THE IMPACT OF TRANSACTIONAL LEADERSHIP ON THE PERFORMANCE OF EMPLOYEES IN KENYA: THE CASE OF MUMIAS SUGAR COMPANY

BY

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DECLARATION

“This Research project is my original work and has not been presented for a degree in any other university or any other award”

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ACKNOWLEDGEMENT

I would like to most importantly dedicate this work to my parents. My special thanks to the following people without whose assistance this project would not have been possible; My supervisor professor David Minja for his assistance, Mwita Kerario my brother who believed in me and constantly encouraged me, All employees who willingly participated in the research and lastly to God whose guidance and mercies have seen me all through.
ABSTRACT

Transactional leadership as viewed by Kunhert (1994) involves leaders exchanging things of value with subordinates to advance their own as well as their subordinates’ agenda. Their level of influence stands as long as subordinates do what the leader wants. It, therefore, goes without say that this form of leadership does not individualize the needs of subordinates nor focus on their personal development. This study aimed at showing the impacts that this form of leadership has on the employees of an organization in terms of their performance rate. Its main objective was to assess whether rewards and sanctions were in any way tied to performance and to assess the extent to which a superior’s intervention before and after a problem occurs affects performance. It was a representative study in design with a cross sectional component whereby all relevant parties were involved. The study population was specific employees of Mumias Sugar Company selected for the study. The employees were those that had been on permanent employment for a period of not less than 3 years, this is because in three years it was assumed that an employee had been able to fit into the organization’s systems and culture. Questionnaires were used to collect relevant data. A minimum sample of 50 employees randomly selected participated. A systematic sampling method was used to select the employees for data collection. The employees selected were interviewed by use of a questionnaire during their normal working hours. The data collected was then analyzed using SPSS computer software then a report written and presented in form of text, tables and figures. All important and necessary ethical issues were taken into consideration and strictly observed.
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CHAPTER ONE

1.0 Background to the study

Transactional leadership involves leaders exchanging things of value with subordinates to advance their own as well as their subordinates' agenda. (Kunhert, 1994) Their level of influence stands as long as subordinates do what the leader wants. Transactional leadership is the exchange of incentives by leaders for support from followers. (Burns, 1978) Burns defines a transactional leader as "one who approaches followers with an eye to exchange one thing for another" This means that one individual takes the initiative in making contact with others for the purpose of an exchange of valued things. It is "when a person takes the initiative in making contact with others for purposes of exchange for something of value" (Kunhert and Lewis, 1987)

How workers interact with one another in an organization is very important. It is clear that one fact stands out in as far as transactional and transformational leadership in organizations is concerned. That is this leadership style induces performance and productivity through reward and punishment. Perhaps to have an even better in-depth view of this leadership style it would be prudent to look at its application module. True leaders are self-actualized individuals who are motivated to grow, to be efficacious, and to achieve rather than be famous. Self actualizers are true leaders because they are sensitive to the needs of others and learn from others and can therefore lead followers towards self-actualizations (Burns, 1978)
The origin of transactional leadership dates back to the 1980's. As the global economy began to increase, new leadership theories were discovered so as to allow companies compete in the global economy. (Klinsontorn, 2007). By 1978, Burns had identified transactional leadership as a style, (Bass, 1985) went further to apply Burn's theory to organizational management. Since then, transactional leadership has been studied and applied alongside other theories of leadership to find out which one works best for producing the numbers required to sustain a business.

Since transactional leadership involves the exchange of incentives by leaders for support from followers (Burns, 1978) it therefore implies that the object of such leadership is agreement on a course of action that satisfies the immediate, separate purpose of both leaders and followers. This form of leadership is characterized by self-absorbing and manipulation in that it seeks to control followers' by catering for their lowest needs.

The future existence of African organizations to a large extent is determined by the ability to adapt to continuous change through becoming learning organizations that are able to foster new ways of thinking, generating new visions for the future and continuous learning opportunities. (Van Ransburg and Crous, 2000). As business environments become increasingly competitive and complex, organizations must be alert and flexible to remain competitive. When an organization is in need of a strategic turnaround, leaders play a vital role.
Effective leadership is a critical success factor for growth in Africa. (Brand, 1997). Leadership in Africa has never been easy especially in Kenya and this has been attributed to the changing political scenarios. But with the changing world, managerial duties are also changing. Diversity in Kenyan cooperates has become key and it is only dynamic leaders that can deal with these various diversities. Development in leadership has been one of the fastest growing areas in organizational development since the 1980s. (Sharkey, 1999) This in turn means proper leadership is required to impact on the success of organizations thus transforming the way people think, feel and act. (Csoka, 1996; Brand 1997)

(Bass, 1985) found elements of transactional leadership at the root of popular organizational theories such as the exchange theory and the path-goal theory, and management theories like contingent reinforcement and management by exception. Bass however argues that these management practices and theories imply that organizations consist of agreements between managers and subordinates to fulfill specific obligations for mutual advantage. They further imply that leaders should make these agreements even more specific in order to increase subordinates satisfaction and performance. As components of transactional leadership, contingent rewarding is whereby leaders engage in constructive path-goal transactions of rewards for performance. The leaders clarify expectations, exchange promises and resources for support and exchange assistance for effort. (Bass, 1998) management by exception on the other hand has both the active and the passive perspectives. The passive element involves leaders failing to intervene in situations until matters are worse. They wait until mistakes are brought to their attention (Bass, 1998) the active element of
management by exception on the other hand is where leaders enforce rules to avoid mistakes. Subordinate’s performance is monitored and corrective action taken where necessary. (Bass, 1998). Bass however concedes that any satisfaction and performance gained from transactional leadership are apt to be less or non-existent at all.

