

**THE INFLUENCE OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE  
IN THE PUBLIC SECTOR: A CASE OF NAIROBI METROPOLITAN  
SERVICES**

**BY**

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## DECLARATION

This research project report is my original work and has not been presented for the award of any degree in any university.

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I confirm that the work reported in this project report was carried out by the candidate under my supervision as University Supervisor.

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## OPERALIZATION AND DEFINITION OF TERMS

- Benefits** : This is a form of non-wage compensation given to employees in addition to their regular wages.
- Employee** : In this analysis, it refers to an individual who works for wages or a pension, which involves an apprentices and an enslaved learning process.
- Employee Performance:** The successful implementation of duties, roles, or duties by a specified workforce or group of subordinates based on established performance goals and measures of productivity and efficient use of existing resources is described in this report.
- Public Sector** : There is an economic market that comprises all state services and municipal businesses.
- Reward system:** In this report, an incentive scheme refers to the tactics utilized by human resource managers to recruit and maintain qualified workers while often assisting them in improving their efficiency.
- Recognition** : is the recognition of a company's staff for exceptional results.

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>HR</b>	:	Human Resource
<b>KPLC</b>	:	Kenya Power and Lighting Company
<b>NACOSTI</b>	:	National Commission for Science, Technology and Innovation
<b>NMS</b>	:	Nairobi Metropolitan Services
<b>SPSS</b>	:	Statistical Package for the Social Sciences

## ABSTRACT

Employees play a significant role in the performance of the organization. This is mostly attributed to the manner, which performance evaluation; recognition and relevant information are managed. Employees are a significant asset in any association. The central concern of this examination is to inspect the effect of remuneration frameworks as an inspiration apparatus for employee's performance in the Kenyan association. As such, the study was guided by the following objectives; to determine the influence of recognition on employee's performance in Nairobi Metropolitan Services, to assess the impact of benefits on employee's performance in Nairobi Metropolitan Services and to determine the influence of training on employee's performance in Nairobi Metropolitan Services. The findings of this investigation will be utilized by researchers to additionally investigate various elements of remuneration frameworks, for example, decency, unpredictability, and so forth to analyze their effect on worker execution, representative fulfillment and motivation. The research study will likewise be critical in further adding to the writing survey relating to improving the presentation level of the employees. The study adopted descriptive research design, which consolidated both quantitative and qualitative exploration ways to deal with better comprehend the connection between variables in the research problem. The target population comprised 200 Nairobi Metropolitan employees at City Hall. The respondents comprised of top and middle level management from all the departments. The sample size determination was based on proportionate sampling to allocate the number of participants in each department depending on the ratio of respondents. The respondents from each stratum was randomly selected. The study employed primary data which was gathered through questionnaires. This was augmented by primary data gathered by questionnaires. In the analysis, questionnaires for both organized and unstructured questions were used. Raw data from the field is hard to comprehend; these data must be washed, encoded, keypunched into a machine, and examined. Data was obtained, presented in tabular form, and evaluated for clarification using SPSS version 24 tools. The qualitative data was evaluated using content analysis of the participants' input. To calculate the influence of each parameter on the sample, a multivariate regression model was used. According to the report, 80.81 percent of managers have good performance reviews. The majority of the sampled employees firmly disagreed that supervisors honor outstanding performers by awarding awards, and that they profit from the organization by receiving jaunts at this institution. According to the findings of the report, the majority of workers were unhappy with their salaries. The results of the analysis have showed that incentives such as vacations, promotions, food coupons, and on-call payments have little effect on employee happiness. According to the report's regression analysis, acknowledgement, incentives, and preparation, as well as publicly traded company results, are positively and substantially associated. According to the report, staff can be compensated based on their qualifications, success, and years of professional experience. Leadership can perform a work assessment to decide how to better compensate its personnel. The study further suggests that management offer promotions and benefits to staff on a daily basis in order to boost morale.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

In today's dynamic business climate, it is understood that organizations can only compete by implementing innovative. Institutions may develop by effectively handling their human resources. The human asset system may be made more effective by using a valid and exact current baseline for rating delegates' performances. Regrettably, the number of businesses who use a viable quality administration technique is restricted (Park & Mezias, 2017).

Reward system is considered the major resource in company management activity, it involves motivating staffs to work towards their set objectives within stated time. Van Dooren and Halligan, (2015) argued that performance evaluation is the method used to assess employees in the workplace, this comprises of both quantitative and subjective part of employment execution. It distinguishes and defeat the issues confronted by the representatives in their work (Chelladurai & Kerwin, 2017). Despite the fact that it has many benefits for the organization, Schaltegger and Wagner (2017) note that performance assessment has the same probability of influencing the organization and employee implementation. According to Abidi and Klumpp (2014), performance management or workplace assessment is a technique through which a worker's technical execution is evaluated primarily in terms of efficiency, quantity, expense, and time by the immediate line director or boss. An implementation assessment is a component of the process of leading and managing professional development in both private and public

settings. It entails the task of gathering, researching, and documenting information regarding an employee's relative value to the organisation (Epstein & Buhovac, 2014).

As indicated by Epstein and Buhovac, (2014), employees who are generally dedicated to their associations perform 20% better and are 87% less likely to quit the organization. This outlines the significance of representative commitment to organizational performance (Dooren & Halligan, 2015). The investigation further uncovers that the exceptionally connected with workers beat the normal representatives by 20 percent. All the more illustratively, the investigation sorted the degrees of commitment into three classifications: the disaffected, the agnostics, and the true believers. The classifications spoke to 13 percent, 76 percent, and 11 percent of employees respectively (Chelladurai & Kerwin, 2017).

The “disaffected” employees were contended to display almost no responsibility; and were more unfortunate entertainers who frequently put in negligible exertion in their work. The “agnostics” were declared to exhibit normal duty, and neither goes to more prominent lights in their positions nor do they avoid from their work. Ultimately, the “true believers” were seen to display solid responsibility to their activity. They were likewise discovered to be better workers who oftentimes help other people with heavy workloads, volunteer for other duties, and are constantly devising ways to perform their work all the more adequately. Another investigation examined the 2012 patterns in worldwide worker engagement (Epstein and Buhovac, 2014).

They contend that connected with workers convey better performance, which, basically is exceptionally basic for business achievement. This is upheld by the way that, such workers comprehend their part in the business procedure; have a solid association and

promise to the association; are more included and endeavor to go past their sets of responsibilities. Engagement is over and over observed as a main marker of employee's performance. It is additionally set that during recuperation periods, commitment turns out to be more pivotal, as associations request that less individuals accomplish more. This thus, makes expanded danger that top performing representatives may leave the firm as conditions improve. In this light, it is contended that the initial step to drawing in top entertainers is understanding commitment itself. The discoveries of one more investigation by Thakur, (2015), in Peru, South Africa, and Ghana, demonstrate that expanded worker commitment builds overall gain development rates by 17.5 percent; representative efficiency by 38 percent; and gainfulness by 27 percent. Highly engaged sales people were seen to have 8.8 percent higher sales (Savitz, 2013).

Every one of these revelations mirror the significance of employee reward system on organizational performance. In a case study of Zain Company, Kenya, it is contended that reasonable assessment of representative exhibition is basic in deciding the degree of worker performance (Savitz, 2013). It is additionally seen that an association that follows a proper presentation examination strategy, that is, one that is straightforward and liberated from separation, will undoubtedly have elevated level of employee engagement. The capacity of an organization to oversee worker execution is supposed to be firmly identified with its capacity to accomplish elite levels. Engaged with workers are spurred and as such will undoubtedly perform better. For another situation investigation of Cooperative Bank, Kenya (Epstein and Buhovac, 2014). It was noticed that the respondents who partook in the investigation held the view that around 90 percent of

promotions are performance driven. The study failed to state the factors that enhance performance.

It's important for managers to consider staffs in terms of incentive, encouragement, and greater success in the task allocated that is extremely related to the administration's results (Jones & Culbertson 2011). It is obvious that all personnel that are paid in a manner that satisfies a perceived principle perform higher. Continuously remunerates helps in the implementation of the organization (Pulakos & Leary, 2011). Jobs in Kenya, as those in other countries, are motivated by monetary incentives. There is a need for the organization to compensate its members for their efforts in fashioning a fruitful serious situation. This is one of the most important factors for company to reach the stated objective. Such staff are provoked by extrinsic incentives, like pay increases, advancements, and rewards, while others are awoken by monetary motivators, such as gratitude, appreciation, and acceptance (Bana and Kessy, 2007).

### **1.1.1 Reward System**

A reward scheme is one of the policies used by HR Administrators to recruit and maintain the most skilled team members while still motivating them to enhance their efficiency and comply with work laws and regulations. As a result of this kind of pressure, human resource directors search at ways to design remuneration systems that support both the company's core interests and the goals of the employees. Reward frameworks are extremely important for a business (Bracht & Walther, 2014).

Frameworks, services, and policies that affect individuals' behaviors are examples of rewards. The aim of remunerate systems is to include an orderly path to communicating beneficial results. The primary motivation for existence is to have beneficial outcomes to

obligations to desired results (Savitz, 2013). The primary way employees can fulfill the company's dream is to participate in their fantasies (Kotelnikov, 2010). Reward mechanisms are the tools that make this possible. These can include honors and other forms of recognition, achievements, readjustments, non-monetary perks such as holidays, or a simple thank you. Jobs successfully focus on completing job until they are compensated.

