cash. Bonuses based on performance against budget, quality or other standards may be used as immediate financial incentives. Management rewards by bonuses have become popular in some companies as a means of providing employees with an immediate buster for completion of a project or activity. While the number of companies delivering cash awards has increased, only 7 percent actually use such rewards at present. Ulrich & Lake (1990) indicated that most companies make use of financial compensation plan to motivate their employees. Sales contests are short term incentive programs that can be an effective motivational tool if they are cautiously and accurately designed. A sales contest should have a precise purpose, such as to increase in sales in short term sales of slow moving products or getting new customers. The design of the sales contest should take into consideration the following points: each salesperson has an equal opportunity to win, use sales quotas and select either open ended in which unlimited number of sales persons can win. In addition to the above, closed ended contest could be use in which there are limited number of salespersons winning the contest. Prizes should be attractive, each consisting of cash prizes.

Havaladar et. al. (2007) appphstated that care should be taken in order that employees do not use undesirable methods such as using pressure tactics to attend their targets. In order to reduce the undesirable method is not to announce the contest period in advance. High level executives of most companies have separate compensation programs and plans. These programs anticipated to reward these executives for their performance and for the performance of the company. The senior executives collect their compensation in two forms. One is a base salary as the case maybe with the staff member or professional member of the company. The base salary is a definite amount that the employees will be paid. Above the base salary, most executives also receive one or more forms of incentive pay. The conventional manner of incentive pay for executives is in the form of bonuses. The bonuses in turn are generally determined by the performance of the company. Thus, at the end of the year, some fraction of a corporation profits may be diverted into a bonus pool. Senior executives then receive a bonus expressed as a percentage of this bonus

pool. The chief executive officer and president are apparently likely to obtain a larger percentage bonus than a vice president.

2.3.2 Nonfinancial Benefits

Organizations with positive ambitions could make available a framework within which high levels of motivation could be accomplished through non financial benefits systems by the provision of opportunities for learning and development. Personal management skills still have a key role to play in deploying their own motivating skills to get individual within their organization to give their best performance by to making good use of the motivational systems and processes provided by the company (Armstrong, 2008).

Recognition is appreciation of performance by the organization of an act done by the team or team member. It is an approach of expressing gratitude for the special or extra effort done by an employee within an organization. Recognition has two essential goals: to encourage the employees or team to repeat or continue the behavior and to encourage others employees to do the same. Parker (2003) recognized that either informal or formal has been the most cost effective way to strengthen required actions for performance within an organization. However, when recognition is acting in isolation of compensation and equity benefit, it's frequently loses much of its appeal (Wilson, 2003)

2.4 Employee Performance

Manzoni et. al. (2009) noted that conventional measures of organizational performance were financial and accounting based. Currently it has evolved into sophisticated systems which have several functions. Firstly, the financial measures as tools were used to control the financial resources of companies in order to support organizational objectives. Secondly, financial performance measures acted as barometers to indicate achievements against major organizational objectives. Thirdly, they also serve as motivators for future achievements. Furthermore, by providing a window of the past they were thought to be the influencing factors for future successes. Notwithstanding the merits of the financial and accounting measures in assessing performance, the fact that they were cost based and back ward looking provided little motivation.

Activity based costing (ABC) is a methodology for understanding the activities, processes, services, and products of a business. The ABC highlights functional work areas that managers with timely actions will most likely have the greatest impact on profits or costs. Managers could attempt to reprise a product, which is raising prices for products that make heavy demands for support resources and lower prices to more competitive levels for the high volume products and services that have been subsidizing the lower volume products (Spitzer, 2007). They can search for ways to reduce overall resources consumption by decreasing the number of times activities are performed to achieve the same output or reducing the resources consumed to produce and service the existing mix of products and customers. This will mean applying productivity and continuous improvement programs to enhance quality, reduce setup time and improve factory layouts. When functional work area managers recognize that they have reached the point at which they can obtain the same output with either fewer staff members or fewer machines, they can simply reduce spending on those resources.

Forrest (1996) indicated that activity based costing allows the organization to determine the actual cost associated with each product and service produced by the organization. Instead of using broad arbitrary percentages to allocate costs, ABC seeks to make out the cause and effect relationship between costs and activities in order to assign costs more objectively. ABC can make out areas of excessively high overhead costs per unit for specific products, services or customers. Identifying costs that do not add values focuses attention on these activities so that hard work can be directed at reducing specific cost drivers rather than cutting costs across the board. As well identifying costs associated with 15 particular customers or customer segment, so that unprofitable customers can be stopped from draining resources.

The ABC is more costly to develop and maintain compared to traditional costing system. For example, an ABC system with 25 cost pools applied to 100 different products. The ABC in practice is used to develop the full cost of products. Full cost includes allocation of costs that are fixed (depreciation and supervisory salaries), the costs per unit generated by the ABC system does not measure the incremental costs needed to produce items, and

incremental information is required for decision making. According to Khan and Jain (2009), the balance scorecard is a set of various performance measures of a company. In addition to financial performance, a balance scorecard normally includes performance measures for customer services, innovation and learning, and internal processes.

Performance measures for learning and innovation often rotate around a company's research and development efforts. For example, the number of new products developed during a year and the time it takes to bring new products to the market are performance measures for innovation. Performance measures for learning could comprise the number of employee training sessions and the number of employees who are cross trained in several skills. Performance measures for customer service consist of the number of customer complaints and the number of repeat customers. Customer surveys can also be used to get together measures of customer satisfaction with the company as compared to competitors (Warren et al. 2008). The performance measures of internal processes take account of the length of time it takes to manufacture a product. The amount of scrap and waste is a measurement of efficiency of a company's manufacturing processes. The number of customer returns is a performance measure of both the manufacturing and sales ordering processes. The financial measures include income from operations, rate of return on investment and residual income.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

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

3.2 Research Design

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

3.3 Target Population

Population refers to the entire group of individuals, events or objects having common observable characteristics. The study targeted 40 employees of Safaricom Kenya limited. The company was chosen because of its key role in the provision of mobile services in Kenya. The study covered a period of 13 years starting from 2000 to 2013.

3.4 Sampling Technique

Given the relatively small number of study population, a census sampling method was conducted. Census data offer a unique insight into small areas and small demographic groups which sample data would be unable to capture with precision.

3.5 Data collection

The study used both structured and semi-structured questionnaire to collect primary data. The questionnaire was administered through email, drop and pick or by personal administration depending on which method is convenient to the specific respondents. The semi structured questionnaire was divided into two parts, A and B. Part A addressed

general information of the respondents in the dairy firm, part B address perceived employees benefits. Questionnaires were administered to the senior managers in Safaricom limited in Nairobi. The response was rated using likert scale where the response options are strongly disagree, disagree, neither agree nor disagree, agree and strongly agree.

3.6 Data Processing and Analysis

The data was **examined** and checked for completeness and comprehensibility. Descriptive statistics was employed to analyze the data. According to Warren et. al. (2001) descriptive statistics reveal characteristics of an array of data and enable the researcher to use few indices or statistics to meaningfully describe the phenomena under investigation. Descriptive statistics such as mean scores, standard deviation and correlation analysis was used to analyze the data. Descriptive statistics such as mean scores, standard deviation, frequency and percentages was used to analyze the data. The results were presented in tables and charts.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the interpretation and analysis of research questions in view of what the respondents felt about them. The chapter presents the results of the data analysis; the data from the completed questionnaires were summarized and tabulated in the form of percentages and frequencies were computed for selected data to enhance interpretation. Out of 40 targeted respondents, only 30 responded which constituted 75% of the sample. The response rate of 75% is considered sufficient to yield meaningful statistical analysis. The respondents who did not respond gave various reasons including sensitivity of information requested, only few senior officers could release information, while others feared misuse of the information requested. The results were presented using tables, bar graphs and pie charts as explained below.