In most corporate organizations in Kenya decisions are made in board rooms and the subordinate staff is just tasked with the implementation of such decisions whether or not they are for their own benefit or not. Subordinate’s needs are not considered whatsoever, making profits is of more importance in most cooperates in Kenya. Transactional leadership is therefore key to ensuring that whilst organizations make their profits, employees’ needs are catered for in the whole process. Studies have suggested that effective leadership behaviors can facilitate the improvement of performance when organizations face upcoming challenges in the work place (McGrath and MacMillan, 2000; Teece, Pisano and Shuen, 1997). Visionary leaders create a strategic vision of some future state, communicate that vision through framing and use of metaphor, model the vision by acting consistently, and build commitment towards the vision (Avolio, 1999; McShane and Von Glinow, 2000). Some scholars like Zhu et al. (2005), suggest that visionary leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance in the new organizational environments.

Research into organizational behavior in different environments has found out that transformational leadership has positive influence on employee performance. (Bass and Avolio, 1994; Ristow, 1998) Pruijn and Boucher (1994) however show that
transformational leadership is an extension of transactional leadership. Transactional leadership leads to expected performance. (Bass & Avolio, 1994). Ristow (1994) says that transactional leaders are effective in markets that are continually growing and where there is little or no competition. It is in the backdrop of the above that this study seeks to determine what impact transactional style of leadership has on the performance of employees in an organization focusing on Mumias Sugar Company.

Mumias Sugar Company Limited is engaged in the manufacturing and distribution of sugar and recently in the production of electricity. It manufactures molasses for industrial users, traders, farmers and individual purchasers. The company produces its power through the burning of bagasse, a waste product from sugarcane processing. (Mumias, n.d)

The company majorly exports its sugar to international markets mainly in the European Union. As of June 30 2012 the company’s major shareholder included permanent secretary treasury (20%). It has its headquarters in Nairobi and their operation in Mumias. It is listed in the stock exchange and its own estates provide up to 7% of its annual output. The company’s primary source of sugarcane is over 50,000 registered out growers with over 400km² under cultivation. (Mumias sugar, 2013)

The company comprises many departments including management and administration, sales and marketing, human resource, agriculture, the legal and ICT departments amongst others. The vision of the company is to be a world class integrated producer of sugar, energy and related products. Its mission is to consistently satisfy its
customer's needs through efficient, innovative and ethical practices while meeting the
diverse expectations of other stakeholders. The company's key focus is to become an
internationally recognized company focusing to an extent on human capital which is
one of the greatest assets to a company. Leadership more so transactional leadership
has been introduced to the company starting from the managerial level all the way to
the subordinate level. This is part of the company's larger growth development plan.
Trainings and workshops are done to equip especially the managers with leadership
skills to help move the company forward in terms of performance. (Mumias, n.d)

1.1 Statement of the problem

The overall research problem addressed in this study was that despite various studies
being conducted on transactional leadership and its impact on employee performance
it is usually clustered with transformational leadership such that it is not given room to
stand out on its own as a leadership style. Conger; Conger and Kanungo; Rouche,
Baker and Rose; Bass, Bemis and Nanus; Tichy and Devanna (as cited in Pawar and
Eastman, 1997) all studied transactional leadership and its effects on subordinates and
organizations. Considerable research has been done on the exchange of relationship
between leaders and subordinates. (Hater and Bass, 1988) Walumbwa, Hawler and
Avolio (2007) compared data from China, India Kenya and the US and found a strong
presence of transactional leadership in these countries.
Research into organizational behavior in different environments has found out that transformational leadership has positive influence on employee performance. (Bass and Avolio, 1994; Ristow, 1998) Pruijn and Boucher (1994) however show that transformational leadership is an extension of transactional leadership. Transactional leadership leads to expected performance. (Bass & Avolio, 1994). Ristow (1994) says that transactional leaders are effective in markets that are continually growing and where there is little or no competition.

Effective leadership has a positive influence on the performance of organizations. (Maritz, 1995; Bass, 1997; Charlton, 2000) it is thus the performance from the manpower in an organization that culminates into the organization's performance. Effective leadership is thus key to ensuring organizational performance. It is generally accepted that the performance of any particular people is largely dependent on the quality of its leadership. Effective leadership facilitates the attainment of the subordinates’ desires which in turn results in effective performance. (Maritz, 1995; Ristow et al, 1999)

Considerable research has been done and evidence gathered in the armed forces of the United States, in South African retail and manufacturing sectors, in Canada and in Germany on the impacts of transactional leaders on the effectiveness of their subordinates. Whilst most of these researches showed their being a significant impact of transactional leadership on employee performance most cluster it together with transformational leadership in a bid to measure performance.(Conger; Conger and Kanungo; Rouche, Baker and Rose; Bass, Bemis and Nanus; Tichy and Devanna (as cited in Pawar and Eastman, 1997). A gap also existed where most researches claim
that transactional leadership fails to raise subordinates performance beyond that of the leader’s expectations. (Hater and Bass, 1988). This is to say that an employee at a particular organization cannot outperform their superior’s expectations or their own for that matter. That they only operate under a threshold put by the superiors and nothing more.

This research therefore aimed at looking at how transactional leadership independently impacts on employee performance and to establish whether transactional leadership raises subordinate performance beyond that of their superior’s expectations.