Managers get some of the behavior they praise, not what they assume staff would naturally give them. As a result, when employees perform better or exceed their targets, they can be compensated promptly as a means of motivating them. Jobs clearly interface the compensation with the better implementation and behavior they have achieved by doing so. Good affirmation can still be the focus of effective incentive systems (Cummings & Worley, 2014).

Positive feedback motivates desired behavior in the workplace. This encourages staff to engage in constructive behaviors that result in incentives. In order to improve good behavior, which leads to implementation, reward systems should be properly written in the business (Marqués-Iturria & Sanchez-Garre, 2015). In order to increase profitability, a global manufacturer of brand-name consumer goods wanted to quickly advance amounts of employee motivation. The management of the company focused on 'recognition' as a means of boosting employee morale. Each worker was free to choose someone they thought ought to be recognized. Successful employees received testimonials, and they genuinely feel valued. In the experience of a 'recognized' workers, it formally gives the employees additional inspiration and made them wonder what they can do to keep the momentum going" (Lammel & Malenka, 2014).

### **1.1.2 Employee Performance**

According to Katzenbach and Smith, (2015), Performance is an action of conducting or achieving a certain task, action or an activity. The higher the organization's output, the greater its economic edge, since the costs of creating value for customers are met.

Typically, worker success is emphasized dependent on outcomes. In any event, it may also be viewed in terms of actions (Jones & Madey, 2014). According to Korschun and Swain (2014), worker efficiency is assessed against group performance criteria. Various metrics may be used to assess success, such as profitability, efficacy, reliability, consistency, and profitability (Mowday & Steers, 2013). Measure of the profitability to generate money on a consistent basis for a long period of time. It is expressed as a percentage of gross profit on sales or profit on capital employed (Karatepe, 2013).

Efficiency and effectiveness: productivity is the ability to achieve the desired outcomes by using as little resources as possible given the conditions, whereas effectiveness is the ability of the firm's employees to fulfill the defined objectives or targets (Korschun & Swain, 2014). Efficiency is described as the ratio of output to input. It is a measurement of how a person, organization, or industry converts knowledge assets into goods and projects. The amount of production generated per unit of assets used (Katzenbach & Smith, 2015).

Quality can be described as a feature of goods or services that has the ability to meet stated or implied needs (Anitha, 2014). It is gradually delivering better goods and administrators at a theoretically more competitive cost. According to Mowday and Steers (2013), it is the responsibility of the institution's management to ensure that the enterprise strives for and achieves high output standards. As a result, management must establish

the optimal standards of implementation for any time periods in question. This can be accomplished by establishing goals and metrics for which individual success can be evaluated. Via the method of worker success administration, companies ensure that their employees are committed to the production of high-quality goods and/or services. This administration practice encourages workers to become involved in preparing the company, while contributing by providing a place in the entire project and creating incentives for high success standards.

It is important to note that performance improvement includes exercises to ensure that hierarchical goals are consistently accomplished in an effective and productive manner. Performance management may focus on the operation of staff, a group, and processes in the development of a product or service. Prior study on employee engagement has shown that staffs who are fulfilled with their occupations have better workplace productivity and, as a result, incomparable job retention than those who are dissatisfied with their jobs (Korschun & Swain, 2014).

### **1.1.3 Nairobi Metropolitan Services**

Nairobi is Kenya's biggest city. Nairobi Metropolitan Services is made up of the city and the immediate area. The word "Nairobi" is derived from the Maasai term Enkare Nyrobi, which means "cold bath." The term is also the Maasai word for the Nairobi River, which gave rise to the city's expression. It is, nevertheless, popularly regarded as the 'Green City in the Sun' and is surrounded by a number of developing palace neighborhoods. Nairobi is the most populated city in East Africa, with a total of approximately 34 million people (Siala, 2019). According to Mwaniki and Mwaniki (2015), the Nairobi

Metropolitan Services' mission is to offer and administer essential psychosocial infrastructure services to Nairobi citizens.

Basic schooling, healthcare, sanitation, water and sewerage, waste and trash disposal, zoning and construction management, local mass transportation, and fire services are among the services provided (Meredith & MacDonald, 2017). Both of these programs, though, would be ineffective until county staff are motivated. Its goal is to be known as one of the most beautiful cities in the world. The goal is to promote organized growth and increased service delivery in order to encourage economic investment, maintain a high standard of life, by being one of the world's largest most appealing communities (Meredith & MacDonald, 2017).

## **1.2 Statement to the Problem**

Workers play an imperative role in the performance of the organization. This is mostly attributed to the manner, which performance evaluation; recognition and relevant information are managed (Miller, 2016). Employees are a significant asset in any association. This can be credited to the manner in which their presentation is evaluated, perceived and applicable inspiration set up (Sharma and Kingshott, 2016).

The central concern of this examination is to inspect the effect of remuneration frameworks as an inspiration apparatus for employee's performance in the Kenyan association. Delotte (2017), plots that just about 36% of the organizations have incorporated in the rewards system while 64% are not. Is there an issue with the fact that if incentives are so essential in the part, why is the system not embedded in all of them? This is a challenge as most Kenyan employees are constantly switching jobs, largely since they are dissatisfied with the compensation they are receiving. It has been observed

that the most talented workers are the ones leaving the organization, which has an effect on the Ireland finance sector (Reddan, 2017).

In the past few months, a week hardly pass without threat of demonstration by employees in public sector across the nation. The demonstration is attributed by revolting staff members who it hard for companies to meet their set goals and objectives. These strikes and demonstrations arise because of lack of employee's motivation and poor relationship between the management and employees. This has made it hard for workers to complete their job on time hence affecting quality of work. The recent example is Nairobi City Hall employees going on demonstration because of pay rise. Most of metropolitan activities were put on hold followed by threats.

As a consequence, the public sector has seen dramatic changes and performance guarantees that have become a tool for measuring employee results. This, among other developments, also entailed a report on the impact of reward systems on employee success, although it is unclear if the measures implemented have had a detrimental or beneficial impact on management in the public sector.

There is proof that success assessment has a substantive and important impact on performance (Borkowski, 2015). However, the essence of the incentive mechanism in Kenya's public sectors, especially in Nairobi Metropolitan Services, has effectively evaluate less publicity. Since more academic studies have been focused in the West, knowledge regarding developed countries is small, considering the difficulties they experience in the compensation system for employee success. Studies conducted by Mostafa et al., (2015), Shields et al., (2015) and Spekle and Verbeeten, (2014) failed to show how employee's motivation affects their performance, most of them also adopted

only quantitative data. The current study will fill this gap by adopting both qualitative and quantitative data to assess the extent at which reward system affects the worker performance in Public sector, a case study of Nairobi Metropolitan Services.

### **1.3 Objectives of the Study**

1. To determine the influence of recognition on employee's performance in Nairobi Metropolitan Services.
2. To assess the impact of benefits on employee's performance in Nairobi Metropolitan Services.
3. To assess the impact of training on employee's performance in Nairobi Metropolitan Services.

### **1.4 Research Questions**

1. What is the influence of recognition on employee performance in Nairobi Metropolitan Services?
2. How does benefits affect employee performance in Nairobi Metropolitan Services?
3. To what extent does employee's training influence performance in Nairobi Metropolitan Services?

### **1.5 Research Hypothesis**

**H<sub>01</sub>:** There is no statistically significant effect of recognition on employee performance at  $\alpha=0.05$ .

**H<sub>02</sub>:** There is no statistically significant effect of benefits on employee performance at  $\alpha=0.05$ .

**H<sub>03</sub>:** There is no statistically significant effect of training on employee performance at  $\alpha=0.05$ .

### **1.6 Justification of the Study**

The Nairobi Metropolitan services has faced various challenges such as employee's motivation in meeting its set goals, these challenges are caused by employee's motivation. The county has done less in ensuring that employees are motivated to accomplish company goals (Mwaniki & Mwaniki, 2015). Most studies conducted in Kenya about employees' motivation were conducted in other sectors such as energy sector, commercial banks etc. Therefore, there was need to carry out a study to assess the effect of employees' motivation on their performance, a case of Nairobi Metropolitan Services.

### **1.7 Significance of the Study**

The study serves as a strategy shaping study for the institution and other state services set up to enhance the human capital related issues, while groups are debating appropriate methods of encouraging staff to achieve work performance. The findings of this investigation will be utilized by researchers to additionally investigate various elements of remuneration frameworks, for example, decency, unpredictability, and so forth to analyze their effect on worker execution, representative fulfillment and motivation. The discoveries will likewise be valuable for County Governments and other comparative associations in the retail business just as different enterprises and they will have the option to utilize the bits of knowledge they will use the findings of this investigation to strengthen their reward schemes. The analysis study would also be relevant in contributing to the literature review aimed at enhancing the workers' presentation quality.

In terms of functional implications, the report would be used to generate useful guidelines for Nairobi Metropolitan services management which is looking to improve its employee performance standards using a better reward structure.

### **1.8 Scope of the study**

This study population is drawn from a sampled number of Nairobi Metropolitan services. It targets 200 employees. This investigation is limited to the influence of the reward scheme on worker success. The study was also undertaken in the study's working setting, giving participants the trust to address the researcher honestly and openly. The period between August 2020 and October 2020 will be considered for this study.