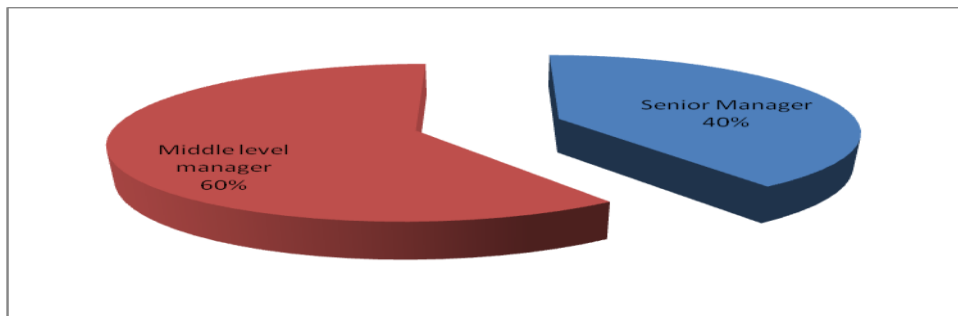
Table 4.1: Overview of data collected

Population	Sample Size	Returned questionnaires	Percentage
Employee	40	30	75

Source: Author (2015)

4.2 Background information

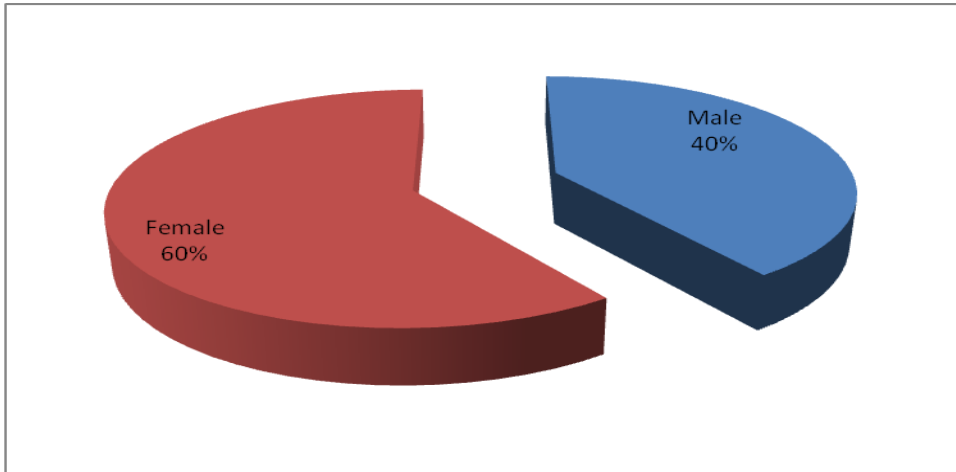
Figure: 4.1 Positions



Source: Author (2015)

As shown in Figure 4.1, most (60%) of the respondents are middle level managers while 40% of the total respondents were senior managers. It can be concluded that most respondents are middle level managers.

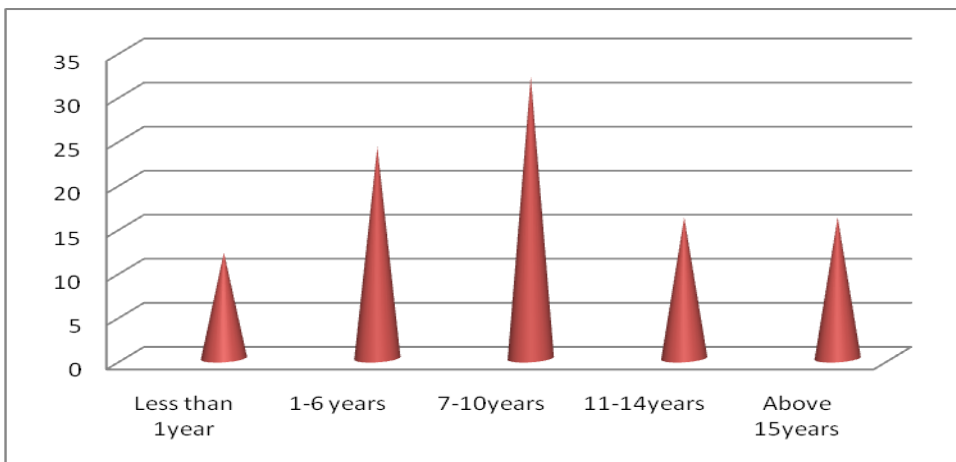
Figure 4.2: Gender



Source: Author (2015)

As shown in Figure 4.2, most (60%) of the respondents are female while 40% of the total respondents were male. It can be concluded that there is a fairly gender balance in Safaricom Kenya ltd.

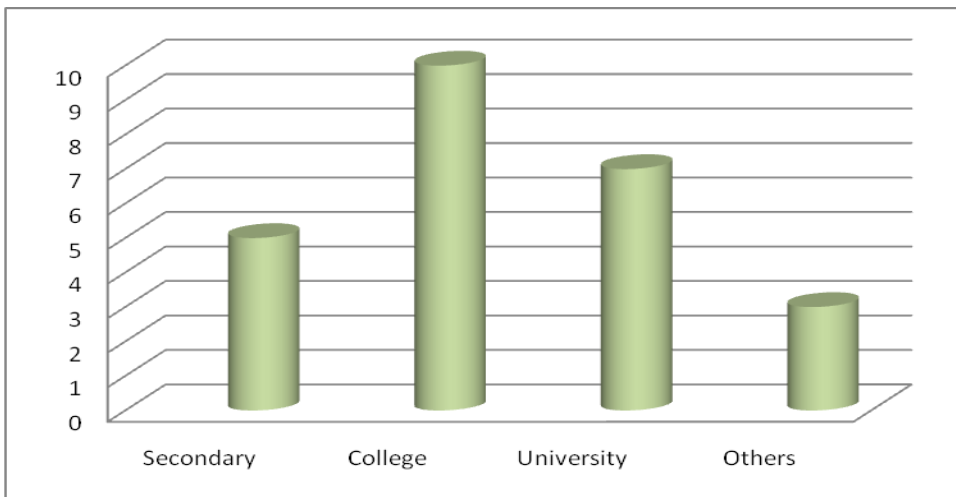
Figure 4.3: Work experience



Source: Author (2015)

The presentation shown on Figure 4.3 was based on the need to establish the work experience of the respondents. As shown above, 12% of the respondents had work experience of below 1 year, 24% had work experience of between 1-6 years, 32% had work experience of between 7-10 years, 16% had a work experience of between 11-14 years and 16% had over 15 years work experience, it can be established that majority of the respondents have worked for Safaricom between a period of between 7-10 years.

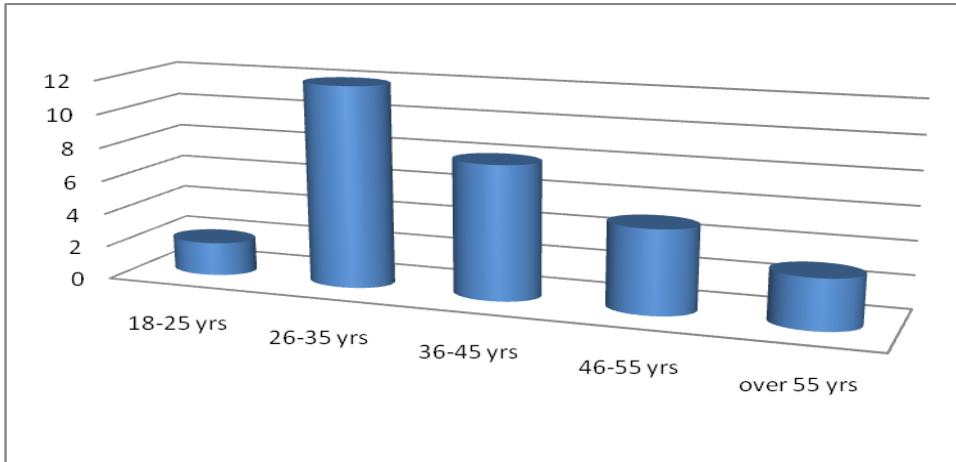
Figure 4.4: Qualification



Source: Author (2015)

Figure 4.4 above shows how respondents rated their level of education. The study findings indicated that 20% were secondary graduates, 40% of the respondents were college graduates while 28% of respondents were university graduates and 12% of the total respondents have other qualifications not mentioned in this study. This indicated that the majority of respondents were graduates from college and university; hence most of the employees are learned and they can perform well in their jobs.

