

Effect Of Reward Systems On Employees' Achievement Of Targets In The Semi-Autonomous Government Agencies: A Case Study Of Migori Sub-County.

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Abstract

Employee reward systems refer to programs set up by an organization to reward performance and motivate employees on individual and/or group levels. This study was guided by basic salary, training opportunities, health benefits and house allowance as specific objectives in establishing the effects of employee reward system on the achievement of targets of semi-autonomous government agencies in Migori Sub-County. The study is expected to increase knowledge and understanding in this area by assisting the Kenya Government through Public Service Commission of Kenya in formulating and implementing policies that would lead to a fair reward system for public servants and therefore improving efficiency and effectiveness in staff performance. This research adopted survey design. The target population was 74 employees working in the three semi-autonomous agencies in Migori Sub-County. The sample size of 43 was drawn from the target population of employees in the authorities. This was 58% of the entire population of employees in the three authorities in Migori Sub-County. Data was collected by the use of document analysis and questionnaires. Data was analyzed by the use of computer aided data analysis software SPSS and Statpages. Presentation of data was done by the use of tables, bar graphs, line graphs and percentages. Descriptive statistics and correlation was used to compare the means of monthly earnings for different payrolls and also to establish the strength between dependent variables and independent variable. Findings in this study indicate that basic salary, house allowance and health benefits have very strong influence on employee performance as compared to the moderate influence that training had on their performance. The report recommends the harmonization of schemes of service within departments/ministries so that every individual is rewarded appropriately and fairly in order to improve employee performance.

Introduction

1.0 Introduction

This chapter introduces the subject and background of this study. The chapter contains the statement of the problem, purpose, specific objectives and the significance of this study in relation to the effects of reward systems on employees' achievement of targets in the semi-autonomous government agencies in Migori Sub-County.

1.1 Background of the study

Reward systems can have negative or un-desired effects on employees' performance if not designed and managed properly. In the Bible the book of Genesis chapter 37 versus 3 in the New International Version,

Joseph the last born of Jacob was sold into slavery by his brothers because of the open bias exhibited towards him by his father when offering rewards, love and appreciation for any work done by his sons. For the same effort, Joseph would be rewarded differently and favourably as compared to his brothers eliciting a lot of jealousy and mistrust (Zonderva Group, 1985).

Employee reward programs are one method of motivating employees to change work habits and key behaviors to benefit a business. Well-designed pay and benefit packages can attract people to an organization, retain staff and motivate them. It does not matter how good the salaries and benefits are if companies then fail to manage employees in a fair manner. The design and management of reward systems present an organization with one of the most difficult Human Resource Management (HRM) tasks (Brian, 2006). Organizations must learn to manage the individual's satisfaction with rewards is, in part, related to what is expected and how much is received. Employee satisfaction is also affected by comparisons with other people in similar jobs and organizations. In effect, employees compare their own input/output ratio with that of others. People vary considerably in how they weigh various inputs in that comparison. They tend to weigh their strong points more heavily, such as certain skills or a recent incident of effective performance. Individuals also tend to over rate their own performance compared with the rating they receive from their supervisors in line with the targets set by the organization. From the organization's point of view, rewards are intended to motivate certain behaviors. Rewards must be seen as timely and tied to effective performance. Employees must believe that effective performance (or certain specified behavior) will lead to certain rewards. Firms must establish a philosophy about rewards and the role of pay in the mix of rewards (Searle, 1990).

Empirical evidences suggests that fair reward systems add up to business advantages and it also true that aligning reward and diversity strategies is not only common sense but good business sense. It is in the self interest of employers to explore the underlying issues, such as poor diversity training, weak performance management systems and biased appraisal processes in order to create a culture based on fairness as this contributes to better business performance. Diverse workforce can compliment these benefits through increased productivity and performance, but managed badly, efforts to improve diversity can create conflict and tension in the workplace. An organization that recognizes individual diversity should create a flexible reward package (Brian, 2006).

According to Alex (2007) the upward adjustment of parliamentarian's salaries in Singapore, was in bad taste at a time that many middle- and lower-class Singaporeans faced a declining standard of living. The reward system in the public service had to keep pace with the private sector as a government policy. However, one would have arguably been hard-pressed to find many Singaporean voters (especially junior civil servants) who would have agreed to the selective and exponential salary increase, judging at least by the steady stream of criticism over the proposal that had been published in Singapore's free-wheeling blogosphere.

The Chief Executive Officer's (CEO) pay once bore a reasonable relationship to the pay of the average or lowest-paid worker in United States of America (USA). Today the ratio of CEO pay to average-worker pay has skyrocketed from about 40 in 1980 to several hundred currently due to bad reward systems. A huge CEO-to-worker pay gap not only degrades a worker and therefore company performance but also violates common moral principles of the common good, love of neighbour, and the dignity and worth of every human being (Clieaf, 2004).

Kimani (2003) argues in an article titled; *Kenya's Filthy Rich Civil Servants* published in World Press Review (VOL 51 No. 1) equated the high salaries paid to top civil servants to legalized looting and corruption. He further argued that it looked like a conspiracy by the top echelons of the political leadership and the civil service. The salaries of top public servants was being pushed to obscene levels, even as lower cadres are perennially told that the exchequer does not have enough tax shillings to throw them a lifeline of single-digit percentage wage increase.

Civil Service Reform Program in Kenya begun in 1993 and its purpose was to create structures which would make civil service more vibrant, effective and efficient in service delivery. The reform represented significant policy shifts in the areas of staffing, civil service organization, pay and benefits, personnel management and training and financial and performance management. Public servants were thereafter put on performance contracts and various government departments were transformed into semi-autonomous agencies as part of government's strategy to achieve efficiency in service delivery to its citizenry (GoK, 2011).

Migori Sub-County is situated on the Western side of Kenya. It was crafted out of the former South Nyanza District in 1992. It has 25 departments of which 3 have become autonomous in the recent past. The Sub-County is headed by the Deputy County Commissioner and immediately under him are all the other 25 departmental heads. Departmental heads report directly to their Permanent Secretaries on technical matters specific to their ministries. Matters affecting departments are discussed at the Sub County Executive Committee and Sub county Development Committee meetings where the Deputy County Commissioner is the chairman. This study was conducted in the three semi-autonomous government agencies which had different payrolls for its employees with the same skills. The three authorities were Kenya Rural Roads Authority, Kenya Forest Service Authority and Migori, Kuria and Transmara Water Board (MIKUTRA) which a few years ago were government departments in the Sub County and eventually were transformed into authorities in order their performance (GoK, 2011).

Departments and semi-autonomous government authorities in Migori Sub-County has different schemes of service developed out of negotiations between the parent Ministries and Public Service Commission of Kenya. Ministries/ authorities with strong personalities at the helm have always had their way in these negotiations and get better terms of service. Those who do not secure any increment become negatively affected by the differential in terms of service resulting from the process. The body charged with recruitment, promotion and retirement of civil servants is Public Service Commission of Kenya. The vision of Public Service Commission of Kenya is to create a non – partisan public service that offers quality service and holds the nation together for social – economic growth. Its mission is to supply highly competent human resources for efficient and effective service delivery to the people of Kenya. Its core values are meritocracy, reliability, team spirit, integrity, confidentiality and fairness to all its employees (GoK, 2011).