1.2 Research Questions

1. Were rewards and sanctions tied to employee performance in Mumias Sugar Company?

2. To what extent did a leader’s intervention before or after a mistake, affect subordinate performance?

3. What weaknesses and strengths did transactional leadership have as experienced at Mumias Sugar Company?

1.3 Objectives of the Study

1. To investigate whether rewards and sanctions were tied to employee performance in Mumias Sugar Company.
2. To investigate the extent to which a leader's intervention before or after a mistake occurred affected subordinate performance.

3. To determine the weaknesses and strengths of transactional leadership as experienced at Mumias Sugar Company.

1.4 Assumptions of the study

1. Rewards and sanctions were tied to employee performance in Mumias Sugar Company.

2. Transactional leadership had a positive impact on employee performance in Mumias Sugar Company.

3. Transactional leadership had weaknesses and strengths.

1.5 Significance and Justification of the study

With this study, the researcher aimed at availing information through highlighting the possible strengths of transactional leadership that need to be upheld for the success of organizations, and also the weaknesses of this form of leadership that need to be addressed so as to improve the organization. All these however will be measured and looked at with the welfare of the employee in mind. The study also aimed at adding knowledge onto the already rich field of leadership as to the extent to which transactional leadership independently impacts on employees’ performance. The
researcher aimed at contributing to the growth of the field of leadership through this research.

This study therefore sought to provide practical and theoretical information that can be used by policy makers and other corporate stakeholders in organizational growth, in the development strategies and in implementation processes to enable them determine how best to fuse transactional leadership with performance and productivity in a way that it does not negatively impact on the employee as a person.

1.6 Scope of the study.

This research covered transactional leadership amongst the employees of Mumias Sugar Company; it dwelt on top management, middle management and support staff that forms the lower management. With these categories, the senior management, supervisors and subordinate employees, were covered. Data collection was done within the premises of the company situated in Mumias within Western Kenya.
1.7 Limitations

1. The questionnaires were based on the perceptions and opinions of the employees and thus increased the chances of subjectivity when completing the questionnaires.

2. There is very little literature in existence relating specifically to transactional leadership and its influence on performance both nationally and globally.

3. The study found no evidence of research on transactional leadership and performance in Kenyan organizations.

4. Follow up sessions on transactional leadership in the organization did not occur continuously hence restricting the adaptation of transactional leadership behaviors in the organization.
CHAPTER TWO

2.0 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1. REVIEW OF RELATED LITERATURE

2.1.1 Leadership Style and Performance

In literature, leadership has been identified as an important subject in the field of organizational behavior. Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, ability of management to execute "collaborated effort" depends on leadership capability. Lee and Chuang (2009), explain that the excellent leader not only inspires subordinate's potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals. Stogdill (1957), defined leadership as the individual behavior to guide a group in order to achieve the common target. Fry (2003) explains leadership as use of leading strategy to offer inspiring motive and to enhance the staff's potential for growth and development. Several reasons indicate that there should be a relationship between leadership style and organizational performance. The first is that today's intensive and dynamic markets feature innovation-based competition, price/performance rivalry, decreasing returns, and the creative destruction of existing competencies (Santora et al., 1999; Venkataraman, 1997). Studies have suggested that effective leadership behaviors can facilitate the improvement of performance when organizations face these new challenges (McGrath and MacMillan, 2000; Teece, Pisano and Shuen, 1997).
On the other hand, employee performance denotes work related activities expected of employees and how well they are executed. Many business personnel directors assess the job performance of each employee on an annual or quarterly basis in order to help them identify suggested areas for improvement. (Koontz and Donnell, 1993). Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

Understanding the effects of leadership on performance is also important because leadership is viewed by some researchers as one of the key driving forces for improving a firm's performance. Effective leadership is seen as a potent source of management development and sustained competitive advantage for organizational performance improvement (Avolio, 1999; Lado, Boyd and Wright, 1992; Rowe, 2001). For instance, transactional leadership helps organizations achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done (Zhu, Chew and Spengler, 2005). Visionary leaders create a strategic vision of some future state, communicate that vision through framing and use of metaphor, model the vision by acting consistently, and build commitment towards the vision (Avolio, 1999; McShane and Von Glinow, 2000). Some scholars like Zhu et al. (2005), suggest that visionary leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance in the new organizational environments.
Mehra, Smith, Dixon and Robertson (2006) argue that when some organizations seek efficient ways to enable them outperform others, a longstanding approach is to focus on the effects of leadership. Team leaders are believed to play a pivotal role in shaping collective norms, helping teams cope with their environments, and coordinating collective action. This leader-centered perspective has provided valuable insights into the relationship between leadership and team performance (Guzzo and Dickson, 1996). Some studies have explored the strategic role of leadership to investigate how to employ leadership paradigms and use leadership behavior to improve organizational performance (Judge, Bono, Ilies, and Gerhardt, 2002; Judge and Piccolo, 2004; Keller, 2006; McGrath and MacMillan, 2000; Meyer and Heppard, 2000; Purcell, Kinnie, Hutchinson and Dickson, 2004; Yukl, 2002). This is because intangible assets such as leadership styles, culture, skill and competence, and motivation are seen increasingly as key sources of strength in those firms that can combine people and processes and organizational performance (Purcell et al., 2004).