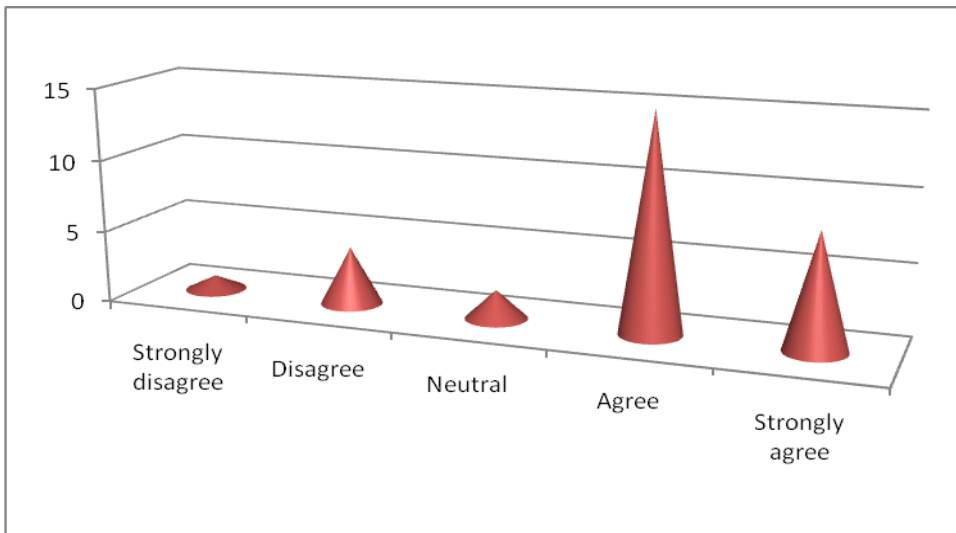
Figure 4.5 Ages



Source: Author (2015)

The findings revealed that, 43% of the employees had ages between 26 years to 35 years, 27% had ages between 36-45 years, 17% had ages of between 46-55 years, it can be established that majority of the employees age in the Safaricom company are between 26-35 years. This implies that most employees are still young.

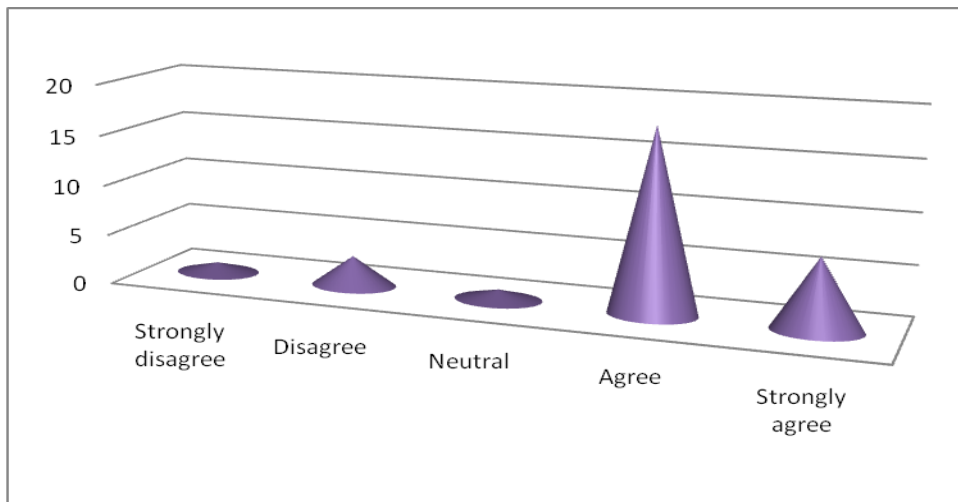
Figure 4.6 Money on work performance



Source: Author (2015)

The respondents were asked to rate the extent to which the organizations offers money to motivate them to perform better in their work. It was found that most respondents agree (50%), strongly disagree 276%), disagree (13%), neutral (7%) and strongly disagree (3%). The extent to which Safaricom company use money to motivate staff to perform better in their work is presented in figure 4.6 above.

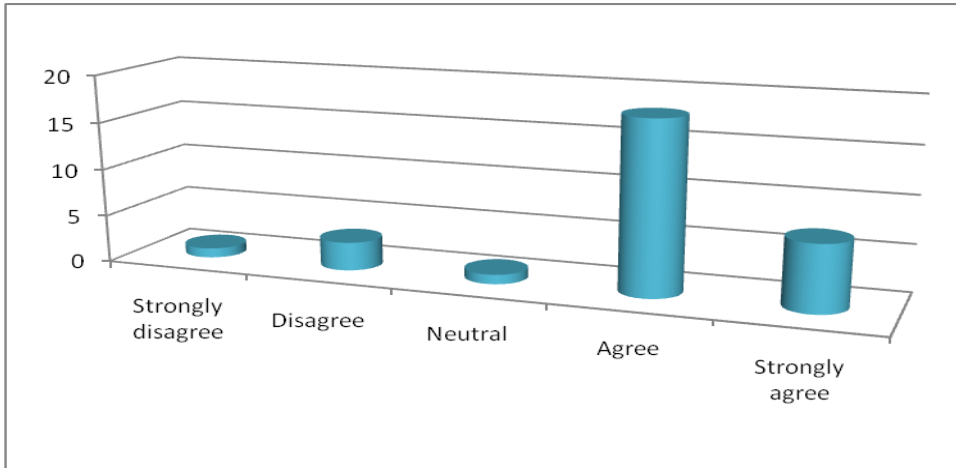
Figure 4.7 Employee bonus



Source: Author (2015)

The respondents were asked to rate the extent to which the organization offers bonus to motivate employees. It was found that most respondents agree that bonuses motivate them to perform better (37%), strongly agree (20%), neutral (20%), disagree (17%) and strongly disagree (7%). The extent to which Safaricom provided bonus benefit is presented in Figure 4.7 above.

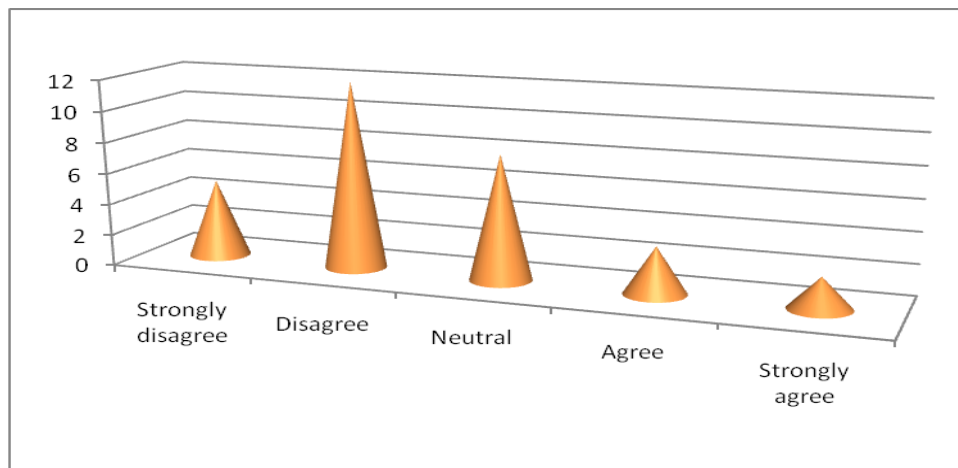
Figure 4.8 Attractive benefit packages



Source: Author (2015)

Figure 4.8 above shows how respondents rated the level of attractive benefit packages in Safaricom Company. According to the ratings, 60% of the respondents agree that attractive benefit packages motivates them to perform better, 23% strongly agree, 10% disagree, 3% strongly disagree. This shows that Safaricom Company provides attractive benefit packages to staff to perform better. Hence there is need for the company to increase attractive benefit packages.