According to Brian (2006), employee engagement and level of contribution depends on staff feeling that they are fairly rewarded for their skills, knowledge and contribution. There is no right or wrong pay and benefit package. But since reward strategies play a key role in reflecting organizational culture, organizations need to tailor their reward strategy to their own particular business objectives. In 2005 civil servants went on strike over poor terms of service but surprisingly not all employees in the district participated. This is an indication that the reward system in the public sector is not fair and not tied to effective performance. The reward system in the public sector has over the years, encouraged disparities in rewards to employees within the departments in Migori Sub-County and therefore leading to general dissatisfaction by employees.

1.2 Statement of the problem

Taylor (1911) identified reasons for workers' purposely operating well below their capacity at work place and he discovered that through scientific approach an organization can identify and train employees in order to eliminate systematic soldiering at work place. Taylor believed that there was one and only one method of work that maximized efficiency in achieving organization's objectives. The one best method and best implementation can only be discovered or developed through scientific study and analysis.

According to Roethlisberger and Dickens (1939), Hawthorn researchers discovered how informal norms could hold production to a level that is acceptable by the group considering the rewards given for their efforts. Searle

(1990) discovered that the individual's satisfaction with rewards is, in part, related to what is expected and how much is received. Feelings of satisfaction or dissatisfaction arise when individuals compare their input, job skills, education, effort, and performance to the mix of extrinsic and intrinsic rewards they receive which in turn is responsible for their withholding efforts.

Bacon et al (as cited by Uzair, 2011), emphasized that employees are key to maintaining competitive edge by a business. To be successful in global market, a firm needs highly motivated, skilled and satisfied workforce that can produce quality goods at low cost. According to Sarvadi (2010), firms that don't match or exceed the reward levels of their competitors will have difficulty attracting and retaining top workers. Properly measuring performance ensures that a reward program pays off in terms of business goals since rewards have a real cost in terms of time and money.

However, there is limited research on the effects of reward systems on achievement of targets in organizations. Public outcry on employees' shirking, social loafing, free riding and lack of commitment as they perform their duties within their organization, has been in the public domain for some time now.

In view of the existing scenario, it was therefore necessary to establish effects of reward system on the achievement of targets of semi-autonomous government authorities in Migori Sub-County

1.3 Objectives of the study

The overall objective of this study was to establish the effects of employee reward system on achievement of performance target of semi-autonomous government agencies in Migori Sub-County

Specific objectives were:

1. To determine effects of basic salary on achievement of targets within semi-autonomous government authorities in Migori Sub-County.
2. To establish the effects of employee training on achievement of targets within semi-autonomous government agencies in Migori Sub-County.
3. To find out the effects of house allowances on achievement of targets within semi-autonomous government agencies in Migori Sub-County.
4. To determine effects of health benefits to employees on achievement of targets within semi-autonomous government agencies in Migori Sub-County.

1.4 Research questions

This study sought to answer the following questions:

1. How does basic salary paid to employees affect achievement of targets within semi-autonomous government agencies in Migori Sub-County?
2. What is the effect of training on achievement of performance targets in the semi-autonomous government agencies in Migori Sub-County?
3. How does house allowance paid to employees affect achievement of targets within semi-autonomous government agencies in Migori Sub-County?
4. What is the effect of health benefits to employees on achievement of targets within semi-autonomous government agencies in Migori Sub-County?

1.5 Justification of the study

The study was expected to increase knowledge and understanding of the factors that are responsible for shirking, social loafing and free riding by employees that negatively affect achievement of their targets. It was also hoped that the Government of Kenya (GoK) through Public Service Commission of Kenya would use this study to formulate and implement policies that will lead to a fair reward system for public servants and which will

improve efficiency and effectiveness in staff performance. Other employers are also expected to learn from this study so that they avoid development and selective implementation of haphazard reward systems through creation of highly qualified and sensitive human resource departments that will select, train and equip employees in order to reduce their withholding of effort at their workplace.

1.6 Scope of the study

This study was limited to the three semi-autonomous government authorities; Kenya Rural Roads Authority, Kenya Forest Service Authority and Migori, Kuria and Transmara (MIKUTRA) Water Board. These are the only semi-autonomous agencies operating at the moment in the district. This study was conducted between 9th – 20th December, 2013 in Migori Sub-County with a sample size of 43 employees from three authorities which was drawn from a target population of all the 74 employees working in the semi-autonomous government authorities in the district.

1.7 Limitation of the study

The study was funded solely by the researcher and therefore due to limitation of resources it was restricted to semi-autonomous agencies in Migori Sub-County. The research was conducted over a period of 6 months due to limited time allowed for the completion and submission of this work; even though the findings in this study represents the situation on how employee reward system affects the performance of semi-autonomous government agencies country wide.

Literature Review

2.0 Introduction

This chapter reviewed theoretical, empirical and critical review of literature relating to specific variables of reward systems that affect employees' performance. The chapter contains conceptual framework, theoretical framework, meaning and components of employee reward system. Other research findings from related studies including methodologies used and identified research gaps that exist are expounded in this chapter.

2.1 Theoretical/ Conceptual framework

Theoretical framework

This study was guided by Henri Fayol's (1916) theory of management which states that management must foster the morale of its employees. He further suggested that real talent is needed to coordinate effort, encourage keenness, use each person's abilities, and reward each one's merit without arousing possible jealousy and disturbing harmonious relationship. This is the principle he called "*Espirit de corps*" amongst the fourteen principles he laid down. The theory has a major weakness because it assumes that workers can only be motivated by monetary rewards for their efforts without considering issues like job satisfaction and human resource training and development. Despite this weakness, this theory gives foundation to any successful organization in its human resource department to be sensitive to the needs of employees when developing or reviewing its employee reward system (Carl, 2001).

Independent variables

Dependent variable

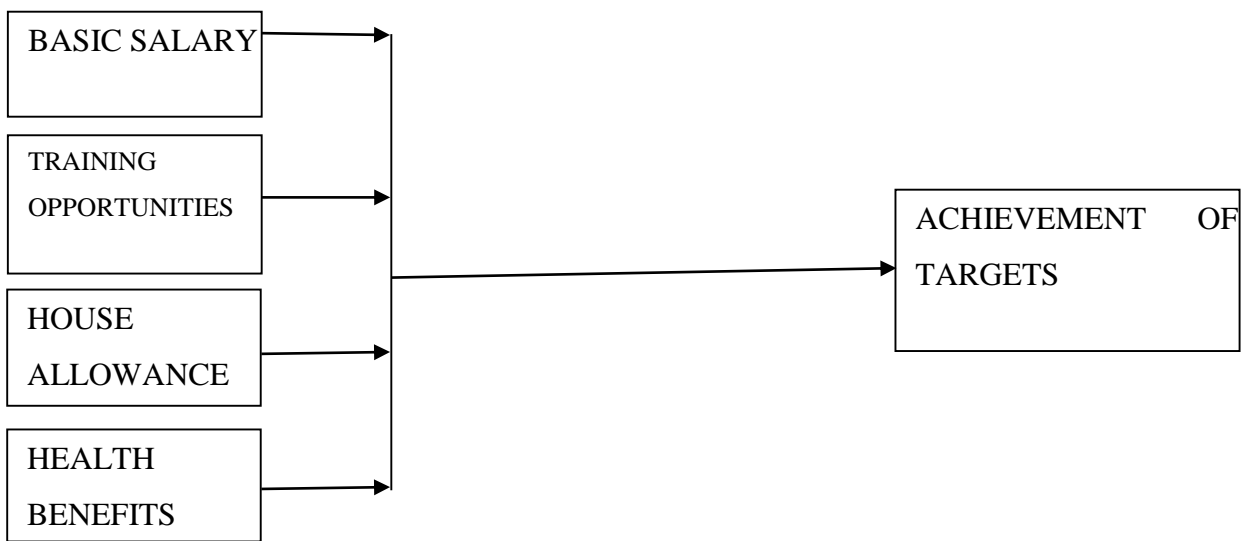


Figure 2.1 Conceptual framework

The conceptual framework figure 2.1 shows how the independent variables are related to the dependent variable. The basic salaries, house allowances, health benefits and training opportunities available to employees affect the achievement of targets within the semi- autonomous government authorities.