Previous studies led the expectation that leadership paradigms will have direct effects on customer satisfaction, staff satisfaction, and financial performance. In general, however, the effects of leadership on organizational performance have not been well studied, according to House and Adyta's review (1997), who criticized leadership studies for focusing excessively on superior-subordinate relationships to the exclusion of several other functions that leaders perform, and to the exclusion of organizational and environmental variables that are crucial to mediate the leadership-performance relationship. Another problem with existing studies on leadership is that the results
depend on the level of analysis. House and Aditya (1997), distinguished between micro-level research that focuses on the leader in relation to the subordinates and immediate superiors, and macro-level research that focuses on the total organization and its environment. Other scholars have also suggested that leaders and their leadership style influence both their subordinates and organizational outcomes (Tarabishy, Solomon, Fernald, and Sashkin, 2005).

Fenwick and Gayle (2008), in their study of the missing links in understanding the relationship between leadership and organizational performance conclude that despite a hypothesized leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret.

In the Kenyan situation, the government introduced performance contracting in a bid to measure negotiated performance. According to Gok (2007), a performance contract is a management tool used for measuring negotiated performance targets. The performance contract specifies the mutual performance obligations and responsibilities. It measures and evaluates performance in most public entities by linking rewards and sanctions to measurable performance. Performance measurements are also used to compare the performance of different organizations plans, departments, teams and individuals and to assess employees (Alaa and Noble, 1996). The general agreement for performance measurement is that to improve a process, one need to know how well it is performing currently. Performance measurement provides
information about how well a process is being conducted and how good the results from it are (Andersen, 1999).

2.1.2 Transactional Leadership

Transactional leadership involves an exchange process that results in follower compliance with leader request but not likely to generate enthusiasm and commitment to task objective. The leader focuses on having internal actors perform the tasks required for the organization to reach its desired goals (Boehnke et al, 2003). The objective of the transactional leader is to ensure that the path to goal attainment is clearly understood by the internal actors, to remove potential barrier within the system, and to motivate the actors to achieve the predetermined goals (House and Aditya, 1997).

Transactional leaders display both constructive and corrective behaviors. Constructive behavior entails contingent reward, and corrective dimension involves management by exception. Contingent reward involves the clarification of the work required to obtain rewards and the use of incentives and contingent reward to exert influence. It considers follower expectations and offers recognition when goals are achieved. The clarification of goals and objectives and providing of recognition once goals are achieved should result in individuals and groups achieving expected levels of performance (Bass, 1985). Active management by exception refers to the leader
setting the standards for compliance as well as for what constitutes ineffective performance, and may include punishing followers for non-compliance with those standards. This style of leadership implies close monitoring for deviances, mistakes, and errors and then taking corrective action as quickly as possible when they occur.

From this review of related literature, it is evident that although some scholars believe that leadership enhances organizational performance while others contradict this, different concepts of leadership have been employed in different studies, making direct comparisons virtually impossible. Gaps and unanswered questions remain. Consequently, the current study is intended to re-examine the proposed leadership-performance relationship and, thus, contribute meaningfully to the body of growing literature and knowledge in this area of study.

2.2.1 Theoretical framework

Transactional leadership is a value driven type of leadership that speaks to enduring human capacity for excellence and pride accomplishment. Studies have shown that transactional leadership helps increase production but production greatly increases when another form of leadership is applied. However the negative impacts seem to out-weigh the positive effects that transactional leadership produces. For transactional leadership to work effectively, trust has to be present so as to induce voluntary commitment, production and performance. Burns (1978) points out that transactional leadership should empower leaders not only to take the initiative to engage with
followers but also engage creatively in a fashion that recognizes and responds to the material wants of potential followers.

This study was based on transactional theories as the lead theory in an attempt to explain the impact of transactional leadership on employee productivity and performance, together with the Maslow’s basic needs theory and path goal theory as complimentary theories. According to transactional theory, leadership is based on a system of rewards and punishments. When employees are successful, they are rewarded and when they fail they are punished. The theory assumes that workers are motivated by rewards and punishments. That rewards and punishments are contingent upon the performance of followers. Managers and subordinates have an exchange type of relationship. Subordinates need to be carefully monitored so as to ensure that expectations are met.

According to the basic needs theory, there are certain minimum requirements that are essential for one to be said to have a decent living. These are called physiological needs and they include food, shelter, health and clothing. These are primary needs that have to be catered for before other needs like security, love affection and finally self-actualization are pursued. It is these basic needs that a leader needs to look into as incentives in order to derive motivation from an employee and hopefully increase their performance.

The path goal theory is complimentary to transactional theory in as far as this study is concerned as it describes the way that leaders encourage and support their followers in achieving set goals by making their path clearer. The leaders do this by clarifying the
path for their subordinates to know the way, by removing any roadblocks that hinder performance and finally by increasing their rewards when goals are achieved. This study therefore seeks to operate within the framework of transactional theories with path goal theory and Maslow's basic needs theory as complimentary.

Mehra, Smith, Dixon and Robertson (2006) argue that when some organizations seek efficient ways to enable them outperform others, a longstanding approach is to focus on the effects of leadership. Team leaders are believed to play a pivotal role in shaping collective norms, helping teams cope with their environments, and coordinating collective action. This leader-centered perspective has provided valuable insights into the relationship between leadership and team performance (Guzzo and Dickson, 1996). Some studies have explored the strategic role of leadership to investigate how to employ leadership paradigms and use leadership behavior to improve organizational performance (Judge, Bono, Ilies, and Gerhardt, 2002; Judge and Piccolo, 2004; Keller, 2006; McGrath and MacMillan, 2000; Meyer and Heppard, 2000; Purcell, Kinnie, Hutchinson and Dickson, 2004; Yukl, 2002). This is because intangible assets such as leadership styles, culture, skill and competence, and motivation are seen increasingly as key sources of strength in those firms that can combine people and processes and organizational performance (Purcell et al., 2004).