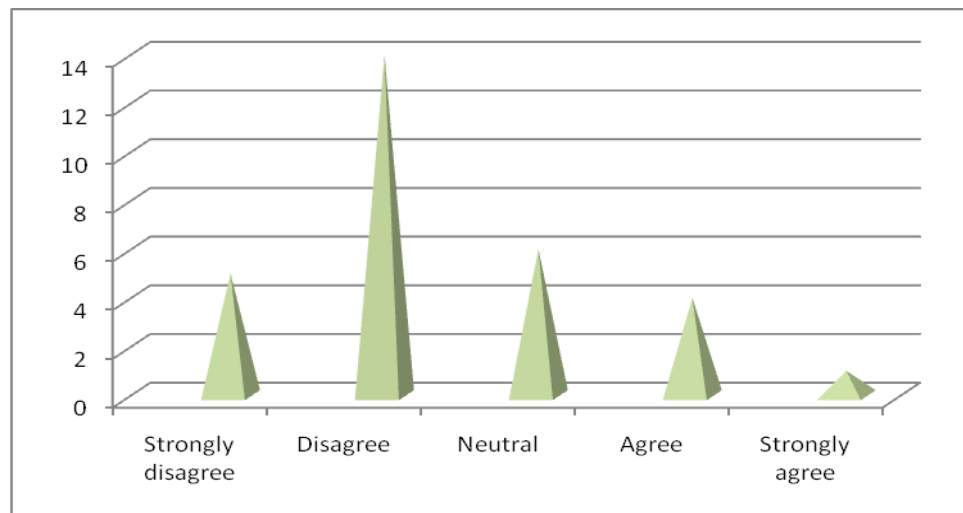
Figure 4.9 Health Screening



Source: Author (2015)

Figure 4.9 above shows the extent to which respondent's rate health screening in Safaricom Company. According to the response, 40% of the respondents disagreed, 27% were neutral, 17% strongly disagreed that health screening motivates them to perform better, 10% agreed while 7% strongly agreed that health screening motivates them. This shows that most employees of Safaricom disagreed that health screening motivates them in their jobs. Hence there is need for the company to provide other benefits since health screening does not motivate their staff to perform.

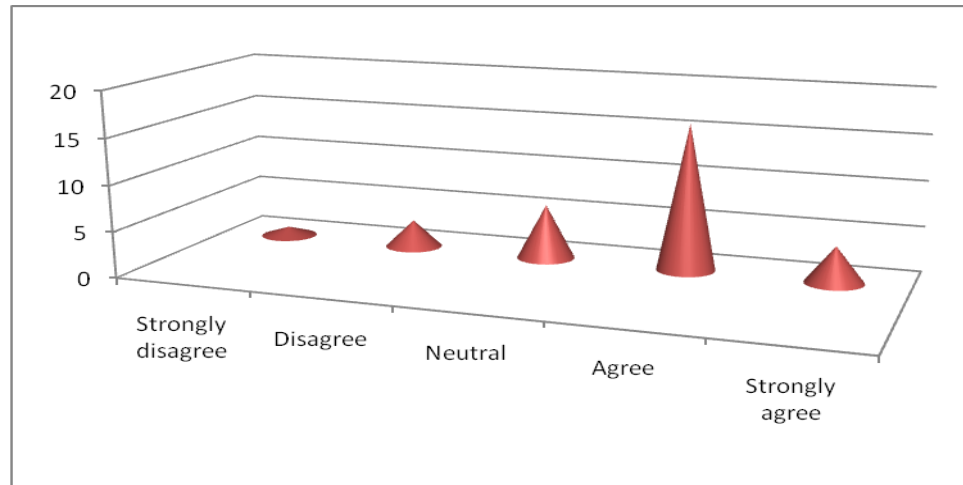
Figure 4.10 Luncheon Vouchers



Source: Author (2015)

The study sought to establish the extent to which Safaricom provide luncheon vouchers to employees as a benefit. 47% of the respondents disagreed that luncheon vouchers does not motivate them to work better, 20% were neutral on the issue, 17% strongly disagreed, 13% agreed while 3% strongly agreed. Based on majority of the respondents who rated highly, it implies that luncheon vouchers do not motivate employees to perform better.

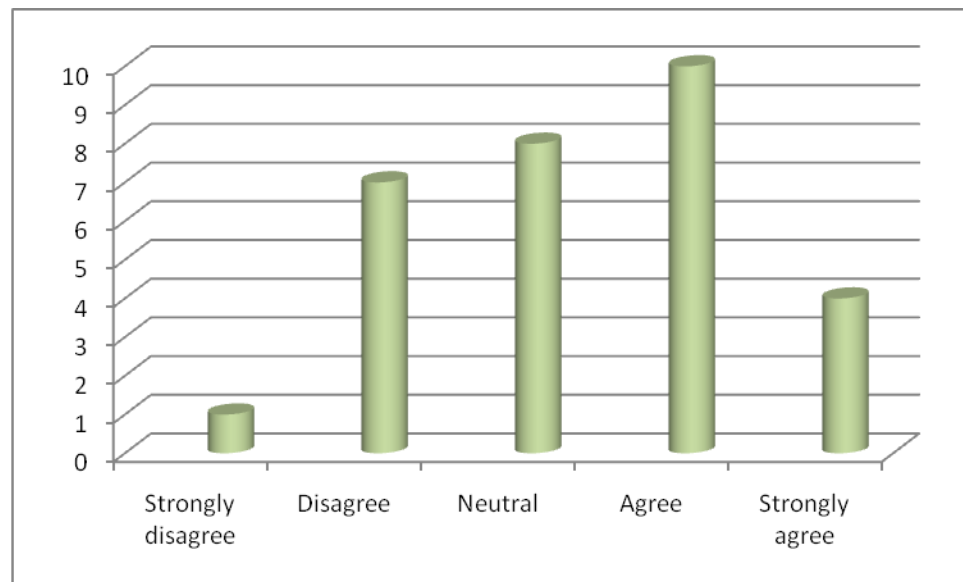
Figure 4.11 Income Protection



Source: Author (2015)

The study sought to establish the rate at which Safaricom provide income protection to staff. Majority (33%) of the respondents agreed, 27% were neutral, 23% disagreed while 13% strongly agreed. Based on the response, majority indicated that Safaricom employees are motivated by the provision of income protection benefits.

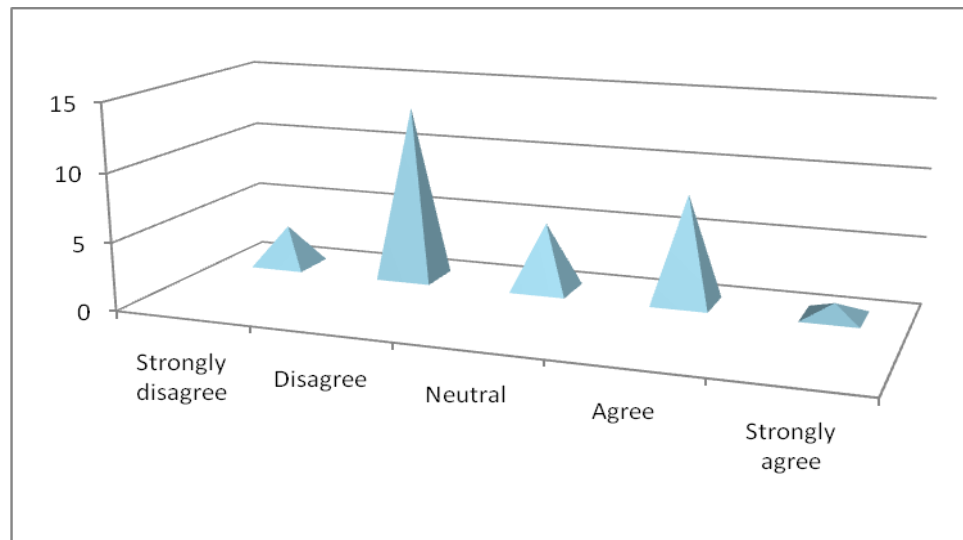
Figure 4.12 Repay Student Loans



Source: Author (2015)

Figure 4.12 above shows how respondents rated the extent to which Safaricom Company provided loan repayment to employees. According to the response, 43% of the respondents agreed, 27% were neutral, 17% disagreed, 10% strongly agreed while 3% strongly disagreed. This implies that employees are motivated to work better by repay their loan. Hence there is need for company to provide loan repayment benefit.