Definition of reward

There are a variety of ways to reward people for the quality of the work they do in the workplace. Rewards can be in the form of money, benefits, time off from work, acknowledgement for work well done, affiliation with other workers, a sense of accomplishment from finishing a major task or training opportunities to employees. Rewards should support behaviors directly aligned with accomplishing strategic goals. The term “performance” is being used to designate behaviors that really contribute to the “bottom line” (McNamara, 2011).

Effective reward program

Every company needs a strategic reward system for employees that address these four areas: compensation, benefits, recognition and appreciation. A winning system should recognize and reward two types of employee activity-performance and behavior. Performance is the easiest to address because of the direct link between the initial goals you set for your employees and the final outcomes that result (Sarvadi, 2010)

Reward system and performance

Organizations exist for the sole purpose of producing goods or services. Performance therefore, becomes pre-requisite for survival of organizations. For organization whose performance does not meet the expectations of their clients may be forced to wind up and leave. Performance becomes a key issue when rewards are given to employee’s contribution towards the success of an organization. Rate busters are awarded more pay to compensate for the efforts they give in return while non-performance is reprimanded (Vincenzo, 1997).

2.1.1 Effects of basic salary on achievement of targets in organizations

Papa (2008) observed that intellectual creativity cannot be 'programmed' and directed the way we program and direct an assembly line or an accounting department. This kind of intellectual contribution to the enterprise

cannot be obtained by giving orders, by traditional supervisory practices, or by close systems of control. Even conventional notions of productivity are meaningless with reference to the creative intellectual effort. Given the right conditions, most people will want to do well at work. They believe that the satisfaction of doing a good job is a strong motivation. Many people interpret this (Theory Y) as a positive set of beliefs about workers and fair treatment to all employees. According to Jerald (1997) employee satisfaction with pay level is important because it has been found to have effects on levels of absenteeism and turnover which in turn affects employees' performance.

According to Heneman & Judge (1999), basic salary can be a factor in decision to stay or leave, it is clear that dissatisfaction with pay can be a key factor in turnovers. It was also observed by Cooke (1987) that the linkage between pay and behaviors of employees results in better individual and organizational performance. The process by which the organization creates and administers incentive pay can help, it use incentives to achieve the goal of motivating employee (Kaufman, 1992). According to Shawn (1993) the test of a good pay-for-performance plan is simple: It must motivate managers to produce earnings growth that far exceeds the extra cost of the program. Though employees should be made to stretch, the goals must be within reach and reasonable in relation to what the employee earns in return.

Making fair pay add up to business advantages and it also true that aligning reward and diversity strategies is not only common sense but good business sense. Equal pay audits can help organizations achieve central business targets if employers are smarter at using the data to find the underlying causes for unexplained gaps exposed by an analysis of pay figures. Employers should begin from the principal that all individuals should receive equal pay for equal work. Equal pay reviews must therefore look beyond gender and explore other diversity dimensions. This will help employers to spot circumstances where individuals are paid unfairly, for no justifiable reason. Employers should also recognize that equal pay audits go beyond number crunching, massaging figures and complying with legislation. They are about using figures to expose flawed employment policies and practices so these can be reviewed to make sure the same problems don't occur again (Brian, 2006).

Effects of salaries on employee performance in United States of America

The un-fair reward system in the USA, has made the ratio of CEO basic salaries to average-worker pay has skyrocketing from about 40 in 1980 to several hundred currently. A huge CEO-to-worker pay gap not only degrades a worker and therefore company performance but also violates common moral principles of the common good, love of neighbour, and the dignity and worth of every human being. Paying chief executives an excessive amount relative to their number twos is a warning signal that the chief executive may have the compensation committee sewn up and that the board is not doing a good job of the succession plan. The large difference between those at the top of the corporate ladder and those just one rung below is a symptom of a deeper malice. Yawning gap between the pay of top executives points to weak corporate controls (Clieaf, 2004).

Effects of salaries on employee performance in Singapore

High pay for Singaporean government officials has historically helped curb corruption, which compared with other Asian countries ranks favorably on international graft rankings kept by such organizations as Transparency International. Prime Minister Lee's S\$1.94 million was three times the US\$400,000 US President George W Bush took home in salary per year. Lee's salary is currently about 1.6 times that of his cabinet ministers. Much of the public anger regarding the selective and discriminative increase of top government official's salaries stemmed from, the fact that in absolute terms, the new proposed government salaries equivalent to more than US\$1 million per year dwarfed the pay of average Singaporean wage earners and therefore affecting their performance. This is especially true since the wage gap between upper- and middle-class earners in Singapore had widened dramatically in past years (Alex, 2007).

Wage incentives rather appear in the form of skill bonuses for enlistments. Scientific management is a variation on the theme of economic efficiency; it is a late 19th and early 20th century instance of the larger recurring theme in human life of increasing efficiency, decreasing waste, and using empirical methods to decide what

matters, rather than uncritically accepting pre-existing ideas of what matters. Thus it is a chapter in a larger narrative that includes many ideas and fields, from the folk wisdom of thrift to a profusion of applied-science successors, including time and motion study. These methods were inappropriately used to measure performance level of individuals as though they were machines rather than humans and therefore there was no credible results achieved on effects of wages/salaries on performance of humans as factors of production (Vincenzo, 1997).

2.1.2 Effects of training and development on achievement of targets in organizations

Employee development can manifest itself in many forms of training, evaluations, educational programs, and even feedback. If executed correctly, the effects of training on employee performance can often encourage growth within the worker and the organization itself. The hope is that employees who receive training in line with their individual or organizational goals will become more efficient in what they do. Organizations should look at the positive effects of training on employee performance, and consider employee development as a targeted investment into making the front line worker stronger. Employee development plans, when tailored correctly and executed in accordance with the individual and organizational needs, can significantly increase the efficiency of the worker, and dramatically decrease any associated costs that may be generated by the employee (Nickels, 2009).

Management ought to focus on rearranging work to promote motivation factors through the following three possibilities: Job extension that combines the work of several jobs; Job rotation that alternates workers between a limited number of jobs over time; Job enrichment that diversifies work and provides greater but more responsibility. Employees must be trained to enable them cope with additional or new responsibilities given to them through job enrichment, enlargement and rotation. Herzberg's theory not only defined the elements of job satisfaction, but provided a valuable template to conduct job attitude studies. The two-factor, or motivation-hygiene theory, developed from data collected by Herzberg from interviews with a large number of engineers and accountants in the Pittsburgh area identified satisfiers and dis-satisfiers that affect employee performance (Hackman, 1976).