### **1.9 Limitation of the Study**

One drawback is the inability to obtain all of the required documents for the report. The author used survey to obtain data; thus, the researcher would be obligated to assist certain respondents who will not interpret and comprehend the issues on the survey questions through their own, wasting more money. The researcher is also likely to face a challenge in getting the targeted respondents, as normally managers are busy and not easy to engage on interviews. The researcher pushed for appointments with a lot of patience.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter outlines the theoretical reviews and other scholar's literature on the effect of recompense system on worker's productivity in public sector; the chapter also contains the conceptual framework and finally the research gap.

#### **2.2 Empirical Review**

##### **2.2.1 Recognition and Performance**

Recognition

Recognition of workers was recognized as one of the main worldwide commitment drivers for year 2011 (Agwu, 2013). It was attested that workers need input and uplifting feedback so as to reliably go past. Acknowledgment is contended to be critical in the inspiration and commitment condition. The study further noticed that perceiving the additional exertion of representatives particularly in intense business atmosphere will deliver profits, with no extra expenses to the association concerned.

A study in USA by Shields and Plimmer (2015) on the effect of remuneration programs on worker performance in Arizona. In their study on the effect of remunerations programs on worker responsibility among 736 respondents from around the globe. The study sought to determine how complete prizes projects and representative commitment are connected. Their studies additionally helped in deciding if all out remunerations programs are related with association's presentation or not. Their examination set up that

the degree to which associations utilized techniques to explicitly draw in workers fluctuated impressively. This was demonstrated by 44 percent of the organizations showing that they expressly remembered worker commitment for their association system; while then again, 31 percent said they did not. 60 percent of the respondents showed that they utilized variable compensation to remunerate worker commitment, which was contended to be high (Agwu, 2013).

The study results further indicated that about 40 percent of sampled population were of the view that their association's total rewards strategies positively affected worker performance, though 24 percent held contrary opinion (Shields and Plimmer, 2015). Orchard, (2015) analyzed the effect of natural prizes (acknowledgment, learning openings, testing work and professional success), and outward rewards (fundamental pay and execution reward) on staff members productivity among banks a case study of Bangladesh.

The investigation discovered that each reward element are profoundly critical element that influences workers' productivity. In this sense, the investigation led by Sefrin, (2016) on the effect of remunerations on company productivity in Pakistan shown that there is an inconsequential and feeble connection between pay, reward and association execution. In any case, it found that there exists moderate to solid connection among advancement and association execution. In spite of the fact that these two investigations are like the current examination, they were directed external Kenya and in light of social distinction and different peculiarities; the effect of remunerations on associations execution could yield various results in Kenya.

Sanction and Tischner, (2017) in an examination to decide the result of incentive and gratitude on work contentment and motivation of employees from both private and open areas associations in Pakistan found that rewards and recognition were decidedly related with inspiration. They reasoned that compelling prizes the board prompts expanded representative inspiration and responsibility. These discoveries are like the discoveries of Charter and Tischner, (2017), who led an investigation of 84 creation directors, showcasing supervisors and ranking directors from home machines organizations in Iran to build up the impact of remuneration frameworks instruments on new item advancement. The consequences of their examination demonstrated that there was a positive and a measurable huge connection between remunerations the executives and new product development.

Ongore and Kusa, (2013) in a study of the connection between rewards, acknowledgment and inspiration of 1373 workers of an insurance agency in the Western Cape discovered that there was a positive connection between remunerations, acknowledgment and inspiration. He presumed that associations should survey their present prize procedures so as to guarantee higher representative inspiration and expanded occupation execution. Deresky, (2017) in an investigation of 100 representatives who were haphazardly chosen from two vacationer organizations in Malaysia analyzed the connection among remunerations and worker execution. The aftereffects of their examination demonstrated that there was a positive connection among remunerations and staff members productivity.

The study concluded that managers ought to consider employees' inclinations of remunerations before planning any prize administration procedure to build their

inspiration consequently guarantee that their associations meet their destinations. Correspondingly, West and Bogers, (2014) in an investigation of 1000 representatives from various enterprises in Korea explored the effect of apparent authoritative learning society on hierarchical duty. The examination results demonstrated that hierarchical learning society strongly affects authoritative duty. He inferred that administrators and human asset experts could upgrade employees' organizational responsibility by creating, improving and conveying the applicable human resource practices.

Human resource professionals have emerged as a lot of options for handling staff at work, according to a survey conducted by Beardwell and Holden (2007). Its core case is that companies can greatly increase their productivity by adjusting the size and skills of its employees to the profitable requirements of the enterprise, as well as the importance of staff inputs to output.

### **2.2.2 Staff Members Benefits and its Impact on company Productivity**

Incentives are a form of compensation in a salary plan, and employers may be aware of the different types of benefits offered by the company. Companies who do not surpass their rivals in terms of competitive advantage will struggle to recruit and maintain top talent. The pay programs provide both financial as well as non-incentives that workers receive in a roundabout way.

The financial benefits do not occur as direct cash payments, but rather shift from pension obligations to medical care obligations. Non-monetary prizes vary from unusual unpaid vacation plans to the organization of wellness activities. Reimbursements are not linked to worker efficiency and, as a result, is not regarded as a substitute (Mowday, Porter and Steers, 2013). Orchard, (2015) agrees that benefits should not inspire employers since

they not have an obvious and instant result on results. Benefits, on the other hand, will influence a more encouraging brashness toward the business, subsequent in increased long haul accountability and improved implementation. Cafeteria-style Compensation programs on the incentive platform allow staffs to choice their indirect reimbursements from a range of existing options, for instance, benefits, group life and incapability confirmation, and medical guidance. Its regarded as a straightforward concept that caters to the various requirements of workers.

Based on Bhat (2015), directors can extend the usual estimate of remunerations that is determined by positive impact by distributing incentives that workers worth and personalize payouts since it is delusory to assume that all individuals obtain equal recompenses as an organization or group has a varied labor force. A company that utilizes this motivating factor framework' cafeteria-style compensation strategies' permits employers to pick from a variety of incentives that the organisation is established to provide others with services that are important to their individual interests and needs. The concept of customizable benefits is simple in that it represents the expectation that everybody is allowed to pick the rewards that they want that are most important to them (Bhat, 2015). Employees are pleased and fulfilled when they see emotions of happiness and self-esteem, which adds to employee satisfaction and improved job results.

Concurrently, the organization expands its business volume and profit as a result of the increased worker employee commitment has on the overall expanded total style's productivity. Furthermore, inherent rewards encourage higher levels of accomplishment and proficiency. As outcomes, workers have more intrigue, fervor, fun and confidence in executing tasks, which stimulates improved organizational success.

Nonetheless, studies by Scott and Davis, (2015) suggested that organizations should compensate workers equal wages, not attached to implementation, in order to draw in and guarantee patronage, and to rely more on natural persuasion strategies to increase results (Fullan, 2014).

They concluded that managers could influence innovative product development by collectively developing, implementing, and structuring successful incentive schemes. In an investigation of 84 workers of Kenya Power and Lighting Company (KPLC) in Nakuru, Ongore and Kusa (2013) investigated the effect of remuneration on worker execution. The study's findings revealed that monetary incentives have little discernible influence on employee success. The study concluded that organizations should strive to understand their employees' desires in order to employ the most effective motivating tactics.

### **2.2.3 Training and Organizational performance**

Based on Mowday, Porter and Steers, (2013) discoveries, reward the executives is not all about finances. It is associated about non-monetary incentives that have inherent or extrinsic motivation. Intrinsic inspiration is accomplished by fulfilling singular requirements for accomplishment, duty, assortment, test and impact in dynamic. Extrinsic non-money related inspiration is accomplished by singular acknowledgment, abilities advancement, learning and profession opportunity. Dong and Li, (2017) accept that the significant part of all out remuneration framework is singular development. Representatives need to develop, learn and turn out to be progressively significant. This makes the requirement for giving chances to testing profession, overseeing and estimating execution adequately and creating and preparing representatives. These

elements can be considered as a prerequisite that provides the organization with a long-term advantage.

Staff that have a chance to improve and develop through their careers and are recognized are often prepared to take on long-term responsibilities within a business. Training and progress are crucial actions in all establishments for promoting authoritative accomplishment and development. Rapid advances in competition are altering client demands, necessitating ongoing retraining of seasoned staff to fill fresh and altered roles. To instrument abilities based compensation, workers ought to improve their aptitudes through preparing and advancement. Preparing is a viable guide in vocation the board (Krishnamurthy & Tripathi, 2014). Career improvement gives representatives chances to be set in occupations that fit their desire and individual abilities. This prompts representative fulfillment and innovativeness inside the association. Profitability increments since workers are submitted, prepared and beneficial. Preparing and advancement are rewards that are planned for improving company achievement and employee's abilities (Bhat, 2015).

Imran, (2012) did a study on organization support system, training and development, compensation, pay and development and empowerment on HR administration practices and employee commitment among the service sector employees in Pakistan. He used survey research design. The findings indicated that compensation, training, and development were significantly related to employee commitment but did not study how it affects employee performance. However, the current study aims at illustrating how training and development can influence employee performance.

## **2.3 Theoretical Framework**

This subsection summarizes the theory on which the proposed study is based, showing the relevance, appropriateness and the relationship between the postulations of the theory and the principles of the proposed study.