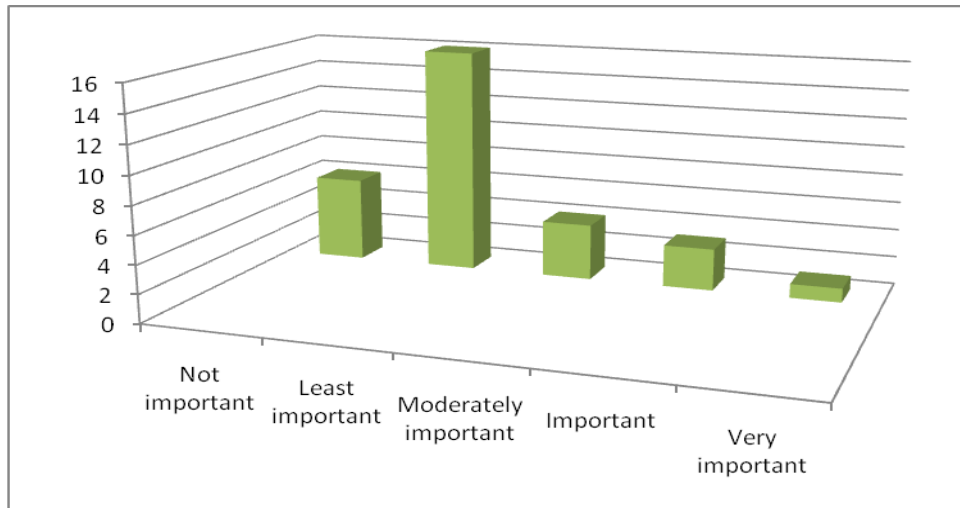
Figure 4.13 Travel Insurance



Source: Author (2015)

The presentation shown on Figure 4.13 was based on the need to establish the rate at which Safaricom provide travel insurance cover benefit. As shown above, 33% of the respondents disagreed, 27% agreed, 20% were neutral while 13% strongly disagreed. It was therefore established that majority of the respondents (33%) disagreed that provision of travel insurance benefit motivates them to perform better.

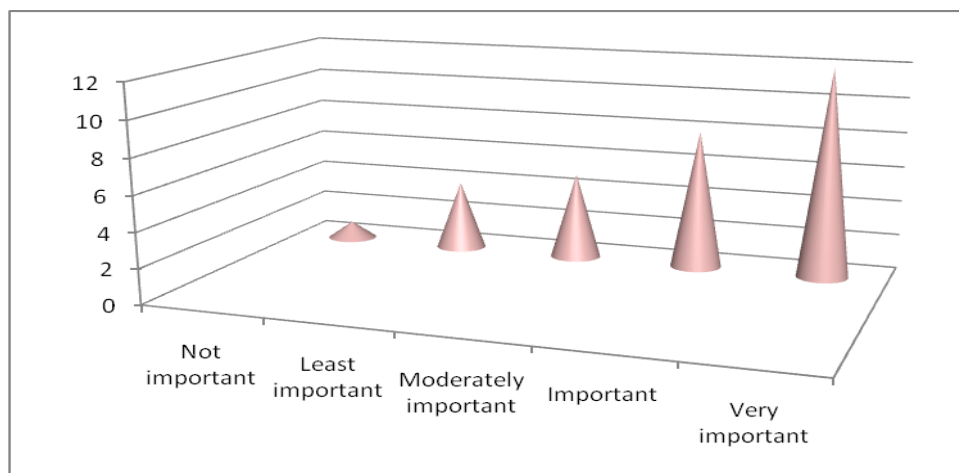
Figure 4.14 Childcare Vouchers



Source: Author (2015)

Figure 4.14 above shows whether the employees are motivated by provision of child care vouchers as a benefit. According to the response shown, 53% of the respondents said that it is least important, 20% said that it is not important, 13% said moderately important, 10% said that childcare voucher is important while 3% said that childcare vouchers are very important. Majority of the respondents implies that provision childcare voucher as benefit to employees is least important.

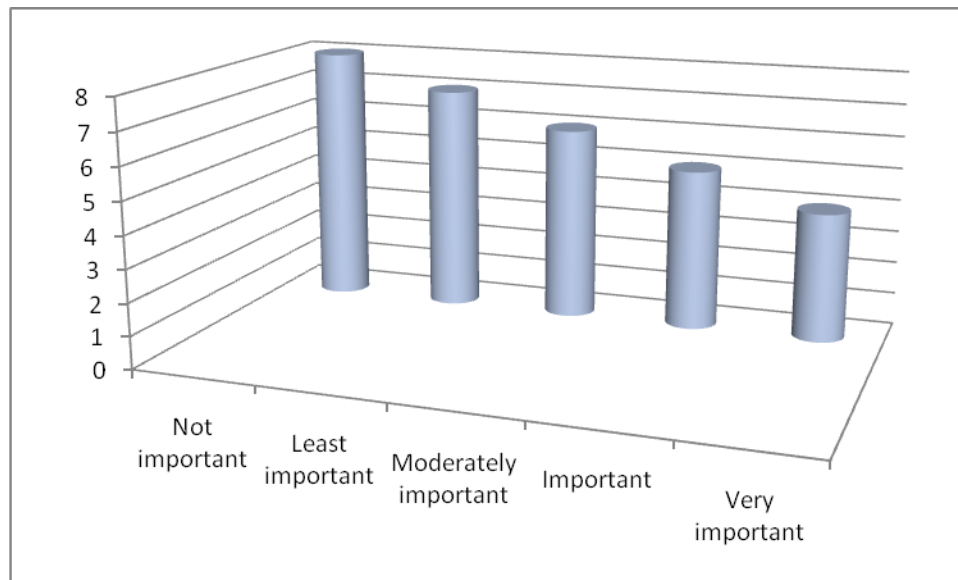
Figure 4.15 Season ticket travel loan



Source: Author (2014)

According to the response shown, 26% of the respondents said that season ticket travel loan is very important, 23% said that it is important, 20% said moderately important, 17% said least important while 13% said not important. Majority (26%) of the respondents implies that season ticket travel loan is very important as it motivates employees to perform better.