Effects of employee training on the performance- North America

Employees are more likely to enjoy their work and produce desired results when they know what is expected of them and have the tools and knowledge to perform the task. Job satisfaction is enhanced pride in results that meet and exceed expectations. Trainings improve skills and knowledge which enables employees to be efficient and effective in their job performance. Impact analyses of employee training on the performance was measured in terms of Tobin's Q and total returns to shareholders, of North-American firms, by using a survey of senior executives in human capital management carried out in 2000. The results indicate that higher training can have a positive effect on firm performance through factors such as employee satisfaction and customer loyalty. Overall, it is found that higher levels of training are associated with significant benefits which can increase firm value (Molina, 2011).

Training touches the lives of employees from the first day of a new job through retirement. The type of training must be matched to the participant and task in order to achieve maximum results. Herzberg's theory showed that a participative management style is most effective with staff of professional services firms. The original research employed the 'critical incident technique' that involved interviewees discussing occasions of great satisfaction and dissatisfaction with their jobs. Later studies suggested that the independent effect of motivators and hygiene factors is flawed. One study demonstrated that both can be related to job satisfaction and job dissatisfaction. Job satisfaction does not necessarily imply a high level of motivation or productivity yet employee dissatisfaction will definitely lead to poor performance (Hackman, 1976).

2.1.3 Effects of house allowances on achievement of targets

House (rent) allowance is an allowance given by an employer to an employee. The sole purpose of this is to meet the cost of renting a home. Milkovich and Newman (2002) identified that compensation benefits energize and guide behaviors toward reaching a particular goal. Kovach (1987) indicated that people are motivated by money for many different reasons. The need to provide the basic necessities of life motivates most people. Benefits, both financial and otherwise, send a powerful message to employees of an organization as to what kind of organization management seeks to create and maintain, and what kind of standards in terms of performance, behavior and attitudes management seeks from its employees (Beer, 1990).

Rapidly rising home prices in some regional housing markets are making it more difficult to attract and retain labor. Reasons behind this trend include workers declining to relocate into expensive markets or seeking to move out of costly markets, workers changing jobs more frequently in order to reduce commuting on congested highways, and workers moving to obtain marginally higher wages in order to cope with housing costs. Employers are at times required by law to provide reasonable accommodation for its employees either at or near the place of employment or they pay to the employee such sufficient sum as rent. Recognizing that high housing costs have "bottom-line" consequences, more employers are addressing this problem by offering employer-assisted housing benefit programs. Employer-assisted housing programs also can be used to improve community and/or employee relations and to increase corporate security and property values, all of which can have positive bottom-line effects (Hoffman, 2006).

Effects of house allowance on civil servants performance in Kenya

Nairobi-based civil servants in job group „K“ have, for instance, been receiving a house allowance of Ksh.10,000 per month rendering the mostly senior managers in the rank incapable of accessing housing in middle income estates where rents range between Ksh.25,000 and Sh50,000 a month affecting their job performance. Nairobi-based public servants in job group „L“ have, for instance, been earning house allowances of Ksh.20,000 per month compared to Ksh.12,000 and Ksh.8,000 that their peers in large and small municipalities earn respectively. The least paid workers in job group „A“ earn an average of Sh3, 000 per month, which can only pay rent in informal settlements and Nairobi's low end estates like Kayole and Dandora. House allowance reviews should be among efforts to reform the civil service and make it effective and efficient in service delivery (Juma, 2011).

In motivation, rewards and incentives directly effect on the behaviors of employees. Human Resource Professionals are continuously searching for fresh and innovative ideas to drive positive results through employee's incentive, recognition and reward programs. High-performance companies understand the importance of offering awards and incentives that recognize, validate, and value outstanding work and also care about the general wellbeing of employees. They keep employees motivated and are effective methods of reinforcing company expectations and goals, especially in times when promotion is rare, house allowances are on the rise, overall job satisfaction is low and targets are achieved (Evans, 1986).

2.1.4 Effects of health benefits on achievement of targets

Health insurance is a great benefit to the employees. It saves employees money as well as gives them a peace of mind that they have somebody to take care of them in bad times. It also shows the employee that the organization cares about the employee and its family. Wellness programs for healthy working environment may help organization to cut employees' health costs and to lower absenteeism and turnover of employees. Family

Health benefits often have spillover effects in the form of loyalty because employees see the benefits as evidence that the organization care about its employees (Grover & Crooker, 1995).

Increasing evidence supports the need for workplace wellness programs and more companies than ever are implementing health and wellness strategies to reduce injuries, health care costs and long-term disability. With additional benefits such as reduced absenteeism, higher productivity, reduced use of health care benefits and increased morale and loyalty, it's not surprising more and more employers are choosing to implement workplace wellness programs within their companies. Preventable illness makes up approximately 80% of the burden of illnesses and 90% of all health care costs. Employers are beginning to realize they can take advantage of this statistic and work to provide services to decrease the occurrence of those preventable diseases. There are many real benefits to workplace wellness programs. There is increasing evidence to support implementation of programs in all types of companies and businesses, big or small (Michelle, 2011).

Effects of health benefits on employee performance – United States of America

Despite the United States spending more on health care than any other industrialized nation in the world, it remains the unhealthiest. Employees surveyed in mid-sized to large companies across the United States rank health insurance benefits as more important than compensation, according to a recent study. In a study of 528 employees, the importance of health benefits outweighs salary by a 2-to-1 ratio. Fifty-five percent of employees enrolled in an employer-sponsored health plan rank its importance No. 1, and 82 percent rank it No. 1 or 2 on a list of priorities. Additionally, two-thirds of those surveyed say health benefits are either a primary reason for taking a job or a primary reason for remaining with a job. Other reasons listed include pay, retirement benefits, time off, and a flexible work schedule (Michelle, 2011).

Attitudes and their connection with industrial mental health are related to Maslow's theory of motivation. His findings have had a considerable theoretical, as well as a practical, influence on attitudes toward administration. According to Herzberg, individuals are not content with the satisfaction of lower-order needs at work, for example, those associated with minimum salary levels or safe and pleasant working conditions. It is surprising that health care is becoming more important to employees as both the economy and labor market is declining. Competitive organizations, whether they are big or small, with health benefits programs will be able to attract employees especially if they provide the most fundamental programs such as health care and disability insurance yet it is a lower-order need (Papa, 2008).

2.2 Critical review

However, many managers, including human resources directors, mistakenly believe that employee motivation can be won through monetary rewards or other perks (allowances). They learn soon enough that such perks are taken for granted and that money is not the key to employee motivation (Belilos, 1999).

Fear is a powerful motivator/de-motivator, but only for a short time and then it dissipates. Management believes that workers need to be closely supervised and comprehensive systems of controls developed. A hierarchical structure is needed with narrow span of control at each and every level. Employees are believed to show little ambition without an enticing incentive program and will avoid responsibility whenever they can. If the organizational goals are to be met, theory X managers rely heavily on threat and coercion to gain their employee's compliance (Papa, 2008).

The two-factor model of motivation, based on the notion that the presence of one set of job characteristics or incentives lead to worker satisfaction at work, while another and separate set of job characteristics lead to dissatisfaction at work. Thus, satisfaction and dissatisfaction are not on a continuum with one increasing as the other diminishes, but are independent phenomena. This theory suggests that to improve job attitudes and

productivity, administrators must recognize and attend to both sets of characteristics and not assume that an increase in satisfaction leads to decrease in un-pleasurable dissatisfaction (Herzberg, 1968).