The study attempted to find out whether performance and productivity of employees is by any way influenced by the positive and negative incentives issued by their seniors, and to what extent transactional theory together with Maslow's basic needs theory and path goal theory were be applicable in indicating the impacts of transactional
leadership on employee performance and productivity in corporate organizations in Kenya.

Figure 2.1 conceptual framework
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Research Design

The research design that was used in this study was descriptive survey. Data was collected from respondents on their opinions concerning transactional leadership and how it affected their productivity. Both primary and secondary data was used. Primary data was obtained by interviewing of respondents and filling of questionnaires. Secondary data was obtained from employee data records from the archive at Mumias Sugar Company, from the internet and from books. It was representative study in design with a cross sectional component whereby all relevant parties will be involved.

3.2 Site of the study

The study was carried out at Mumias Sugar Company in western province of Kenya. Purposive sampling was used to identify Kakamega County as a study site because it is one of the most organized counties in Kenya. It is located in western province in an area traditionally occupied by the luhy a ethnic group.

3.3 Target population

The target population was specific employees of Mumias Sugar Company selected for the study. The employees were those that had been on permanent employment for a period of not less than 3 years, this is because in three years the researcher assumed
that an employee had been able to fit into the organization's systems. The participants were 200 employees from various departments within the Company.

Table 3.4 sample size

The sample size of the research comprised 50 employees chosen through a convenience sampling technique. (Leedy, 1993)

Table 2.1 sample size

<table>
<thead>
<tr>
<th>Category of employees</th>
<th>Population</th>
<th>Sample size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>20</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Supervisory</td>
<td>50</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Support staff</td>
<td>130</td>
<td>30</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

3.5 Sampling Techniques

Various categories of placement were selected purposively. Then an equal number of employees' was apportioned to each selected department. Systematic random method was then used to select employees who meet the selection criteria. A systematic
sampling method was used to select the employees for data collection. The employees selected were interviewed by use of questionnaires during their normal working hours.

3.6 Research Instruments

The main research instrument used to collect data in this study was questionnaires (Kerlinger, 1973). The questions that were used in the questionnaires were open ended and closed ended together with likert scales. The development of the questionnaire considered questions that would give rise to information that was relevant to transactional leadership and its impact on employee performance in an organization. The questionnaire measured elements of contingent rewarding and management by exception both active and passive. A five scale grading system of strongly disagree, agree, not decided, Disagree and strongly disagree were used.

3.7 Instruments Validity and reliability

Content validity of the instruments was determined by expert judgments as supported by Fraenkel and Warren (2000) and Huck (2000). The instrument was scrutinized by at least three university lecturers including the supervisor to judge the items on their appropriateness of content, and to determine all the possible areas that needed modification so as achieve the objectives of the study.
3.8 Data collection procedures

According to Bryman & Bell (2007) secondary data collection methods refer to the ability of the researcher to carry out an analysis of the data that has already been prepared by other researchers. The research used both primary and secondary methods to collect data for the study. The primary sources of data came from the questionnaires that were distributed to several respondents. The secondary sources included a review of both published and unpublished literature that was related to transactional leadership and the reports from the archives of Mumias Sugar Company. Though both primary and secondary sources were used in this study, data from the primary sources was given more priority.

3.9 Data analysis procedures

Once all the data was collected, it was properly counterchecked for any inconsistencies and omissions, cleaned, and coded. The coded data was entered in computer SPSS. Analysis of data was through the SPSS computer package and was carried out with the help of a statistician. Thematic data analysis method was used to generate themes for interpretation. Correlation analysis was used to determine the relationship between the independent variable and the dependent variable so as to indicate whether there exists a significant relationship between transactional leadership and employee performance. The analyzed data was presented through histograms that indicated the frequency of occurrence of a particular class and bar graphs.
3.10 Ethical Considerations

- All employees participating in this study were purely on voluntary basis.
- Only those employees who gave consent after the nature of the study had been explained to them participated.
- Those who did not give consent were not included in the study. Those who participated were thanked for having given the researcher an opportunity to talk to them.
- This study was purely investigative in nature and only reviewed employees and interviewed others. No invasive or physical examination was done to the employees. This therefore implied that there was no possible risk associated with this study.
- Confidentiality when dealing with respondents was strictly adhered to.
- All information provided by the employees was treated with absolute confidentiality and was only used for purposes of research information. Employee names, title and position if any will not be inserted in the questionnaire. This assurance was given to them before they consented to participate in the study.
- Before collecting data from the proposed institution, permission will be sought from the Ministry of Higher Education, Kenyatta University and all associated entities.
CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The purpose of this chapter was to present, analyze and interpret data in order to answerer the research questions. The main data collection tool was a questionnaire both closed and open ended questions were asked. The area under study comprised of two main variables: transactional leadership and employee performance together with intervening variables like organizational culture, employee relations and communication. The main objectives of the study were to investigate whether rewards and sanctions are tied to employee performance in Mumias Sugar Company, to investigate the extent to which a leader’s intervention before or after a mistake occurs, affects subordinate performance and to determine the weaknesses and strengths of transactional leadership as experienced at Mumias Sugar Company.