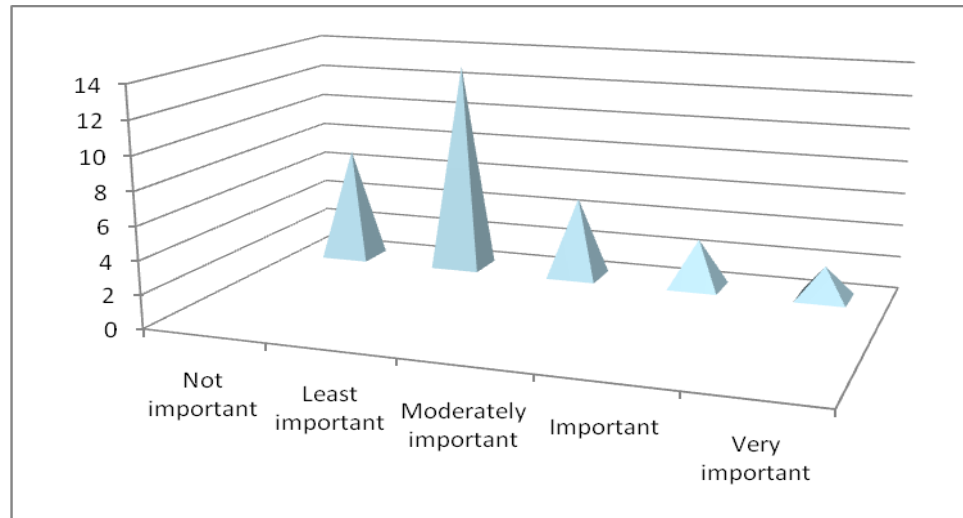
Figure 4.16 Car loan



Source: Author (2015)

The study sought to establish the extent to which car loan motivates staff to perform better. The findings indicated that 30% of respondents said that company car loan is not important, 23% said least important, 20% said moderately important, 17% said that it is important and 13% said very important. This is shown in Figure 4.16.

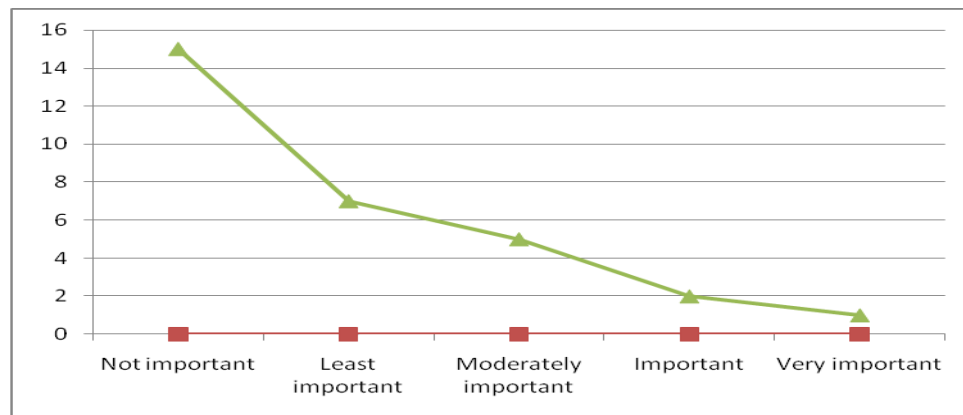
Figure 4.17 Optical care vouchers



Source: Author (2015)

The presentation shown on Figure 4.16 was based on the need to establish the rate at which optical care vouchers motivates employee to perform better. As shown above, 43% of the respondents said that optical care vouchers is not important, 23% said that it is least important, 17% said moderately important, 10% said that it is important while 7% said very important. It can be established that majority (43%) of the respondents said that optical care vouchers does not motivate them at all.

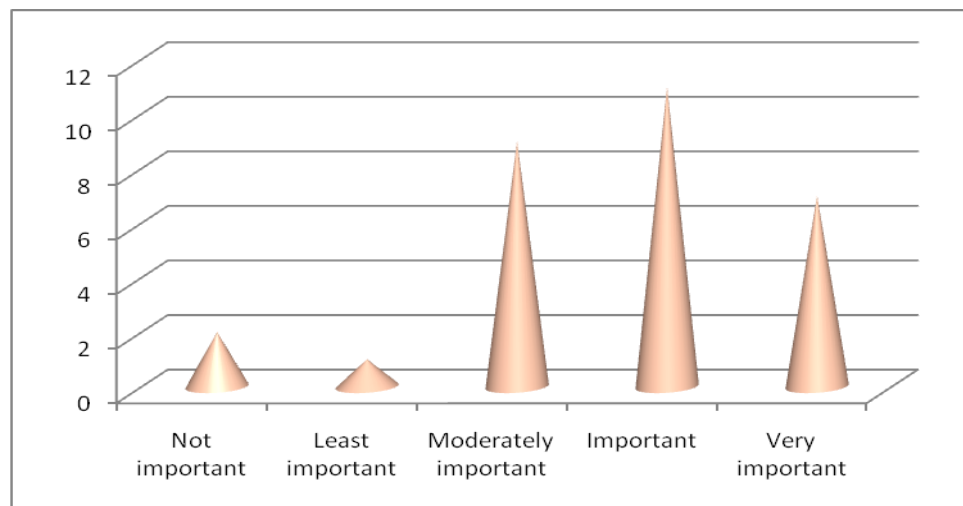
Figure 4.18 Private medical insurance



Source: Author (2015)

Figure 4.17 above shows the extent to which respondent's rate private medical insurance in company. According to the response, 50% of the respondents said not important, 23% said that private medical insurance is least important, 17% said moderately important, 7% said that it is important and 3% said very important. This shows that most (50%) of respondent believed that provision of private medical insurance does not motivate them to perform better. Hence there is need for company to provide other medical benefits.

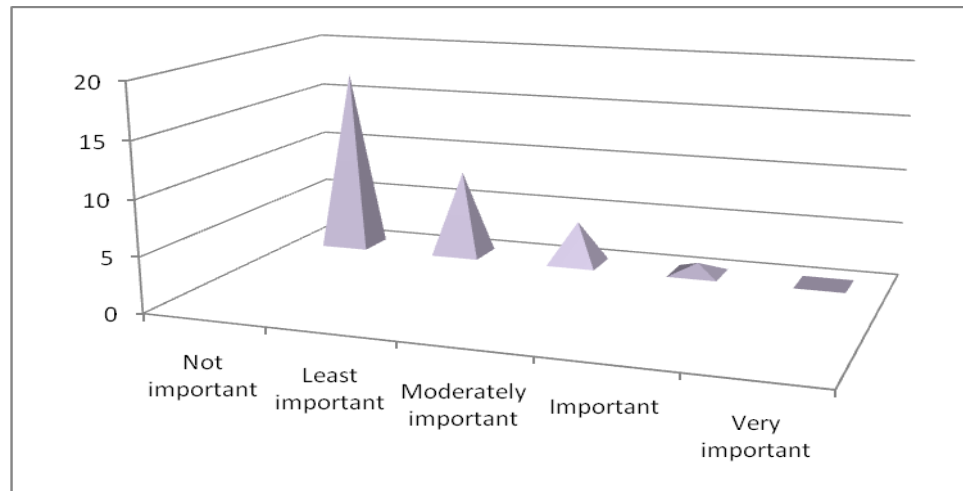
Figure 4.19 Legal advice



Source: Author (2015)

37% of the respondents rated legal advice important to work performance, 30% rated it moderately important, 23% rated legal advice very important. The finding revealed that Safaricom should provide legal advice to employees in order to motivate them to work hard.

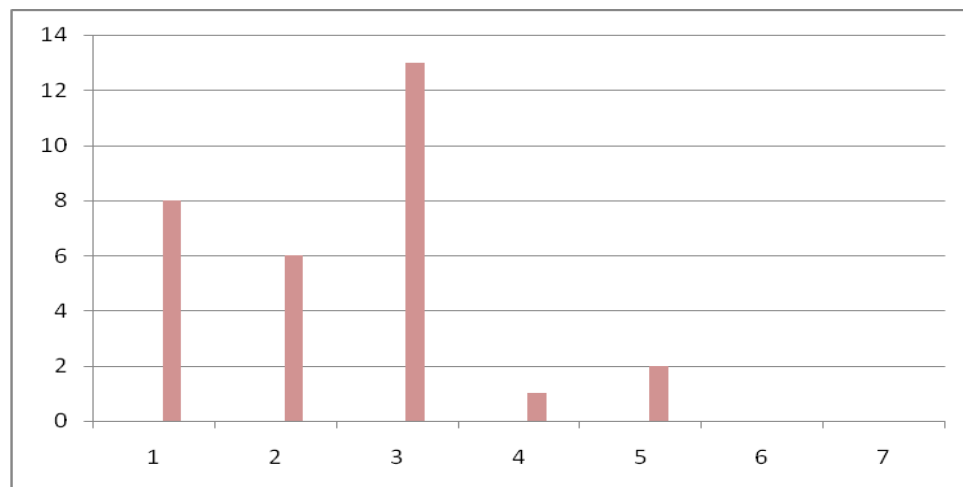
Figure 4.20 Gym membership



Source: Author (2015)

From the response indicated above, 50% indicated that provision of gym membership is not an important benefit that can motivate them to perform, 23% rated gym membership as least important, 10% rated gym membership as moderately important. Going by the majority of the respondents, the study established that providing gym membership as an employee benefit is not important to employees.