“Job enrichment” in a misguided manner would mean adding unrewarded responsibilities on the shoulders of their supervisors and employees. This results in a feeling of exploitation and has the reverse of the intended effect. A professional and unified management, in a good work environment, is the basis on which to build employee motivation. While high employee turnover reflects on low morale and lack of motivation, when seen from another angle, the absence of turnover quickly results in de-motivation since the possibility of motion and forward-motion is taken away from employees. It is against human nature to remain static, performing the same duties day in, day out, without expectations of change in routine or opportunities for advancement (Belilos, 1999).

The problem of unrealistic self-rating exists partly because supervisors in most organizations do not communicate a candid evaluation of their subordinates’ performance to them. Such candid communication to subordinates, unless done skillfully, seriously risks damaging their self-esteem. The bigger dilemma, however, is that failure by managers to communicate a candid appraisal of performance makes it difficult for employees to develop a realistic view of their own performance, thus increasing the possibility of dissatisfaction with the pay they are receiving. Employees often misperceive the rewards of others; their misperception can cause the employees to become dissatisfied. Evidence shows that individuals tend to overestimate the pay of fellow workers doing similar jobs and to underestimate their performance. Misperceptions of the performance and rewards of others also occur because organizations do not generally make available accurate information about the salary or performance of others (Searle, 1990).

Employees enjoy the rewards of added know-how, skills, career opportunities and future security due to business success. It is in the self-interest of employers to explore the underlying issues, such as poor diversity training, weak performance management systems and biased appraisal processes in order to create a culture based on fairness as this contributes to better business performance. Diverse workforce can complement these benefits through increased productivity and performance, but managed badly, efforts to improve diversity can create conflict and tension in the workplace (Brian, 2006).

2.3 Summary

It is very clear from the literature review that overall satisfaction results from a mix of rewards rather than from any single reward. The evidence suggests that intrinsic rewards and extrinsic rewards are both important and that they cannot be directly substituted for each other. Employees who are paid well for repetitious, boring work will be dissatisfied with the lack of intrinsic rewards, just as employees paid poorly for interesting, challenging work may be dissatisfied with extrinsic rewards and therefore affecting their performance.

2.4 Research gaps

The review of theoretical, empirical and critical literature has clearly identified several knowledge gaps that exist in this area of study. Measuring employee performance is not an easy task given the tendencies of employees overrating their efforts. Developing a reward system based on performance that motivates employees as well as helps organizations achieve their objectives is elusive.

There is evidence that rewards, in its various forms, affects employee performance. However, most existing research on the effects of rewards on employee behaviours and attitudes has focused on how it is administered. In the central government of Kenya individual incentives, merit pay and bonuses do not exist and therefore the

focus is in how much is paid rather the form of payment. Finally, Civil Service Reform Program in Kenya's main purpose was to create structures that would make civil service more effective and efficient in service delivery; this has not been achieved so far. This study is expected to bridge these exiting literature gaps.

Methodology

3.0 Introduction

This chapter includes research design that guided this study in evaluating the effects of reward system on achievement of targets by employees in semi- autonomous agencies in Migori Sub-county. The chapter also identifies target population, sampling frame, sampling techniques, data collection instruments and data analysis techniques together with the research procedures that enabled collection of data in an efficient and effective manner.

3.1 Research design

Research design is the plan, structure of investigation conceived so as to obtain answers to research questions and to control variance (Kerlinger, 1973). This study adopted survey research design. Survey design involves investigating population by selecting samples to analyze and discover occurrences while providing quantitative and numeric description. The importance of survey design is that it was used to gather cross-sectional information on a population at a single point in time. The survey research design was chosen for this study because of the low cost and ease in accessing information. Data was collected from the three semi-autonomous government authorities and survey design offered more extensive research in a much focused, rapid and economical manner. With this field design, both qualitative and quantitative primary data regarding rewards training and level of employee performance for the three semi-autonomous government agencies was collected speedily and with ease (Mugenda, 2004).

3.2 Study area

The study was conducted in Migori Sub County Headquarters. Government offices are spread evenly along Migori – Kadika road. Migori Sub County was chosen for this study because it offers a wide area of coverage. The three agencies cover more than seven districts and two counties with their main offices in Migori (GoK, 2011).

3.3 Target population

The target population was composed of all public servants working in the three authorities in Migori Sub County. Employees were distributed un-evenly as follows; Kenya Rural Roads Authority 24, Kenya Forest Service Authority 32 and Migori, Kuria and Transmara Water Board (MIKUTRA) 18 giving a total 74 employees in various cadres. Majority of employees in these authorities (nearly 70%) were in middle and lower job groups working as supervisors, technical and non-technical staff (messengers, drivers and clerical officers) who were still being paid through the government payroll (GoK, 2011).

3.4 Sampling frame

The source, from which the sample size of 43 employees of the three semi-autonomous agencies was drawn, was the monthly district staff return file kept by the Sub County Human Resource Registry at the district. The file carries the details of civil servants working in the district indicating when they report and when they are transferred from the Sub County, their job titles, cadres and the departments/ authorities they work in. The three semi-autonomous agencies were ideal for this study because each agency has two different reward schemes for its employees.

3.5 Sample size and sampling techniques

The sample size of 43 employees from three authorities was drawn from a target population of all 74 employees working in the authorities using Nasiuma’s Model (2000). According to the model sample size n , is calculated as : $n = \frac{Ncv^2}{cv^2 + (N-1)e^2}$ where; N is the population, cv is coefficient of variation taken to be (0.5) and e is tolerance level at 95% confidence level (0.05). This was found to be 58% of the entire population of employees in authorities in Migori Sub County (GoK, 2011).

Table 3.1 Sample Size

Sample size using Nasiuma’s Model	Kenya Roads Board	Kenya Forest Authority	MIKUTRA Water Board	Total
Sample size	24	32	18	74
Sample size as % of target population	14	19	10	43
	19%	26%	13%	58%

Table 3.1 above shows how the sample size of 43 employees was distributed proportionately in the three authorities as follows; Kenya Rural Roads Authority 14, Kenya Forest Service Authority 19 and Migori, Kuria and Transmara Water Board (MIKUTRA) 10 giving a total of 43 samples under consideration stratified further into two sub groups, Government of Kenya payroll with 33 employees and special payroll had 10 employees (GoK, 2011).

Stratified sampling technique was appropriate for this research because it ensured that sub groups were proportionately represented and the differences in sub group characteristics were also considered. The two sub groups; government and special payroll (authority) was investigated departmentally but along the stratus so that the representation was fair. The stratus enabled the research to identify the wage gaps within sub group in the respective authorities within the district (Mugenda, 2004).

3.6 Data collection instruments and procedures

Secondary data was collected through reviews of duly filled staff performance appraisal forms (Forms 247A & 247 B) and the two schemes of service (special and GoK) that are in use by the semi- autonomous agencies.

Primary data was collected through the use of questionnaires by hand delivery. Qualitative data was collected and weighted on a Likert rating scale and summarized for further analysis.

3.7 Data Collection techniques

All the staff members in the target population are literate and therefore questionnaires were designed and used to collect data from each sub group within each authority. Questionnaires were distributed to the three authorities for collection of both qualitative and quantitative data on the perceptions, feelings and attitudes of employees towards the low versus high salaries paid for the same efforts given. Document analysis is a critical examination of public or private recorded information related to the issue under investigation. Both document analysis and questionnaire were the most suitable ways for the collection of data for the purpose of this research because a lot of data was collected and documented at very low cost and with little time (Mugenda, 2004).