### **2.3.1 Motivational Theory**

Individuals, according to the definition, have two types of desires. (i) Their animal instinct to stop harm. (ii) Their cognitive abilities requirements, Herzberg's review contained of a sequence of sessions that attempted to provoke replies to the inquiries. According to the findings, Herzberg established that the answers people provided when they enjoyed their situations were fundamentally diverse from the responses they provided when feel dissatisfied. Job completion seems to be associated with natural elements such as work itself, duty, and achievement. Unmistakably, representatives who like their work will in general credit these components to them. Interestingly, disappointed representatives will in general refer to extraneous factors, for example, management, pay, and friends' approaches and working condition (Alshmemri & Maude, 2017).

This hypothesis is applicable to this investigation since it identifies two factors that impacts job success. That is, extrinsic factors such as reward and progression, as well as normal variables such as appreciation and recognition (Park & Ryoo, 2013). As a result, in this investigation, remunerating company bank members' concerning both inborn and superfluous prizes will be expected to have an effect on worker job efficiency, which when summed and overall their display is abstracted at the corporate level estimates entire company efficiency.

### **2.3.2 Vroom's Expectancy**

This hypothesis people will choose actions they think will contribute in the attainment of specific results they admire, according to research. When considering how much attempts to deliver into their work, individuals are inclined to weigh three things in job behavior: valence, essential nature, and anticipation. Many of these components are often referred to as 'Strive,' and they are thought to have a consolidated influence on creativity.

Managers can then want to persuade their employees that increased effort would result in improved performance, which would result in prestigious rewards (Parijat & Bagga, 2014). The importance of this theory to the inquiry is that the open section has developed remunerations (monetary rewards) that should be enticing in order to achieve an ideal outcome, which is representative execution. As a consequence, members must expend effort in their work to achieve a particular level of execution that is appealing to the commission, which would result in a prize. The hypotheses have been critical in revealing the importance of workers' reward systems and efficiency. These ideas would be included in the analysis to determine the degree to which workers in Kenya's public sectors are empowered and how this affects their results.

### **2.3.3 Goal-Setting Theory (Edwin Locke)**

Another motivation philosophy focusing on the intention to strive against a target, which is a major source of job encouragement. Improving results is the goal; inform a leader of what needs to be achieved and how much effort can be expended. The proof strongly supports the assessment of targets. To be more specific, we may argue that particular objectives upsurge implementation; that difficult objectives, when understood, provide greater results than easy objectives; and that feedback stimulates better than non-criticism. Explicit hard goals deliver a higher degree of yield than a summed-up target of "do your utmost."

The current study will adopt the theory in assessing the worker's performance and their ability to meet the company goals. The particularity of the objective itself goes about as an inward improvement. On the off chance that elements like capacity and acknowledgment of the objectives are held steady, we can likewise express that the more troublesome the objectives the higher the degree of execution. Notwithstanding, it is legitimate to expect that simpler objectives are bound to be acknowledged. However, when a worker acknowledges a hard task, the individual in question will acknowledge a significant level of exertion until it is accomplished, brought down or abandoned.

### **2.4 Research Gap**

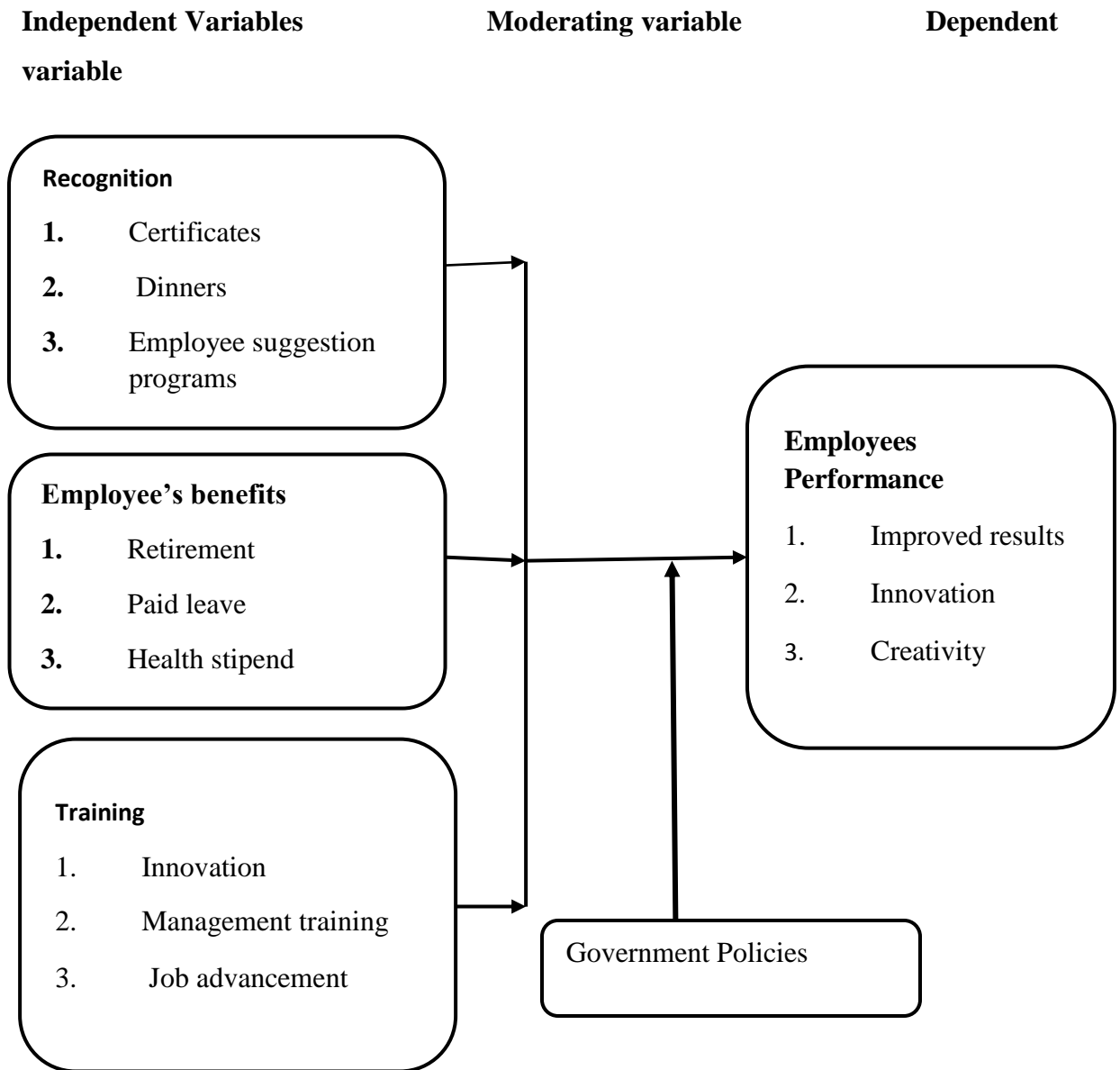
The preceding section's research has been conducted outside of Kenya (Krishnamurthy & Tripathi, 2014, Charter & Tischner, (2017), and Leach, (2014)). Besides that, some of these experiments focused on a single incentive scheme or large variable, such as financial incentives or appreciation rewards, as Quresh, Zaman, and Shah did (2010). Furthermore, the majority of these experiments produced contradictory findings,

implying that there might be cultural variations and, as a consequence, there is a need for study into how workers in Kenya respond to various compensation schemes.

Moreover, Ongore and Kusa (2013) did a study in Kenya that explored the relationship between personnel strategy and operational success, and incentives was one of the reasons, but did not investigate in depth the impact of varying rewards and recognition on operational productivity. This study would fill an information void by investigating the impact of a compensation scheme on employee success in Kenyan Public Sector.

## 2.5 Conceptual Framework

Figure 2.1 shows the relationship between study variables;



Source: Researcher, (2020)

**Figure 2.2: Conceptual Framework**

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

The section presents study methodology whereby data is collected, sampling frame, data analysis and ethical consideration.

#### **3.2 Research Design**

A research design is the plan for conducting a report. The research involved the descriptive survey design. The evidence on the result of the compensation scheme on worker success in Nairobi Metropolitan services was gathered using a descriptive survey research design. Based on Kothari (2004), the primary goal of descriptive survey architecture is to define the current state of affairs by utilizing descriptive statistics to clarify population parameters. The design is focused on the premise that the sample gathered and analyzed is representative of the whole population from which it is taken.

#### **3.3 Description of Variables**

The study will be based on three independent variables namely; recognition, benefits and training. These variable are predictable to have an influence on the dependent variable, employee's performance in Nairobi Metropolitan Services. The study aims at assessing the effect of independent variables on dependent variable (worker's productivity), a case study of Nairobi Metropolitan Services. The target population will encompass of 200 permanent employees at Nairobi Metropolitan services stationed in Central Business District. The target population comprised 200 Nairobi Metropolis employees at City Hall.

### 3.4 Study Locale

The research was carried out in Nairobi County. In the 2019 survey, the metropolitan area has a population of 4,397,073. The spatial positions of the area are: 01°16'01.0"S, 36°48'42.0"E. (Latitude:-1.266944; Longitude: 36.811667. Nairobi Metropolitan Service was selected because it is Kenya's country's capital and the country's economic centre, as well as the location of the majority of government departments and agencies. As a result, the research region was adequate to allow for generalizability on workplace engagement and success.