The purpose of the data analysis was to determine how the presupposed factors of transactional leadership impact on employee performance in Mumias Sugar Company based on the views and opinions of the respondents... Data is presented in the form of tables, histograms, polygons and percentages. The spss (statistical package for social sciences) was used to analyze the data statistically. (Bryman & carter 1997)
Table 4.1: A frequency table on the demographics considered in the study

<table>
<thead>
<tr>
<th>Gender</th>
<th>Interviewee’s age</th>
<th>Interviewee’s level of education</th>
<th>Interviewee’s work experience</th>
<th>Roles of rewards and punishments on target achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>valid</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

Table 4.1 gives the number of cases considered in each category (50), the Missing label refers to missing values, in this case, 0 for all chosen categories above.

According to table 1.5, there were no missing values in the respondent’s answers in terms of their gender, age, level of education, duration of work in the company and to the particular question of the role of rewards and punishments on target achievement.

4.2 Responses as per gender

The population understudy was analysed in terms of gender. Table 1.5 is a frequency table representing the gender of the respondents that participated in the study.

According to table 1.6, 62.2% of the respondents were male while 37.8% of the respondents randomly selected were female. Knowing the gender of the respondents was important in order to get inside information into the characteristics of the population under study.
Table 4.2: A frequency table on the respondents’ ages

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>19</td>
<td>37.8</td>
<td>37.8</td>
<td>37.8</td>
</tr>
<tr>
<td>Male</td>
<td>31</td>
<td>62.2</td>
<td>62.2</td>
<td>62.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

4.3 The respondents’ ages

The population under study was also analysed in terms of the ages of the respondents. According to figure 4.2 majority of the respondents totaling to 45.9% of the respondents were between the ages 20 to 30. The second largest age group represented by the study was the age group 31 to 40 which is a percentage of 40.5. The ages 41 to 50 were represented by 5.4% of the respondents and the age group of 50 and above by 8.1%. This was to help understand the average age of the respondents.
4.4 The respondents' academic qualifications

The population under study was also analyzed in terms of academic qualifications since the research involved all levels from management to subordinate level hence the researcher found it good to understand the respondents' academic qualifications.
Figure 4.2 represents the employees' education level. 51.4% of the employees who were the majority were diploma holders, 24.3% were graduates, 18.9% were postgraduate degree holders and 5.4% were certificate holders. All levels of education were thus considered in order to come up with a representative type of data.

Figure 4.2: A histogram representing the respondents' academic qualifications
4.5 The respondents' work experience.

The researcher saw it relevant to know how long the respondents had worked for the organization for it is assumed that the longest a respondent has been at the organization; the more they are familiar with the organizations' culture. Figure 4.3 represents the employees' duration of work at Mumias Sugar Company.

54.1% represented those who had worked for the company less than 5 years,
10.8% represented those who had worked for the company for 6 to 10 years,
10.8% represented those who had worked for the company for 11 to 15 years and
24.3% represented those who had worked for the company for more than 15 years.
Figure 4.3: A frequency polygon representing interviewees work experience
Table 4.3: The dimensions and descriptions of transactional leadership and performance considered in the study

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent rewarding</td>
<td>Satisfaction with rewards given for good performance</td>
</tr>
<tr>
<td></td>
<td>Satisfaction with punishment given for non-performance</td>
</tr>
<tr>
<td></td>
<td>Impact of rewards and punishments on target achievement</td>
</tr>
<tr>
<td>Promotion</td>
<td>Satisfaction with promotion procedures and opportunities</td>
</tr>
<tr>
<td>Supervision</td>
<td>Satisfaction with organizations' management procedures</td>
</tr>
<tr>
<td></td>
<td>Satisfaction with persons' supervisor and supervisor's role in target achievement</td>
</tr>
<tr>
<td>Communication</td>
<td>Satisfaction with communication channels within the organization</td>
</tr>
</tbody>
</table>
Table 4.4: **Univariate Statistics**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Missing Count</th>
<th>Missing Percent</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits of incentives in Job Satisfaction</td>
<td>1.49</td>
<td>.442</td>
<td>1</td>
<td>2.7</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Roles of Punishment on target achievement</td>
<td>.49</td>
<td>.507</td>
<td>2</td>
<td>5.4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Managements’ role in target achievement</td>
<td>1.32</td>
<td>.475</td>
<td>0</td>
<td>.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Effectiveness of communication in target achievement</td>
<td>1.33</td>
<td>.651</td>
<td>0</td>
<td>.0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

a. Number of cases outside the range (Q1 - 1.5*IQR, Q3 + 1.5*IQR).

Table 4.4 explores each variable in a data set, separately. It looks at the range of values, as well as the central tendency of the values. It describes the pattern of response to the variables. Further it describes each variable on its own.

Means scores above 1 indicate that the employees were positively inclined to the
dimension being asked. In this case a high number of respondents answered positively to the dimensions of job satisfaction, benefits of rewards and of incentives vis-à-vis performance. Mean scores of below 1 indicate that the employees were negatively inclined to the dimension being asked.

The mean score for incentives in job satisfaction was the highest compared to other dimensions. The standard deviation was 0.442 the lowest compared to that of the other dimensions. It was therefore inferred that employees strongly agree and are satisfied that incentives play a huge role in their job satisfaction hence improving their performance. This agrees with the first objective whose intent was to find out of rewards and sanctions are tied to performance at Mumias Sugar Company.

According to table 4.4 the mean score for the communication dimension was 1.33 which was fairly high. This therefore implied that the employees were to an extent in agreement and were satisfied that communication within various channels in the organization plays a huge role in how effective they are in achieving their targets.

The mean score for the dimension of punishment according to table 4.4 was the lowest compared to other dimensions. This indicated that the employees were not satisfied with any form of punishment and strongly agreed that a punishments had a negative impact on how they performed.