3.8 Validity and reliability

For validity and reliability, twenty questionnaires were distributed in Kisumu as part of Pilot testing. The same questionnaires were redistributed to the same respondents after two Weeks and the results obtained were verified for accuracy and correctness. To be sure that Questionnaires issued out were filled by the right people, the distribution and collection of the questionnaires was carefully controlled and monitored since they were hand delivered.

3.9 Data analysis techniques

Data was analyzed by the use of computer aided data analysis software SPSS and Stat pages. In this research, tables were very useful tool for presentation of cross – sectional data between authorities. Bar graphs and line graphs enabled comparison of effects of training and other rewards paid to employees on targets achieved in their job performance in relation to different schemes of service in use by the semi-autonomous government authorities in Migori Sub County (Mugenda, 2004). Descriptive statistics and correlation coefficients were used to compare the means of annual earnings and also to establish the strength between dependent variables and independent variables due to reward systems applied by the three authorities within the two sub groups. These were very effective statistical inference tools especially when dealing with the authorities in the district which had very many different schemes of service (Mugenda, 2004).

Results And Discussion

4.0 Introduction

This chapter contains analyzed data arranged according to specific objectives through the use of computer aided data analysis software SPSS and Stat pages. It also includes the Presentation of data collected by the use of document analysis and questionnaires as well as statistical inferences including correlations between dependent variables and Independent variable.

4.1 Effects of basic salary on achievement of targets within semi-autonomous government authorities in Migori Sub-County. This research sought to determine effects of basic salary on achievement of targets within

the authorities in Migori Sub-County. From document analysis data was analyzed and presented in table 4.1 and figure 4.1 below;

Table 4.1 Basic salary and targets achieved within semi-autonomous government authorities in Migori Sub-County

Number of employees and targets achieved

	Excellence (Above 90%)	Moderate (75%-89%)	Poor (Below 75%)	Total
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Salaries to employees	GoK payroll-low salaries	2	12	19	33
	Special payroll-High salaries	8	2	0	10

Totals		10	14	19	43
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Analysis of data summarized in table 4.1 above gives Pearson Correlation Coefficient of 0.7 on effects of basic salary on employee performance. The average basic salary and target achievement ratio for employees on GoK payroll was Ksh 19,093 and 75.3% respectively. Those on special payroll had an average basic salary of Ksh. 110,376 and target achievement ratio of 94.6%.

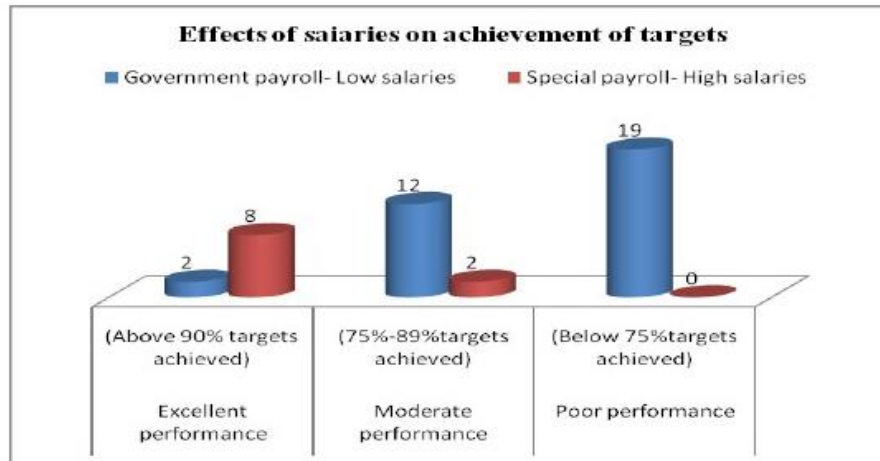


Figure 4.1 Basic salary and targets achieved within semi-autonomous government authorities in Migori Sub-county

Figure 4.1 above shows that 80% of employees on special payroll (high) achieved above 90% of their targets and 20% met between 75% and 89% of their targets. 0.06% of employees on GoK payroll (low) achieved 90% of their targets, 36% achieved between 75% and 89% while 58% achieved less than 75% of their targets.

4.2 Effects of training on achievement of targets by employees of semi-autonomous government agencies in Migori Sub-county The study also investigated the effects of relevant training to employees on their job performance. The question posed was, “How would you rate the effects of trainings on achievement

of your targets?" Data was collected through questionnaires and the results summarized in table 4.2 and presented on figure 4.2 below;

Table 4.2 Employees ratings of effects of relevant training on their performance

Employees' rating of effects of relevant training on performance	Number of employees and targets achieved			Total
	Excellent (Above 90%)	Moderate (75%-89%)	Poor Below 75%)	
Training had effect on performance(score; 3)	3	0	0	3
Training had little effect (score; 2)	4	7	5	16
Training had „No" effect (score; 1)	3	7	14	24
Total	10	14	19	43

Achievement of targets. Data was collected and weighted on a Likert rating scale ranging from the lowest score of 1 and the highest score of 3. A score of 1 indicated that training had „No" effect on performance, a score of 2 signified very little effect, and the highest score of 3 signified that training had effect on performance. Job satisfaction is enhanced pride in results that meet and exceed expectations and higher levels of training are associated with significant benefits to increase in firms value (Molina, 2011)

Pearson Correlation Coefficient on the effects of training on employee performance was found to be 0.493. Employees on special payroll rated the effects of training on their performance at mean score of 2.1 out of 3 equivalent to70% while, those on GoK payroll rated effects of training on their performance at a mean score of 1.33 out of 3 or 44%.Studies have suggested that a participative management and training is the most effective with staff in professional service firms and training improve skills and knowledge and enables employees to be efficient and affective (Hackman, 1976)



Figure 4.2 Employees ratings of effects of relevant training on their performance

Figure 4.2 indicates that 10 employees who were excellent in performance; 3 said that training had „No“ effect on their performance, 4 said that there was little effect and the remaining 3 said training had effect on their performance. 7 employees of the 14 moderate performers said the training had „No“ effect on their performance and 7 indicated that there was little effect on their performance. 14 employees of the 19 low performers said that training had „No“ effect and 5 said that training had little effect on their achievement of targets.

4.3 Effects of house allowance on achievement of targets within semi-autonomous Government agencies in Migori Sub-county. Data was collected through document analysis and questionnaires in order to find out the effects of house allowance on employees“ performance. This was in line with the third objective of this study. Table 4.3 and figure 4.3 below give summarized data from respondents;

Table 4.3 Monthly house allowances paid to employees and targets they achieved

	Special payroll		GoK payroll		
	House allowance Ksh	Targets achieved %	House allowance Ksh	Targets achieved %	
Mean	24200	94.6	3666.667	75.2424	
Median	20000	98	2500	73	
Mode					
Std. Deviation	20000	98.00	2500	73	
Skewness	11242.78	7.58947	1466.643	8.07399	
Minimum	0.798	-1.532	0.773	1.145	
Maximum	12000	78	2500	63	
Percentiles	40000	101	6000	98	
	25	15000	89.5	2500	70
	50	20000	98	2500	73
	75	40000	99.25	5000	79
N	Valid	10	10	33	33
	Missing	0	0	0	0