### 3.5 Target Population

A target demographic is the particular population within which knowledge is being collected. A society, as per Kothari (2014), is a well-defined collection of individuals, resources, items, and activities, as well as a category of items or families that are being studied. According to Nairobi County Report, (2018) there are 200 permanent employees at Nairobi Metropolitan services stationed in Central Business District. The target population comprised 200 Nairobi Metropolis employees at City Hall. The respondents comprised of top and middle level management from all the departments.

**Table 3.1: Target Population**

<b>Position</b>	<b>Population</b>
Executives	20
Middle Level Management	80
Low level management	100
<b>Total</b>	<b>200</b>

**Source: NMS (2020)**

## 3.6 Sampling

### 3.6.1 Sampling Frame

A sampling frame refers to the plan of primary sources wherein the population is drawn (Turner, 2012), and the intent of the design is to provide a method of selecting the specific sample from the target group that is to be encountered in the investigation. In this case, the sampling frame can be defined as the actual set of data where a sample was drawn (Verschuren, 2009). The sampling frame for this study was a list of all staff operating at the Nairobi Metropolitan headquarters, which was acquired from the Hr Department.

### 3.6.2 Sample Size Determination

A sample size is a proportion of the entire population used to include general perspectives on the target group (Kothari, 2004).

To derive the sample size for the study, the researcher will adopt Yamane's formula

$$n = \frac{N}{[1 + N(e^2)]}$$

Where n represents the sample size, N represents the population sample, and e represents the statistical minimum error. Using a 5 percentage minimum error and a population sampling frame of 200 team members.

$$n = \frac{200}{[1 + 200(0.05^2)]}$$

Therefore, the sample size was 134 staff members. Formula for calculating the stratum sample size.

$$ns = n * ps = 134 * \frac{x}{200}$$

Whereby ns= Stratum sample size n=size sample

$$ps = \frac{\text{Total number of respondents per strata}}{\text{Total number of respondents in the target group}}$$

Total sample for the whole population will be 134.

**Table 3.2: Target Population**

Position	Population	Sample
Executives	20	13
Middle Level Management	80	54
Low level management	100	67
Total	200	134

**Source: NMS, (2020)**

### 3.6.3 Sample Size Design

The total sample consisted of all strata (sub-groups) of employees; executives, Middle Level Management and Low level management. With each of the stratum, individual department was then numbered. The respondents from each stratum was randomly selected.

### 3.7 Data Collection Tools

The study relied on primary data gathered by questionnaires. This was augmented by primary data gathered by survey questions. In the analysis, questionnaires for both numerical and categorical questions were used. Each item in the survey was designed to answer a particular study goal or research query. The first portion of the questionnaire consisted of demographic characteristics, while the second section included queries regarding the impact of the compensation scheme on the success of the Metropolis.

Structured questions were closed-ended queries that had a fixed set of possibilities from which the participant could choose. These kinds of issues made it simple for the investigator to interpret the results, thus saving time and money on the analysis. In contrast, unstructured questions were often included in the analysis. These are open-ended queries, which encouraged the respondents to respond in their own language. Participants were expected to include as much detailed details as possible depending on their understanding of the subject at hand (Mugenda & Mugenda, 2003). The survey questions were self-administered, which means that participants had to fill them out themselves.

### **3.8 Data Collection Procedure**

These method (s) define the methods of data collection, retrieval, review, and recording. They are intended to increase the quality, promptness, consistency, and standardization of data used to make key policy choices and to explain procedures that resulted in large amounts of data. The thesis entails data processing, which entails determining what data is present in organizations by examining available records and studies..

### **3.8.1 Pilot Testing of the Research Instrument**

Collection of primary data, the surveys were pre-tested in a pilot project. The tools will be pre-tested in Nairobi Metropolitan Services, where 10 team members will be given surveys and given time to complete them. The respondents were chosen at random to engage in the piloting.

### **3.8.2 Validity of the Research Instrument**

The consistency and significance of implications based on exploration findings was defined as validity (Mugenda and Mugenda, 2003). Alternatively, validity can be explained as an extent to which the consequences of data analysis accurately reflect the phenomenon under investigation. According to Csikszentmihalyi and Larson (2014), validity to an extent that test estimates what it means to degree. To guarantee the instrument's validity, the scientist gave the data from the polls to the collaborator, who determined if the questions were relevant. The ambiguous questions were eliminated and combined to ensure the validity of the questionnaire.

### **3.8.3 Reliability of the Research Instrument.**

Kothari (2008) states that an instrument is supposed to be reliable in the event that it yields steady outcomes over a period. To determine the accuracy of the surveys to be handled, a test-retest reliability approach was used. In the other side, Streiner (2015) describes that reliability clearly implies the extent to which a given instrument produces consistent results after each repeated trial. This ensures the integrity of the reports obtained and prevents distortion.

The study conducted a pilot study on sub-variables such as Recognition, Benefits and training. From the table 4.3, the Cronbach's alpha for the 3-items retention scale was  $\alpha = .701$ . Cronbach alpha coefficient was  $=.852$  for the training sub variables, that had a minimum of 3 objects. Those five Cronbach's alpha reliability values showed that the scale produced consistent results for the present study. The results are consistent with (Kothari, 2004), who discovered that a Cronbach's alpha of 0.7 is truly adequate.

**Table 3.3: Pilot test Reliability Test Scores**

<b>Subscale</b>	<b>No. of Items</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>
Recognition	5	0.701
Benefits	9	0.702
Training	8	0.840
<b>Average</b>		<b>0.748</b>

### **3.9 Data Analysis and Presentation**

Data collected in the field is difficult to understand in its raw form; such data must be washed, encoded, keypunched into a database, and analysed (Mugenda & Mugenda, 2003). Data was obtained, tabulated, and evaluated for clarification using SPSS version 24 tools. It is a mathematical research programming application that can accommodate statistical representation with a set of equations for easy understanding.

The qualitative data was evaluated using content analysis of the participants' input. To calculate the influence of each parameter on the sample, a bivariate regression analysis was used.

The regression model is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \alpha$$

Where Y is the dependent variable (employee's performance),

$\beta_0$  is the regression coefficient,  $\beta_1$  and  $\beta_2$ , are the slopes of the regression equation,

$X_1$  is the recognition independent variable,

$X_2$  is benefits independent variable and  $X_3$  is the training, while  $\alpha$  is an error term

normally distributed about a mean of 0 and for purposes of computation, the  $\alpha$  is assumed to be 0.

### **3.10 Ethical Issues**

Kenyatta University provided an introduction letter before beginning field operations. The Nairobi Metropolitan Services was also approached for research permit in the university. The researcher then sought a research permit from NACOSTI. There was an obligation to secure the privileges of individuals in the investigation just as their protection and affectability. The confidentiality of those involved with interpretation was completed, ensuring their anonymity and safety. The exploration's credibility was ensured by informing respondents about the scope and intent of the investigation. The confidentiality of details and participants was maintained. Privacy and anonymity was upheld by assuring participants that the review is intended for academic purposes only and would not be made public.

There will be no data manipulation discovered, and participants' obligations will be met. Any necessary explanations were given prior to the completion of the survey.

Furthermore, the report excludes studies that could cause physical or emotional harm to respondents. According to Ngechu (2004), copyright infringement refers to having somebody else's job seem as though it were your own by trying to take credit about something that was completed by another individual. In this examination it was guaranteed that diaries and course books having a place with different researchers utilized for the exploration have been completely recognized utilizing the standard APA Referencing System.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

The chapter goes into data collection, explanation, and introduction of study results. The method of minimizing or summarizing a vast volume of gathered data to solve the report's main statement is known as data processing (Chandran, 2004). This chapter discusses the thesis conclusions in relation to the study's research concerns. The study's major goal was to assess the impact of a compensation scheme on employee efficiency in the public sector, using Nairobi Metropolitan Services as an example.

#### 4.2 Questionnaire Return Rate

**Table 4.1: Response Rate**

	Frequency	Percentage
Completed	100	74.6%
Not completed	34	25.4%
<b>Total</b>	<b>134</b>	<b>100.0%</b>

**Source: Research Data (2021)**

The study targeted 134 executives, middle level management and low level management. The table shows that 100 participants completely answered the questionnaires, translating to 74.6% response rate. This is in line with National Research Council (2013), which noted that a response rate of 50% is enough to make conclusion.

### 4.3 General Information

The demographic profiles of the participants are presented in this segment. Sex, age, and educational degree were the attributes.

#### 4.3.1 Gender

The research tried to assess the gender of the respondents, and the results are seen in the table below.

**Table 4.2: Distribution of Respondents by Gender**

	Frequency	Percent
Male	55	55%
Female	45	45%
Total	100	100.0%

**Source: Research Data (2021)**

Table 4.2 shows the distribution of participants based on the gender whereby majority (55%) were male while 45% were female. The findings demonstrates that the data collected was representative for both genders, as everyone had a chance to express his or her views on the influence of reward system on employee's performance.

#### 4.3.2 Age

The study sought to determine the respondents age, and the findings were as presented below;

**Table 4.3: Age of Respondents**

Age	Frequency	Percent
18 to 35 years	54	54%
36 to 53 years	18	18%
52 and 71 years	15	14.5%
72 years and above	14	13.5%
Total	100	100.0%

**Source: Research Data (2021)**

Table 4.3 presents participants distribution in terms of age, whereby majority (54%) of participants were aged between 18 and 35 years. The findings also indicates that 18% were aged between 36 years and 53 years, 52 years and 71 years, 72 years and above were aged 14.5% and 13.5% respectively. The findings shows that the participants were well distributed in terms of age, and information provided is expected to be reliable. Nyang'au, (2019) noted that aged individuals understand how reward system affects employee's performance.