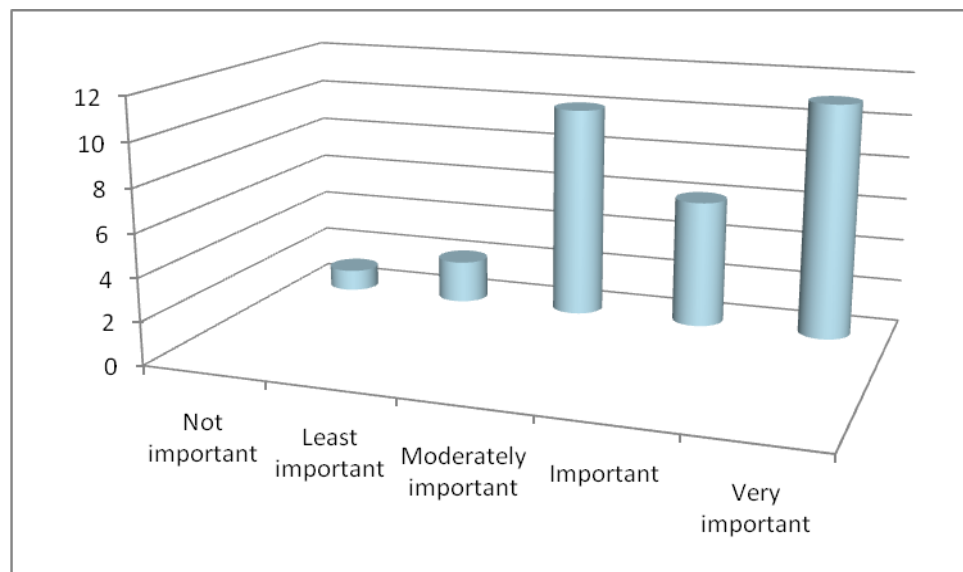
Figure 4.21 Personal accident insurance



Source: Author (2015)

The presentation shown on figure 4.20 was based on the need to establish the rate at which personal accident insurance cover motivates employees to perform better. As shown above, 43% of the respondents rated personal accident insurance moderately important, 27% rated not important, 20% rated it least important. It was therefore established that majority of the respondents (43%) rated personal accident insurance moderately important.

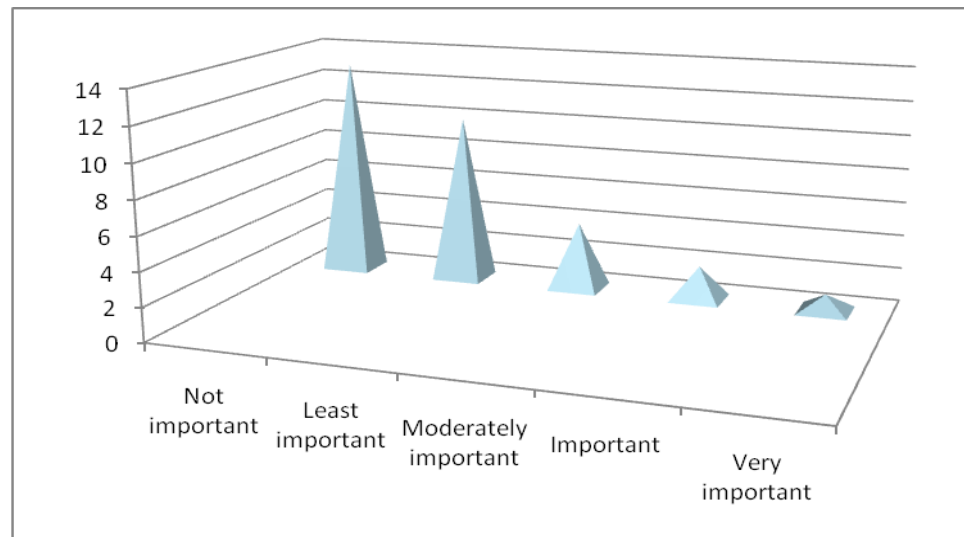
Figure 4.22 Group income protection



Source: Author (2014)

Figure 4.21 shows that 33% of the respondents said that group income protection moderately motivate them to perform better in their work. 37% noted that group income protection is very important, 20% said important. It was therefore established that majority of the respondents (37%) rated group income protection very important and motivates them to work better.

Figure 4.23 Financial advice



Source: Author (2015)

The study sought to establish the extent to which financial advice motivates employees of Safaricom Company. 43% of the respondents said not important, 33% said least important, 13% said moderately important, 7% said important while 3% said very important, it implies that financial advice motivate employees to perform better in their work.

4.3 Discussion

The results indicated that most respondents (50%) agree that money motivates them to perform better, (27%) strongly disagree, (13%) disagree, (7%) were neutral and strongly disagree (3%). It was therefore established that majority (50%) agree that money motivates them to work. The study sought to establish the extent to which the organization offers bonus to motivate employees. It was found that most ((37%) of respondents agree that bonuses motivate them to perform better, (20%) strongly agree, (20%) neutral, (17%) disagree and (7%) strongly disagree. The researcher sought to establish the level at which attractive benefit packages motivate employees. According to the ratings, 60% of the respondents agree that attractive benefit packages motivates them to perform better, 23% strongly agree, 10% disagree, 3% strongly disagree. This shows

that Safaricom Company provides attractive benefit packages to staff to perform better. Hence there is need for the company to increase attractive benefit packages.

The researcher established that 40% of the respondents disagreed that health screening motivates them, 27% were neutral, 17% strongly disagreed that health screening motivates them to perform better, 10% agreed while 7% strongly agreed that health screening motivates them. This shows that most employees of Safaricom disagreed that health screening motivates them in their jobs. Hence there is need for the company to provide other benefits since health screening does not motivate staff to perform. The study sought to establish the extent to which Safaricom provide luncheon vouchers to employees as a benefit. 47% of the respondents disagreed that luncheon vouchers does not motivate them to work better, 20% were neutral on the issue, 17% strongly disagreed, 13% agreed while 3% strongly agreed. Based on majority of the respondents who rated highly, it implies that luncheon vouchers do not motivate employees to perform better.

The study sought to establish the rate at which Safaricom provide income protection to staff. Majority (33%) of the respondents agreed, 27% were neutral, 23% disagreed while 13% strongly agreed. Based on the response, majority indicated that Safaricom employees are motivated by the provision of income protection benefits. The study established that 33% of the respondents disagreed that travel insurance cover benefit motivates them to work, 27% agreed, 20% were neutral while 13% strongly disagreed. It was therefore established that majority of the respondents (33%) disagreed that travel insurance benefit motivates them to perform better. The results indicated that 53% of the respondents said that child care vouchers is least important, 20% said that it is not important, 13% said that it is moderately important, 10% said that childcare voucher is important while 3% said that childcare vouchers are very important. Majority of the respondents implies that childcare voucher as benefit to employees is least important and therefore does not motivate them to perform better.