Analysis of data in table 4.3 gives a Pearson Correlation Coefficient of 0.745, and the monthly average house allowance for all employees was Ksh 8,442 and a mean performance of 79.7%. On specific payrolls, the average monthly house allowance was Ksh.24, 200 and Ksh.3,667 for employees on special and GoK payrolls respectively

Figure 4.3 Monthly house allowances paid to employees on both GoK and Special Payrolls

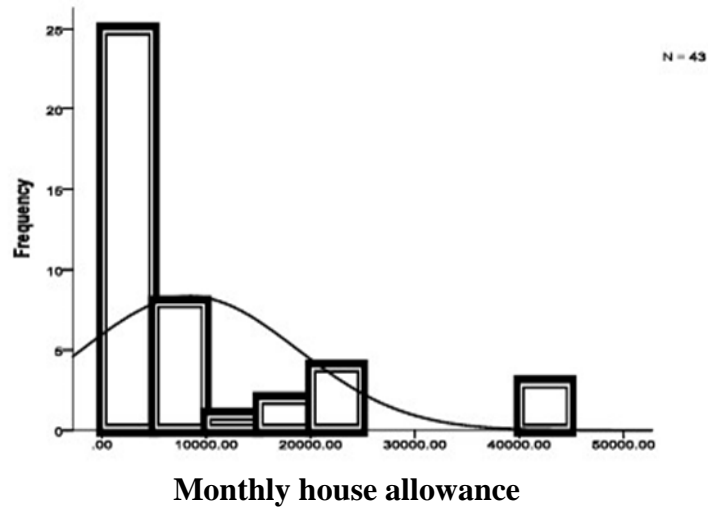


Figure 4.3 above shows that 77% (33 out of 43) of employees earned an average monthly house allowance less than Ksh. 10,000. 15% earned a monthly house of allowance of between Ksh. 10,000 and Ksh. 25,000. The remaining 8% earned an average monthly house allowance between Ksh. 35,000 and Ksh. 40,000. Recognizing that high housing costs have “bottom line” consequences, more employer-assisted housing benefit programs. Employer-assisted housing programs also can be used to improve community and/or employer relations and to increase corporate security and property values, all of which can have positive bottom-line effects (Hoffman, 2006)

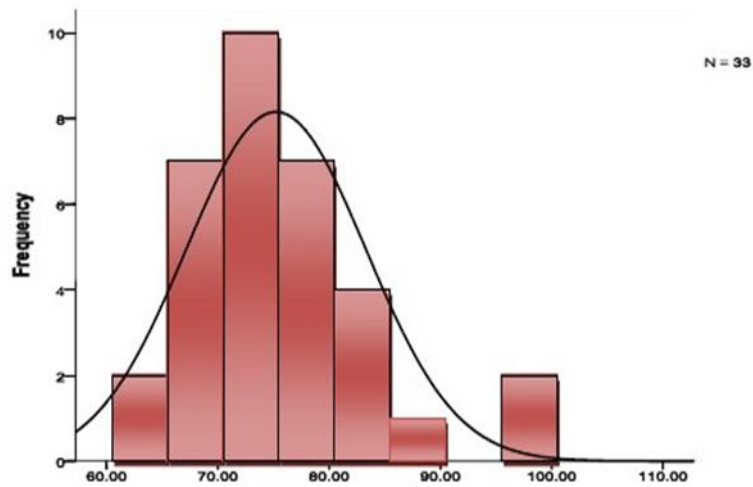
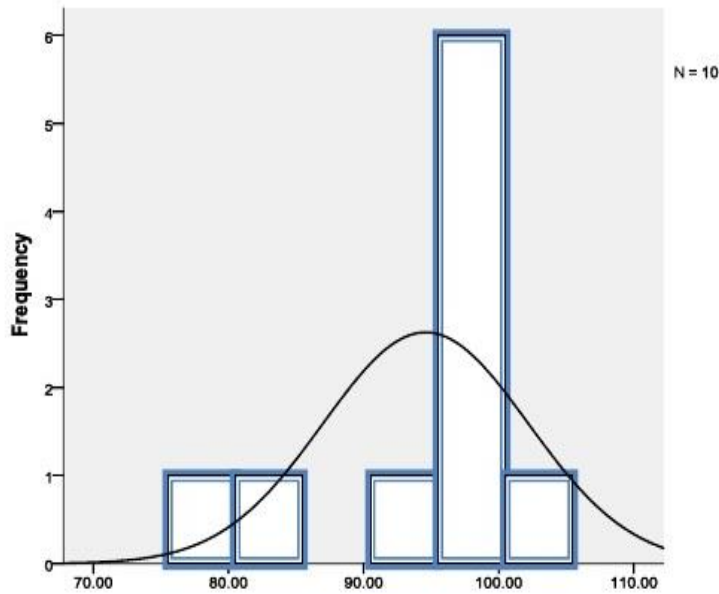


Figure 4.4 Targets achieved by employees on GoK payroll

Figure 4.4 shows that employees on GoK payroll had an average target achievement rate of 75.2% with a standard deviation of 8.074%. The performance of employees ranged between 83.3% and 67 % (75.2 + 8.074).



Targets Achieved

Figure 4.5 Targets achieved by employees on special payroll Presentation of data in figure 4.5 indicates that 80% of the employees on special payroll achieved over 90% of their targets while the remaining 20% achieved an average of 80% of their targets. Employee performance in the special payroll category had a mean target achievement rate of 94.6% with a standard deviation of 7.589 (94.6 + 7.589).

4.4 Effects of health benefits to employees on achievement of targets within semi-autonomous government agencies in Migori Sub-county

The study also sought to establish the effects of employee health benefits on their performance. Through questionnaires and document analysis, data was collected and summarized in table 4.4 and figure 4.6 below;

Table 4.4 Monthly health benefits and targets achieved by employees on both special and GoK payroll

	Special payroll		GoK payroll		
	Targets	Health Benefits	Targets	Health Benefits	
	%Ksh		%Ksh		
Mean	94.6	25400	75.2424	996.3636	
	98	23500	73	990	
Median	98.00 _a	21000	73	750	
Mode	7.58947	5232.378	8.07399	354.3508	
Std. Deviation	-1.532	0.758	1.145	0.227	
Skewness	78	21000	63	495	
Minimum	101	35000	98	1500	
Maximum	89.5	21000	70	750	
Percentiles	98	23500	73	990	
	25	99.25	29000	79	1372.5
	50				
	75				
N	Valid	10	10	33	33
	Missing	0	0	0	0

Analysis of data in Table 4.4 gives Pearson Correlation Coefficient of 0.73, average Monthly health benefits of Ksh 6,672 and average performance of 79.7%. Family Health benefits often have spillover effects in the form of loyalty because employees see the benefits as evidence that the organization care about its employees (Grover & Crooker, 2011)

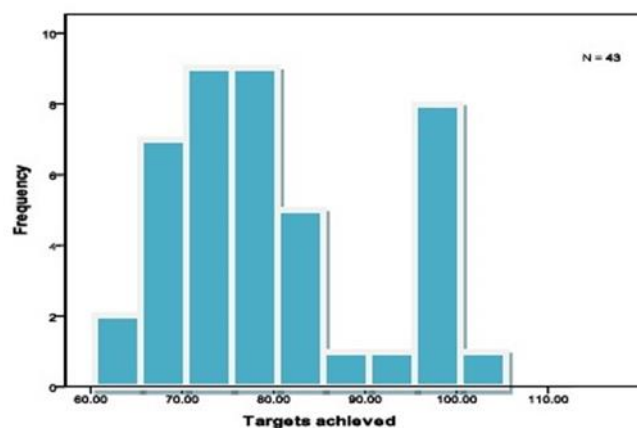


Figure 4.6 Monthly health benefits to employees on both special and GoK payroll

Figure 4.6 shows that 75% of the employees achieved 85% of their targets while the Remaining employees achieved between 85% and 101% of their targets.