#### **4.3.3 Education Level**

The study sought to determine the participant's education level, the findings were as shown below;

**Table 4.4: Education Level**

	Frequency	Percent
University level	10	10%
College	85	85.2%
Secondary level	1	1.3%
Primary level	1	2.7%
Others	1	0.8%
Total	100	100.0%

**Source: Research Data (2021)**

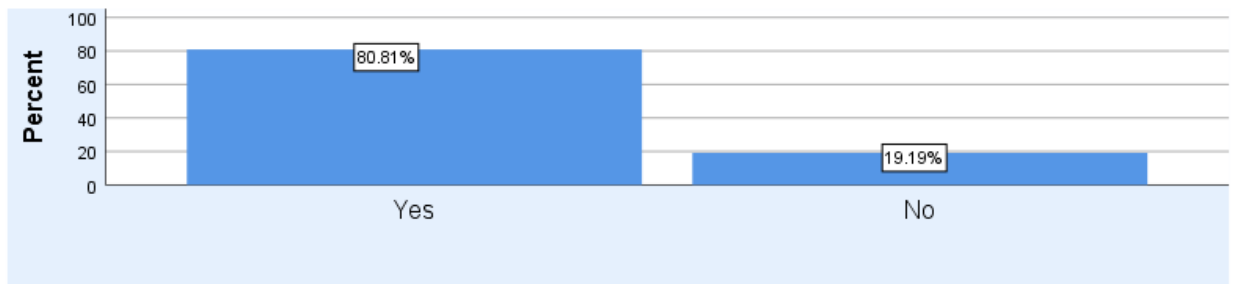
Table 4.4 presents participant's distribution based on education level, in this sense, majority (85.2%) of sampled residents indicated that they are college levers. The table also shows that 10% stated that they had other education level, 2.7% were secondary levers, and 10% were graduates. The findings shows that most residents do not have enough education, which is linked to their competency.

#### **4.4 Employees Recognition**

The first objective of the study was to determine the relationship between performance recognition and motivation. To meet this objectives, structured questions were asked and responses were as indicated below;

##### **4.4.1 Manager Give Good Feedback on Performance**

The participants were asked to indicate if the manager give good feedback on their performance. The findings were as recorded below;



**Figure 4.1: *Manager Give Good Feedback on Performance***

**Source: Research Data (2021)**

Figure 4.1 indicates that 80.81% stated that managers give good performance feedback while 19.19% said no. This findings implies the management considers good feedback as an aspect of employee’s performance. Most companies have noted that when management offer a positive feedback, there are chances of improving their productivity and performance. This is consistent with Wang (2014)'s contention that appreciation is an underlying motivator that is critical in driving employee success. Similarly, Hafiza et al. (2011) discovered a causal association between employee success and acknowledgment in a research performed in Singapore.

#### **4.4.2 Level of Agreement on Performance Feedback**

The participants were asked to tick to indicate the extent to which you agree with the following statements where: 1 represented strongly Agree, 2= Agree, 3=Neutral, 4= Disagree, 5 = Strongly Disagree;

**Table 4.5: Level of Agreement on Performance Feedback**

	1	2	3	4	5
Managers honor outstanding performance by awarding certificates.	44%	10%	18%	5%	23%
By receiving trips/dinners at this college, we profit from the institution.	37%	31%	12%	10%	10%
Overtime services provided outside of school hours are compensated well.	45%	32%	11%	8%	4%
We also collect letters of commendation for excellent work.	54%	26%	15%	4%	1%
Employee ideas and feedback are taken into account at the corporation where I serve.	62%	28%	7%	2%	1%
Managers honor outstanding performance by awarding certificates.	44%	31%	21%	4%	0%

**Source: Research Data (2021)**

Table 4.5 indicates that majority (44%, 37% and 45%) of participants strongly happen to disagree that management honor employees' performance by awarding qualifications, that they profit from the institution by receiving weekend getaways in this institution, and there is a good provision for overtime services provided from outside business time. Furthermore, the results show that 54 percent, 62 percent, and 44 percent of sampled workers firmly deny that they often earn commendation letters for successful work

performed, that they feel respected at the organization where they work, and that employee feedback and views are taken into account. Employees are more inspired because they have expectations and get updates about their success. Input can arise during the workday, but many companies provide a structured, companywide mechanism for delivering feedback to workers known as performance assessment.

According to Idowu (2017), performance appraisals facilitate constructive communication between staff and employers or company owners that would not otherwise occur. Since many small companies are fast-paced, administrators do not have the ability to give helpful input to workers on a daily basis, and employees do not have the opportunity to bring up problems they are experiencing. A performance assessment is a determination to allow time for certain types of discussions in order to support both staff and the company.

#### **4.5 Benefit and Employees Performance**

The second objective of the study was to assess the impact of benefits on employee' performance in Nairobi Metropolitan Services. To accomplish the study objective, the participants were asked structured questions; the results were as shown in the Table below;

##### **4.5.1 Level of Employees Satisfaction**

The study sought to determine employees' level of satisfaction based on their pay. The findings were as indicated below;

**Table 4.6: Level of Employees Satisfaction**

<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Extremely dissatisfied</i>	14	14%
<i>Dissatisfied</i>	50	50%
<i>Neutral</i>	22	22%
<i>Satisfied</i>	9	9%
<i>Extremely Satisfied</i>	5	5%
<i>Total</i>	100	100%

**Source: Research Data (2021)**

Table 4.6 shows that majority (50%) of participants stated they were dissatisfied with the current pay, 22% were neutral on the payment, 14% were extremely dissatisfied while some 5% were extremely satisfied with the current pay. Performance pay schemes can introduce broad variations in intermittent earnings, reducing the utility of risk averse employees. According to Allen, Whittaker and Sutton, (2017) indicated that employees satisfaction level is essential in improving their productivity. Although certain forms of success compensation (such as profit sharing) can improve employee stability, others can increase earnings dispersion within the company, lowering expectations of fairness and morale and encouragement. As a result, performance pay schemes can increase worker pay satisfaction while decreasing worker satisfaction with other aspects of the job, such as commitment, danger, or reward system.

#### 4.5.2 Level of Agreement on various Employees Benefits

The study sought to determine the extent that at which different benefits leads to employee's job satisfaction on a scale of 1 to 3; whereby 1 represents not at all, to a small extent and 3 is for to a reasonable extent. The findings were as presented below;

**Table 4.7: Overtime**

<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Not at all</i>	52	52%
<i>To a Small extent</i>	20	20%
<i>To a reasonable extent</i>	14	14%
<i>To a greater</i>	8	8%
<i>To greatest extent</i>	6	6%
<i>Total</i>	100	100%

**Source: Research Data (2021)**

Table 4.7 indicates the participant's distribution in terms of their level of satisfaction on overtime. Out of 100 respondents; 52% stated that they were not at all satisfied by the overtime, 20% revealed that they were satisfied at a small extent, 14% to a reasonable extent, 8% to a greater extent while some 6% stated that they were satisfied at a greatest extent. Chen, Li and Yang, (2020) found that most employees in public offices are not satisfied with the overtime working, as they are not well compensated. Working time schedules are critical components of working conditions and they dictate workers' ability to align jobs with other aspects of their lives. Employee retention and morale have declined as a result of overtime jobs. Involuntary overtime jobs recorded higher levels of

exhaustion and lower levels of happiness. In recent decades, there has been a general movement toward greater diversity in working time conditions and versatility in working hours. Working hours and working time schedules are important aspects of working environments since they dictate workers' ability to reconcile jobs with other aspects of their lives.

**Table 4.8: Responses on Incentives**

<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Not at all</i>	43	43%
<i>To a Small extent</i>	28	28%
<i>To a reasonable extent</i>	13	13%
<i>To a greater</i>	9	9%
<i>To greatest extent</i>	7	7%
<i>Total</i>	100	100%

**Source: Research Data (2021)**

Table 4.8 above presents respondents views in the incentives offered by the company. Majority (43%) stated that they were not satisfied with the incentives at all, 28% satisfied to a small extent, 13% to a reasonable extent, while 7% were satisfied to a greatest extent. The findings shows that most employees are not satisfied with the incentives offered in the organization and this might negatively affect their performance. Organizations have failed to offer incentives to their employees in order to inspire their success and promote their engagement and retention (Luthans, 2018). Furthermore, these prizes do not

necessarily have to be available right away. Many people would search incredibly intensely for opportunities that may not be eligible for another 5 to 10 years.

**Table 4.9: Responses on Meal Vouchers**

<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Not at all</i>	57	57%
<i>To a Small extent</i>	27	27%
<i>To a reasonable extent</i>	11	11%
<i>To a greater</i>	4	4%
<i>To greatest extent</i>	1	1%
<i>Total</i>	100	100%

**Source: Research Data (2021)**

Table 4.9 demonstrates that majority (57%) of participants stated that they are not satisfied at all with meal vouchers, 27% to a small extent, 11% were satisfied with reasonable extent while 1% were satisfied to a greatest extent. The research suggest that the firm does not utilize non-monetary awards like gift and meal vouchers to incentivize the staff. This is illustrated by 11 percent who agree as contrasted to 65 percent who disagree. These findings vary with Chen, Li and Yang, (2020) statement that claims that most firms chose to utilize non-monetary incentives such as gift vouchers, written acknowledgment, informal gatherings and plaques as a means to inspire staff.