The mean score for the dimension of supervision was 1.33 which was fairly high. This inferred means that the employees were satisfied that managers or supervisors had a huge impact on how they achieved their targets.
Table 4.5: *Satisfaction with Incentives and Punishments*

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>48.6</td>
<td>51.4</td>
<td>51.4</td>
</tr>
<tr>
<td>Valid No</td>
<td>23</td>
<td>45.9</td>
<td>48.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>94.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>3</td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The frequency table 4.5 above shows the interviewees' responses to their opinion on the manner in which punishments and incentives are given out in Mumias Sugar Company. The respondents' opinions seem to have been divided. 48.6% of the respondents were satisfied with the way punishments and incentives were given whilst 45.9% of the respondents were not satisfied with the way punishments and incentives were given in the company. This inferred means that a significant relationship exists between achievement of targets and the manner in which incentives and sanctions are given in the organization especially as regards promotions and lack of it.
Frequency table 4.6 shows the employees' responses on the benefits of rewards at work. 56.8% strongly agreed that rewards positively impacted their work output. 40.5% of the respondents agreed that rewards positively impact their work output. Only 2% of the respondents disagreed. It was therefore inferred that rewards impact positively on the employee performance at Mumias Sugar Company. Rewards for performance fall into two broad categories; those that are self-administered and those that are administered by others. (Locke & Latham, 1990). Self-administered rewards come from appraisals while those administered by others following performance could either be contingent or non-contingent. Employees who can achieve continuous success are rewarded for their high performance. Rewards therefore no matter the nature have a huge positive impact on job satisfaction and
hence performance.

Table 4.7: The roles of both rewards and punishments on target achievement

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>37</td>
<td>73.0</td>
<td>73.0</td>
<td>73.0</td>
</tr>
<tr>
<td>Negative</td>
<td>1</td>
<td>2.7</td>
<td>2.7</td>
<td>75.7</td>
</tr>
<tr>
<td>Both</td>
<td>12</td>
<td>24.3</td>
<td>24.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.7 above shows the roles of rewards and punishments on target achievement. 73% of the respondents agreed that rewards and punishments had a positive impact on how they achieved their targets, 2.7% of the respondents disagreed on the fact that rewards and punishments impacted how much they achieved their target while 24.3% of the respondent agreed that rewards and punishment had both a negative and positive impact on how they achieved their targets. Positive in the sense that the possibility of being rewarded motivated them to want to work hard on achieving their targets while the notion of punishment for work not done to the supervisor’s expectations demoralized them thus making their performance pegged on the available dimension, i.e. the possibility of either a reward or a punishment.
Employees who can achieve constant success at work are rewarded equitably by the organization for high performance and receive equitable non contingent rewards will generally be satisfied with their job while employees who feel unsuccessful and whose rewards are inequitable or inadequate will feel dissatisfied with their jobs. (Locke & Latham 1990)

Table 4.8: Managements Role in Job Satisfaction

<table>
<thead>
<tr>
<th>Scales</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>8</td>
<td>16.2</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>54.1</td>
<td>55.6</td>
<td>72.2</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>4</td>
<td>8.1</td>
<td>8.3</td>
<td>80.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>16.2</td>
<td>16.7</td>
<td>97.2</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>2.7</td>
<td>2.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>97.3</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>2</td>
<td>2.7</td>
<td>2.7</td>
<td>2.7</td>
</tr>
</tbody>
</table>
Table 4.8 above shows the responses given on the management’s role in relation to job satisfaction. 16.2% of the respondents strongly agreed that management have a huge role to play in their job satisfaction and subsequently the achievement of their targets. 54.1% agreed that management have a huge role in their job satisfaction, 16.2% of the respondents disagreed that management has a role in their job satisfaction while 2.7% of the respondents strongly disagreed that management had a role in their job satisfaction. The opinion of the respondents thus seems to favor the belief that management behavior directly affects workers output.

Table 4.9: **Effectiveness in communication**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>Strongly</td>
<td>38</td>
<td>76</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Agree</td>
<td>10</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Valid</td>
<td>50</td>
<td>100.0</td>
<td>100.0</td>
<td>96</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>missing</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>96</td>
</tr>
</tbody>
</table>

According to table 4.9 above majority of the employees were satisfied that communication has a huge impact on her they meet their targets. 76% of the respondents agreed that communication between the various channels in the
organization determined how effective they were in performing their duties. Only 10% of the respondents disagreed on this fact. This can be inferred to mean that communication is the backbone from which all organizational operations emanate.
CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS AND DISCUSSIONS

The study achieved its main objective of investigating whether rewards and sanctions are tied to employee performance in Mumias Sugar Company and to what extent managerial practices have an impact on subordinate performance.

The literature review indicated there being a positive relationship between transactional leadership and subordinate job satisfaction which intern yields performance. The data analysis from the questionnaires confirmed this finding.

The study reached the following conclusions regarding transactional leadership and its impact on employee performance.