The findings indicated that majority (26%) of the respondents implies that season ticket travel loan is very important as it motivates employees to perform better. It was

established that majority (43%) of the respondents said that optical care vouchers does not motivate them at all. The study showed that most (50%) of respondent believed that private medical insurance does not motivate them to perform better. Hence there is need for company to provide other medical benefits. The finding revealed that Safaricom should provide legal advice to employees in order to motivate them to work hard. Going by the majority of the respondents, the study established that providing gym membership as employee benefit is not important to employees. It was established that majority of the respondents (43%) rated personal accident insurance moderately important. It was therefore established that majority of the respondents (37%) rated group income protection very important and motivates them to work better. Results indicated that majority of the respondents (37%) rated group income protection very important and motivates them to work better. The study sought to establish the extent to which financial advice motivates employees of Safaricom Company. 43% of the respondents said not important, 33% said least important, 138% said moderately important, 7% said important while 3% said very important, it implies that financial advice motivate employees to perform better in their work.

Performance measures for learning could comprise the number of employee training sessions and the number of employees who are cross trained in several skills. Performance measures for customer service consist of the number of customer complaints and the number of repeat customers. Customer surveys can also be used to get together measures of customer satisfaction with the company as compared to competitors (Warren et al. 2008).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

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

5.2 Summary

The respondents to this research were employees of safaricom who were of the opinion that money motivates them to perform better, majority of respondents agree that bonuses motivate them to perform better. They further indicated that majority of the respondents agree that attractive benefit packages motivates them to perform better. The results showed that most employees of Safaricom disagreed that health screening motivates them in their jobs and that luncheon vouchers do not motivate them to perform better.

The researcher established that majority of Safaricom employees are motivated by the income protection. Further study revealed that childcare voucher is least important and therefore does not motivate them to perform better. It was revealed that season ticket travel loan is very important as it motivates employees to perform better. It was established that majority of the respondents were of the opinion that optical care vouchers does not motivate them at all. The study further showed that most respondent believed that private medical insurance does not motivate them to perform better.

The researcher revealed that Safaricom should provide legal advice to employees in order to motivate them to work hard. Further study established that providing gym membership as employee benefit is not important to employees. It was established that majority of the respondents rated personal accident insurance moderately important. It

was therefore established that majority of the respondents rated group income protection very important and motivates them to work better. The study showed that majority of the respondents rated group income protection very important and motivates them to work better. The study further showed financial advice not important.

5.3 Conclusion

The objective of the research was to establish perceived influence of employees benefit package on employee performance in Safaricom Limited. The research indicated that bonuses, money, income protection and attractive package motivate them. It was established that there is a relationship between employees benefit package and performance.

From the study, it was concluded that most employees are motivated by money, bonus, and attractive package benefits. In order to make employees benefit, Safaricom is driven by such factors as the need to improve services and the need to increase performance among others. Based on the above statement, the Safaricom have been able to make benefit package that have enabled them to achieve their core objective.

5.4 Recommendations

Based on the above, recommendations were made:

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

5.5 Suggestions for further research

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

Given that this study only covered the benefit package of Safaricom in Nairobi, there is therefore room for a similar study to cover other telecommunication operators in Kenya. There is need to consider the effect of benefit package on performance in making firms decisions. This would probably enhance the quality of services by the telecommunication firms as they focus on other key objectives.

5.6 Limitations of research

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

The respondents approached were reluctant in giving information fearing the confidentiality and sensitivity of the study as a major limitation since many respondents held information due to high level of suspicions and lack of trust where they thought the study aims to use the findings against their job undertakings. The researcher also encountered problems in eliciting information from the respondents as the information required was subject to areas of emotions, attitudes and perceptions, which could not be accurately quantified and verified objectively. There was also bureaucracy in getting approval to carryout research in the company. Written approval had to be sought from the Managing Director and this resulted in time delays. However, despite all these limitations the response rate was good at 75%.

5.7 Implication of the study on policy, theory and practice

The implication of vacation time off with pay is available to employees to provide opportunities for rest, relaxation, and personal pursuits. The amount of paid vacation time an employee receives each calendar year is communicated at the beginning of the calendar year. Paid vacation time can be used in minimum increments of one day. To take vacation, employees must request advance approval. Requests will be reviewed based on a number of factors, including business needs and staffing requirements. Sick

time off may be either paid or unpaid and will be granted solely at the discretion of the company. Sick leave is not automatic and will be granted only when absences are due to personal, legitimate illness or injury. Sick leave cannot be used for work related injuries those are handled under Workers' Compensation state laws. If an employee is absent for three or more consecutive days due to illness or injury, a physician's statement may be requested verifying the disability and its beginning and expected ending dates. Such verification may be requested for other sick leave absences as well and may be required as a condition to receiving sick leave benefits.

The implication for compensation management is that high employee performance followed by a monetary benefit will make future high performance more likely. By the same token, high performance not followed by a benefit will make it less likely in the future. The theory emphasizes the importance of a person actually experiencing the benefit. In the reinforcement theory (Vroom, 1964) focuses on the link between benefits and behaviors, although it emphasizes expected. Motivation is also a function of two other factors namely expectancy, the perceived link between effort and performance, and valence, the expected value of outcomes. Benefits systems differ according to their impact on these motivational components. Generally speaking, pay systems differ most in their impact on instrumentality of the perceived link between behaviors and pay also referred to in the pay literature as line of sight.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear Respondent,

**REF: RESEARCH ON THE PERCEIVED INFLUENCE OF EMPLOYEES
BENEFIT PACKAGE ON EMPLOYEE PERFORMANCE IN SAFARICOM
LIMITED**

I am post graduate student in the School of Business at the University of Nairobi. I am conducting a research on the perceived influence of employees benefit package on employee performance in Safaricom Limited.

To undertake this study your cooperation and timely feedback will be highly appreciated. I therefore, kindly request the opportunity to administer questionnaires to the members of staff on the above subject. The information gathered will be used purely for the purpose of academic research and will be treated with utmost confidence. A final copy of the report will be availed to you at your request.

Yours sincerely,

Kennedy Okoth Ojwala

APPENDIX II: RESEARCH QUESTIONNAIRE

Part 1: Demographic Data.

1. Which of the following describes your current position in the organization?
Senior manager () Middle level manager ()
2. Gender?
Male () Female ()
3. Number of years you have worked with the organization?
Less than one year () 1 – 6 years (), 7 – 10 years (), 11-14 years (), 15 and over years ()
4. Professional qualification.....
5. Which is your age bracket?
18-25 years (), 26 – 35 years (), 36-45 years () , 45 -55 years , over 55 years ()

Rate the importance of each of the following benefits provided by Safaricom Kenya Limited. Tick in the appropriate box against each statement. The numbers represent the following

1- Strongly disagree, 2- disagree, 3 – Neutral, 4 – agree, 5 – strongly agree

No.		1	2	3	4	5
	Money motivates me to perform better in my work					
	Employee bonus motivates me to higher performance					
	Attractive benefit packages will boost my motivation perform well					
	Health Screening as an employee benefits is important for me to perform well on my job					
	I believe company provision for Luncheon Vouchers as a benefit, is effective in motivating employee to better performance.					
	Income Protection benefit continuously motivate me to improve performance					

	When I receive Repay Student Loans as a benefit, I am more motivated to perform better					
	Travel Insurance influence my willingness to exert more effort in my job					

Please briefly describe your top three employee programmes, including who are eligible, typical rewards and any unique aspects.

Rate the importance of each of the following benefits provided by Safaricom Kenya Limited. Tick in the appropriate box against each statement. The numbers represent the following

- 1- Not Important, 2-Least Important, 3- Moderately important, 4 –Important, 5 -Very Important.**

No.		1	2	3	4	5
	Childcare Vouchers					
	Season Ticket Travel Loan					
	Car Loans					
	Optical Care Vouchers					
	Income Protection					
	Private Medical Insurance					
	Legal Advice					
	Gym Membership					
	Personal Accident Insurance					
	Group Income Protection					
	Financial Advice					