**Table 4.10: Responses on On-Call allowances**

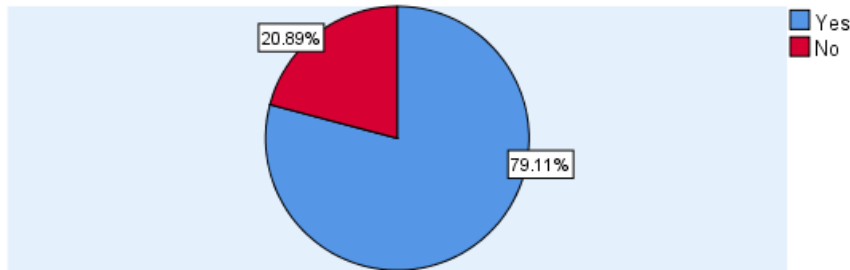
<i>Response</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Not at all</i>	44	44%
<i>To a Small extent</i>	30	30%
<i>To a reasonable extent</i>	12	12%
<i>To a greater</i>	9	9%
<i>To greatest extent</i>	5	5%
<i>Total</i>	100	100%

**Source: Research Data (2021)**

From the Table 4.10 above, majority (44%) of participants stated that they were not satisfied at all with the on-call allowance, 30% satisfied to a small extent, while 5% to a greatest extent. According to the results, non-monetary incentives might boost staff productivity in a company. They have the ability to spur short-term and long-term improvements in the performance of individual employees. Employee-employer relationships are very essential. Employer-employee relationships are built on mutual respect and serve to encourage employees to greater heights (Keph, 2015). After evaluating the employee's performance, the company must show appreciation for the employee via various measures such as symbolic awards. employees may be encouraged and linked to their work via symbolic awards, while the relaxed atmosphere provided by management is very beneficial for fostering loyalty and commitment among employees.

### 4.5.3 Responses on Bonus

The researcher sought to assess if the company offers bonus, the findings were as follows;



**Figure 4.2: Responses on Bonus**

**Source: Research Data (2021)**

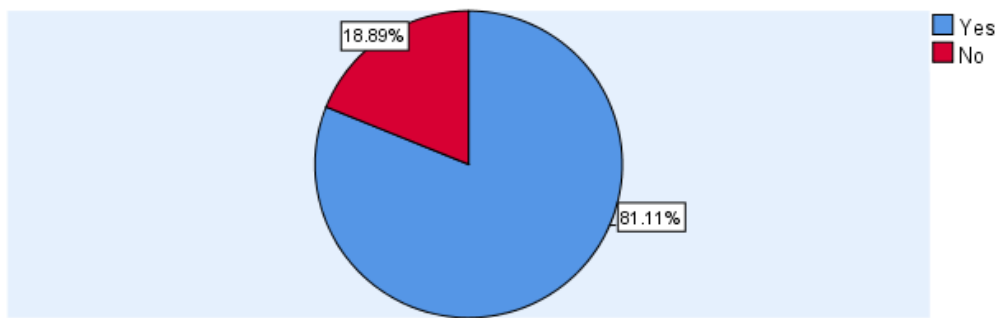
As demonstrated in Figure 4.2, the study established that majority the respondents, 79.11% never received bonus from the company while only 20.89% received. Financial incentives for additional work should be offered to employees as a way to increase their productivity. This strategy aims primarily at reducing expenses, with a percentage of those savings being distributed as incentives to staff in order to keep them engaged.

### 4.6 Training and Employee's Performance

The third objectives of the study was to assess the influence of training on employee's performance in Nairobi Metropolitan Services. To achieve this objective, structured questions were asked and the findings were as presented below;

#### 4.6.1 Employees Promotion

Respondents were asked to state if the company has promoted in the recent past. The findings were as shown below;



**Figure 4.3: *Employees Promotion***

**Source: Research Data (2021)**

Majority (81.11%) stated that the company has promoted in the recent past, while 18.89% said no as presented in Figure 4.3. The study also shows that most of staff members sampled noted that employees were promoted based on the merits. Chen, Li and Yang, (2020) concluded that merit is usually preferred as the basis for advancement by management staff. Merit may be measured by work results as well as an appraisal of employee development ability by written or oral reviews, informal interviews, or other performance reports. At a higher degree, an employee's talents may be best used. It leads to the most efficient use of an organization's human capital. Competent workers are encouraged to exert all of their efforts in order to add to the productivity and efficacy of the organization. This method constantly promotes workers to learn new talents, experience, and so on for overall growth.

#### 4.6.2 Training and Development

The participants were asked to note their level of agreement based on training and development, 1 represents strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree. The findings were as shown below;

**Table 4.11: Training and Development**

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Fostering employee learning enhances the efficiency within the firm.	0.00%	0.00%	20.60%	59.80%	19.60%
Increasing employee training and development fosters better customer service which serves in enhancing their motivation.	0.00%	0.00%	19.60%	60.70%	19.60%
Implementation of employee training and development fosters efficiency and productivity within the firm.	0.00%	0.00%	33.60%	46.70%	19.60%

Training and development of personnel enhances the overall workforce productivity.	0.00 %	0.00%	19.60%	54.20%	26.20%
Training and development of personnel promotes better knowledge awareness which is key to product/service innovation.	0.00 %	3.70%	7.50%	57.90%	30.80%
Training and development fosters better time management hence overall efficiency and motivation	0.00 %	5.60%	6.50%	58.90%	29.00%

**Source: Research Data (2021)**

According to the results in Table 4.11, the majority of respondents, 79.4 percent (59.8 percent +19.6 percent), agreed with the statement that fostering employee learning improves firm efficiency, 80.3 percent agreed that increasing employee training and development fosters better customer service, which serves to improve brand image, and 66.3 percent agreed that execution. Furthermore, 80.4 percent of respondents accepted that personnel training and development improves total staff effectiveness, 88.7 percent agreed that personnel training and development facilitates improved knowledge

understanding and motivation, which is critical to product/service innovation, and 87.9 percent agreed that personnel training and development fosters better time management, resulting in overall performance and cosiness. The findings of the study agree with those of Kepha (2015), who argued that training and learning have a positive impact on employee success. Similarly, Agoi (2017) discovered that teaching activities had a positive and substantial impact on employee happiness. According to Ngila (2011), commercial banks used strategic human capital techniques in the main roles of recruitment and growth, as well as training efficacy and assessment.

#### 4.7 Regression Analysis

The thesis aimed to ascertain the impact of multiple variables on worker efficiency in the public sector, using Nairobi Metropolitan Services as a case study.

**Table 4.12: Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.301 <sup>a</sup>	.091	.003		1.54669

a. Predictors: (Constant), recognition, benefits and training

b. Dependent Variable: employee's performance

**Source: Research Data (2021)**

The model had a Correlation value of 0.301, indicating that there is a good positive correlation between the expected and dependent variable. The model was also moderately strong, with R-square values of 0.091 after errors were adjusted to 0.003. This shows that the independent factors account for only 30.1 percent of the variation in worker effectiveness

**Table 4.13: ANOVA<sup>a</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	7.383	4	2.461	1.029	.003 <sup>b</sup>
Residual	74.160	113	2.392		
Total	81.543	117			

a. Dependent Variable: employee's performance

b. Predictors: (Constant), recognition, benefits and training

**Source: Research Data (2021)**

Table 4.13 demonstrates that the model was meaningful due to an F-test value of 1.029 at a significance value of 0.003 (p.05), resulting in the dismissal of the null hypothesis and the presumption there is a significant association between the composite performance management and staff member results

**Table 4.14: Regression Coefficients**

Model	Unstandardized		Standardized		t	Sig.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
(Constant)	2.053	2.402			.855	.000
1 Recognition	.682	.426	.304		1.604	.000
Benefits	-.038	.468	-.016		-.082	.000
Training	.025	.541	.009		.046	.000

a. Dependent Variable: Employee's performance

**Source: Research Data (2021)**

*Employee's performance*

$$= 2.053 + 0.682 \text{ Recognition} - 0.038 \text{ Benefits} + 0.25 \text{ Training}$$

When other factors (recognition, benefits and training) are at zero, the Employee's performance will be 2.053. Holding (benefits and training) constant, a unit increase in recognition, would lead to an 0.682 increase in Employee's performance. Holding other factors (recognition and training) constant, a unit increase in benefits would lead to a 0.038 decrease in Employee's performance. Holding (recognition and benefits) constant, a unit increase in training would lead to a 0.25 increasing in Employee's performance. The conclusions of the study agree with those of Kepha (2015), who argued that training and learning have a positive impact on employee success. Similarly, Agoi (2017) discovered that teaching activities had a positive and substantial impact on employee happiness. According to Ngila's (2011) research, public agencies used strategic human resources techniques in the main functions of recruitment and development, as well as training effectiveness and evaluation. This research supports the findings of

Pratheepkanth (2012), who discovered a substantial association between extrinsic incentives and employee success. They observed that incentives became important as they are presented as a legitimate means of compensation for work performed. Similarly, Burton (2012) contended that management judgments on employee pay should be reasonable and focused on an equitable framework.

## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This section outlines the summary of the findings, conclusion and recommendations of the study. Suggestions for further research are also made at the end of the chapter.

#### **5.2 Summary of the Major Findings**

##### **5.2.1 Performance Recognition and Employees Motivation**

The first objective of the study was to assess the correlation between performance recognition and employee's motivation. The researcher found that 80.81% stated that managers give good performance feedback. The majority of the employees polled strongly disagreed that supervisors honour outstanding performers by awarding awards that they profit from the organization by receiving vacations in this company. There is a reasonable provision for extra services provided outside of business time. The survey findings have shown that most participants agreed that praise at work is an inherent motivation that improves employee morale. In this way, appreciation is an intrinsic incentive that is critical in motivating workers to work well.

##### **5.2.2 Benefits on Employee's Performance**

The research looked at how happy workers have been with their new salaries and how many bonuses, promotions, food cards, and on-call benefits added to their work satisfaction. According to the above factors, the research results were as follows: In terms of the impact of compensation on workplace productivity, the research found that most workforces were not happy with their salaries. The analysis results have shown that

rewards such as vacations, promotions, food coupons, and on-call payments have little effect on employee happiness. According to the report, the administration has never sent its workers a bonus in the past five years.

It was discovered via the research that NMS has an employee benefit program and that dissatisfied workers do not quit the company. It was also evident that a pension plan offers workers a sense of control over retirement planning, which alleviates concerns about family stability and impacts how long they stay with the company.

### **5.2.3 Employees Training and Performance**

The last objective was to assess the impact of training on workers' motivation. According to the study's findings, the plurality of respondents believe that recognition at work is an intrinsic motivator that boosts employee productivity. It's worth noting that recognition is an intrinsic motivation that is essential in driving employees' performance. The findings also suggest that these workers need ongoing training and learning plans to keep them up to date on their expertise and business trends, such as technical and customer-related developments, to increase their success.

According to the research results, training increases employee enthusiasm since recognition is a motivating element that improves employee understanding about their profession. According to the research, training increases motivation among employees since it helps them be recognized inside the company. As workers become aware of their company's interest in them via training programs, they put forth their best efforts to help the company realize its objectives and perform admirably at work. An organization also needs effective training programs to help workers obtain the required knowledge, skills,

and talents and to perform successfully in their jobs. These programs should also help motivate and compel individuals to work toward a specified organizational objective.

The findings showed what many workers already knew: if the company prioritizes training and development, their performance will increase. Additionally, it was discovered that not all training and development aspects were equally crucial to its success. According to the study's regression analysis, acknowledgement, incentives, preparation, and public company results are positively and substantially linked. Furthermore, regression analysis revealed that awareness, incentives, and training both positively and positively impact NMS results. The hypothesis findings showed a strong association between employee success in NMS and appreciation, incentives, and training.

### **5.3 Conclusion**

Following the study's results, the following finding was reached: First, workers were underpaid; this explains why perks such as overtime and bonuses have no effect on their net wages, and thus they were disappointed. Most employees are dissatisfied with Nairobi Metropolitan services, and the employer's inability to include compensation had a detrimental effect. This meant that the individual did not perform to their full potential when they realized they would not be compensated appropriately. According to the study's conclusions and presentation, preparation and growth affect the success of Kenya's telecommunications industry. According to the regression findings, the practice has a favourable and meaningful impact on employee success. Furthermore, the null hypothesis that there was no substantial impact of training and growth on the success of the public sector was dismissed, and the alternative was verified. The report suggests a significant connection between job success and recognition, compensation, and training.

#### **5.4 Recommendations**

According to the report's findings, the bulk of staff was unhappy with the corporation's compensation and benefits. According to the report, the top business should synchronize and change the workers' salaries upwards. Employees can be compensated based on their qualifications, results, and years of professional experience. Managers should perform a work assessment to decide the right way to compensate the workforce. The research further shows that management offers promotions and benefits to staff daily to boost morale.

Based on the results, the report suggested that public companies improve their workforce preparation and growth. Cultivating organizational performance, fostering improved client experience, boosting firm performance and competitiveness, improving total employee performance, cultivating better outcomes, and encouraging better skills understanding are some of these. Employee morale would increase if these elements are strengthened.

The policymakers should adopt effective strategic employee's motivations that will aim at improving employees' motivation. It's essential for Human Resource managers should adopt motivation methods such as bonuses, training and promotion to motivate staff members.

#### **5.5 Recommendations for Future Studies**

The study examined how the reward system on employees performance using variables such as recognition, training and promotion in Nairobi Metropolitan services. Therefore, further studies should be carried out on how other variables did not influence employee performance in another sector.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE: FOR NAIROBI METROPOLITAN

#### SERVICES EMPLOYEES

This questionnaire is intended to collect research data for the project titled 'the impact of compensation systems on employee efficiency in the public sector: a case study of Nairobi Metropolitan Services.' Please fill in just one void in section A where applicable.

Please reply to all statements in sections B through F by checking the relevant box.

#### SECTION A: DEMOGRAPHIC CHARACTERISTICS

Gender (Please tick **only one** category that suits your demographic data)

Male

Female

2. Age (years)

18 – 35

36 – 53

52 – 71

72 and above

3. What is your Highest Level of Education?

University Level

College

Secondary

Primary

Other

**Section B: Performance Recognition**

1. Can your boss have constructive input on your achievement?

Yes [  ]

No [  ]

2. Please check the box to show how well you comply with the given comments: 1= Strongly Agree, 2= Agree, 3=Neutral, 4= Disagree, 5 = Strongly Disagree.

	1	2	3	4	5
Managers recognize excellent performers by issuing certificates					
By receiving trips/dinners at this college, we profit from the institution.					
Overtime services provided outside of school hours are compensated well.					
I always earn special achievement letters for excellent results. I feel respected at the college where I work. Employee ideas and feedback are					



	1	2	3	4	5
Overtime					
Incentives					
Meal vouchers					
On-call allowances					

3. Have you earned an end-of-year incentive from your boss in the last 5 years?

Please put a check mark ( ) in the box next to the appropriate answer.

a YES [ ]

b NO [ ]

**Section D: Employees Training:** (Please Tick/fill where necessary).

1. Is there someone in your team who has just been lauded?

2. Yes [ ]

No [ ]

If that's so, what's the justification for the advancement?

Merit [ ]

Further qualifications [ ]

Others please specify.....

2. Please tick appropriately your level of agreement to the following statements;

1 represents strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree.

**Table 4.6: Training and Development**

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Cultivating learning improves the firm's productivity.					
Increasing workforce training and growth promotes greater client experience, which boosts employees' motivation.					
Implementing employee training increases the firm's performance and effectiveness.					
Personnel training and growth improves total worker quality.					

<p>Personnel learning and development promotes increased knowledge awareness, which is essential for product/service technology development.</p>					
<p>Training and learning promotes improved time control, which leads to increased productivity and inspiration.</p>					

*Thank you for your co-operation*

**Appendix II: Research Approval from graduate school Kenyatta University**



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

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NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 20<sup>th</sup> November, 2020

TO: Irene Chepkoech Langat  
C/o Public Policy & Administration Dept.

REF: C153/OL/CTY/26632/2014

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL.

This is to inform you that Graduate School Board at its meeting of 18<sup>th</sup> November, 2020 approved your Research Project Proposal for the MPPA Degree Entitled, "The Influence of Reward System on Employees Performance in Public Sector. A Case of Nairobi Metropolitan Services".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

HARRIET ISABOKE  
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Public Policy and Administration Department.

Supervisors:

1. Prof. David Minja  
C/o Department of Public Policy and Administration  
Kenyatta University

EM/nn

### Appendix III: Research Authorization from Kenyatta University



**KENYATTA UNIVERSITY  
GRADUATE SCHOOL**

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Our Ref: C153/OL/CTY/26632/2014

DATE: 20<sup>th</sup> November, 2020

Director General,  
National Commission for Science, Technology  
and Innovation  
P.O. Box 30623-00100  
**NAIROBI**

Dear Sir/Madam,


RE: RESEARCH AUTHORIZATION FOR IRENE CHEPKOECH LANGAT –  
REG. NO. C153/OL/CTY/26632/2014

I write to introduce Ms. Irene Chepkoech Langat who is a Postgraduate Student of this University. She is registered for MPPA degree programme in the Department of Public Policy and Administration.

Ms. Langat intends to conduct research for a MPPA Project Proposal entitled, “The Influence of Reward System on Employees Performance in Public Sector. A Case of Nairobi Metropolitan Services”.

Any assistance given will be highly appreciated.

Yours faithfully,

  
PROF. ELISHIBA KIMANI  
DEAN, GRADUATE SCHOOL

EK:nn

**Appendix IV: Research Permit NACOSTI**

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
RefNo: <b>816999</b>	Date of Issue: <b>19/February/2021</b>
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<p>This is to Certify that Miss.. IRENE CHEPKOECH LANGAT of Kenyatta University, has been licensed to conduct research in Nairobi on the topic: <b>THE INFLUENCE OF REWARD SYSTEM ON EMPLOYEES PERFORMANCE IN PUBLIC SECTOR, A CASE OF NAIROBI METROPOLITAN SERVICES</b> for the period ending : <b>19/February/2022.</b></p>	
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