1. There is a relationship between contingent rewarding and performance. It was inferred from the research findings that employees strongly agree and are satisfied that incentives play a huge role in their job satisfaction hence improving their performance. Clark, (1999) found that the availability of opportunities for promotion had a positive effect on performance. Managers can control opportunities on the job through the assignments they provide and the feedback they give to the subordinates. (Schneider et al, 1992). Thus the more enticing the incentive seems to the employee the better they will be inclined to perform and the more punitive the sanction is the more the employee will be motivated to work against it thus a general increase in performance. Employees who can achieve constant success at work are rewarded equitably by the organization for high performance and receive equitable non contingent rewards will
generally be satisfied with their job while employees who feel unsuccessful and whose rewards are inequitable or inadequate will feel dissatisfied with their jobs. (Locke & Latham 1990)

2. There is a relationship between managerial roles and the efficiency in task completion. This more so centered on the performance variable and the method used in issuance of rewards and sanctions. The opinion of the respondents seems to favor the belief that management behavior directly affects workers output. Thus how a manager or supervisor acts in task, reward or sanction issuance directly affects how targets are achieved. Supervisors or managers are the biggest source of constraints seen by subordinates in terms of the organization. (Specter, 1997). They thus play an important role in subordinate job satisfaction and subsequently performance.

Employees of a particular organization are likely to enjoy their work when the direction of the company is clear to them and when they are confident in their senior leadership. (O’Malley, 2000). Supervisors who act considerably towards their workers have more highly satisfied subordinates therefore making it possible to perform more (Basset, 1994). Clark (1996), found that managerial responsibilities were positively correlated with the work itself, implying that the nature of work has an impact on job satisfaction.

3. There is a relationship between communication and achievement of targets. From the research findings employees at Mumias Sugar Company were to an extent in agreement and were satisfied that communication within various channels in the
organization played a huge role in how effective they were in achieving their targets. Klauss and bass (as cited by bass, 1998) found strong positive links between communication effectiveness of supervisors such as a two way communication system and attentive listening and increased effectiveness of the work group. Supervisors and managers who are receptive, attentive and easy to talk to are receptive to new ideas thus motivating their subordinates to perform more.

4. Transactional leadership has weaknesses. Most of the respondents were to an extent in agreement that though transactional leadership was their preferred type of leadership, it had weaknesses.

5.2 RECOMMENDATIONS

1. Leaders in organizations need to incorporate rewards as a motivational element in order to improve performance and effectiveness in organizations. These rewards should be direct and should be clearly communicated to subordinates in advance.

2. Performance evaluation and reward strategy should be properly enhanced and openly declared in a transparent manner.

3. Leaders in organizations need to come up with a vision which is shared by all stakeholders and should be articulately communicated in an inspiring manner. Communication in organizations from the various channels should be encouraged and properly enhanced as it contributes a great percentage to the achievement of targets.
Further research should consider the effects of leadership on other underlying variables like employee attitudes and satisfactions. It should also consider more cooperates and wider dispersions especially with the sample groups.
REFERENCES


Bass, B.M. (1997). *Does the transactional-transformational leadership paradigm transcend organizational boundaries and national boundaries?*


APPENDIX I

QUESTIONNAIRE

Kindly tick the box that matches your answer to the questions and list the answers in the spaces provided appropriately.

SECTION A: DEMOGRAPHIC PROFILE

<table>
<thead>
<tr>
<th>Question</th>
<th>Male</th>
<th>Female</th>
<th>Age</th>
<th>Graduate level</th>
<th>Post graduate level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐</td>
<td>☐</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-30yrs</td>
<td>☐</td>
<td></td>
<td>31-40yrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>41-50yrs</td>
<td>☐</td>
<td></td>
<td>above 50yrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Highest Level of Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificate level</td>
<td></td>
<td></td>
<td>Diploma level</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>Graduate level</td>
<td>☐</td>
<td></td>
<td>Post graduate level</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>4. How long have you been working for Mumias sugar company?</td>
<td></td>
<td></td>
<td>Less than 5yrs</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐</td>
<td></td>
<td>6-10yrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐</td>
<td></td>
<td>11-15yrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>above 15yrs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION B: OBJECTIVE QUESTIONS

5. Do rewards in your opinion affect effectiveness in this organization?

   i) Strongly Agree  □

   ii) Agree  □

   iii) Not decided  □

   iv) Disagree  □

   v) Strongly disagree  □

6. Do incentives motivate you in being more productive?

   i) Strongly Agree  □

   ii) Agree  □

   iii) Not decided  □

   iv) Disagree  □

   v) Strongly disagree  □

7. Are you satisfied with the way punishments and incentives are given in the organization?

   .................................................................

   .................................................................

   .................................................................
8. Are the criteria used in promotions or lack of it in this company recommendable?


9. What impact do rewards and punishments have on how fast you meet your targets?

   i) Positive
     
     [ ]

   ii) Negative
     
     [ ]

   iii) Both
     
     [ ]

   iv) None of the above
     
     [ ]


10. Does management ensure employee job satisfaction?

    i) Strongly Agree
      
      [ ]

    ii) Agree
      
      [ ]

    iii) Not decided
      
      [ ]

    iv) Disagree
      
      [ ]

    v) Strongly disagree
      
      [ ]


11. What support does management provide to support employee training?

    i) Resources
      
      [ ]

    ii) Training materials
      
      [ ]
iii) Conducive training environment □
iv) None of the above □

12. Is the support given by the management effective?
   i) Strongly Agree □
   ii) Agree □
   iii) Not decided □
   iv) Disagree □
   v) Strongly disagree □

13. Is there any evaluation that is done by the management (after training to access its effectiveness?

14. Is there effective communication between management and subordinates in this company?

15. What method is used in training and development?
16. How often is your performance evaluated?

17. Are you confident with the evaluation criteria?

18. If you were transferred to another department do you think you would perform better or worse?

19. Would you say your performance depends on your superior's expectations?
20. Do you often outperform, underperform or just perform according to your superior’s expectations?