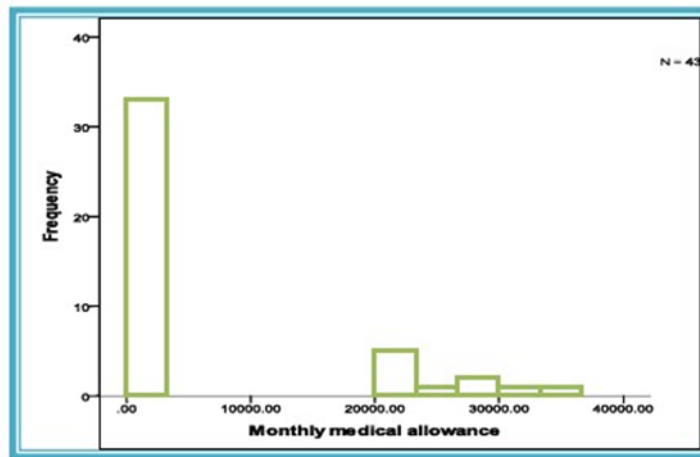


Figure 4.7 Monthly health benefits to employees on both special and GoK payroll

Presentation of data in figure 4.7 above indicates that all the 33 employees on GoK payroll were entitled to health benefits below Ksh 1,500, while the remaining 10 employees who are on special payroll earned health benefits of least Ksh. 20,000. The average health benefits accruing to employees on special payroll was found to be Ksh. 25400.00 while those on GoK was Ksh. 996 giving a difference of Ksh. 24,404. Increasing evidence supports the need for workplace wellness programs and more companies than ever are implementing health and wellness strategies to reduce injuries, health care costs and long-term disability. With additional benefits and increased morale and loyalty, it’s not surprising more and more employers are choosing to implement workplace wellness programs within their companies. Preventable illness makes up approximately 80% of the burden of illness and 90% of all health care costs. Employers are beginning to realize they can take advantage of this statistic and work to provide initiative for it.

Summary, Conclusion And Recommendations

5.0 Introduction

clear from the evidence collected that majority of the employees either indicated that training did not or had little effect on their achievement of targets in their organization and this is due to dissatisfaction levels with the reward system in their agencies. It is evident The chapter contains suggestions for further research as well as summary of findings, conclusion and recommendations on the effects of reward system on employees’ achievement of targets in the semi-autonomous agencies in Migori-Sub-county.

5.1 Summary of findings

The overall objective of this study was to establish the effects of employee reward system on achievement of performance target of semi-autonomous government agencies in Migori Sub-county. Findings are summarized and presented along specific objectives; basic salary, training, housing benefits and health benefits that affect employee job performance.

5.1.1 Effects of basic salary on achievement of targets within semi-autonomous

Government authorities in Migori Sub-county This research was conducted to investigate the effects of basic salary on achievement of targets within semi-autonomous government authorities in Migori Sub-county. The results of this study revealed a very large wage gap between the average earnings of employees in semi-autonomous government agencies. Those who are still on the GoK payroll earn 8times less than what those on special payroll are earning despite their level of academic and professional qualification. Analysis of data summarized in table 4.1 gives a Correlation Coefficient (Pearson) of 0.7 on effects of basic salaries on employee performance within the agencies in Migori. The average basic salary for employees on GoK payroll and special payroll were Ksh. 19,093 and Ksh. 110,376 respectively giving a difference of Ksh 91,283.

Average target achievement rate of employees on GoK payroll was 75.5% compared to an average of 94.6% by those on special payroll. Figure 4.1 also shows that 80% of employees on special payroll (high) achieved above 90% of their targets and 20% met between 75% and 89% of their targets. 0.06% of employees on GoK payroll (low) achieved 90% of their targets, 36% achieved between 75% and 89% while 58% achieved less than 75% of their targets. The evidence collected indicates that employees within the agencies who are on special payroll (high salary) performed better than those on GoK payroll whose salaries are comparatively low; and it therefore follows that performance of employees depends on their basic salaries.

5.1.2 Effects of training on achievement of targets by employees of semi-autonomous government agencies in Migori Sub-county The study also investigated the effects of employee training on job performance. The respondents were asked to rate relevant trainings that they undertook in terms of achievement of targets in the agencies. Qualitative data relating to how employees viewed effects of training on achievement of targets was collected and weighted on a likert rating scale and summarized in table 4.2. Pearson Correlation Coefficient on the effects of training on employee performance gives a value of 0.493 indicating that there is evidence that training can moderately improve performance of employees. Employees on special payroll rated the effects of training on their performance at a mean score of 2.1 which is equivalent to 70% while, those on GoK payroll rated effects of training on their performance at a mean score of 1.33 or 44%. Employee training can significantly increase the efficiency of the worker, and dramatically decrease any associated costs that may be generated by the employee (Nickel, 2009) Table 4.2 further indicates that 56% of employees interviewed said that training had „No“ effect on their performance, 37% said that training had very little effect on their performance while only 7% confirmed that training had effect on their performance. It is that the data collected and analyzed indicated that training did not have or had little effect on achievement of targets in the authorities in Migori Sub County.

5.1.3 Effects of house allowances on achievement of targets within semi-autonomous government agencies in Migori Sub-county. Data was collected through document analysis and questionnaires in order to find out the effects of house allowance on employees“ performance. This was in line with the third objective of this study. Data collected from respondents was summarized in Table 4.3 and presented in figures 4.3, 4.4 and 4.5. Analysis of data in table 4.3 gives a Pearson Correlation Coefficient of 0.745, signifying very strong evidence that employee performance depends on the average monthly house allowance they earn. The average monthly house allowance was found to be Kshs.24,200 and Kshs.3,667 for employees on special and GoK payrolls respectively. Figure 4.5 shows those employees on GoK payroll had an average performance of 75.2% with a standard deviation of 8.074%. The performance of employees ranged between 83.3% and 67% (75.2 + 8.074). Employee performance in the special payroll category had a mean achievement

rate of 94.6% with a standard deviation of 7.589 (94.6 ± 7.589). Section 9 of Employment Act in Kenya emphasizes the importance of house allowance to Employees. It stipulates that every employer shall at all times, at his own expense, provide reasonable accommodation for each of its employees either at or near the place of employment or shall pay to the employee such sufficient sum as rent in addition to salary as will enable such employee to obtain reasonable accommodation. Employees on GoK payroll earn an average monthly house allowance of Kshs. 3,667 which in Migori urban center today may not be enough to rent a single room for a home and therefore, most employees are forced to look for accommodation away from their work place. A lot of time and effort is used by employees to get to their place of work every day impacting negatively on their performance. It is clear from the findings that employee's performance depends on the amount of house allowance paid to them.

5.1.4 Effects of health benefits to employees on achievement of targets within semiautonomous government Agencies in Migori Sub-county Analysis of data in table 4.4 gives a Pearson Correlation Coefficient of 0.73 indicating a very strong correlation between health benefits and employee performance. The average monthly health benefits and performance was found to be Kshs 6,672 and 79.7% respectively. Figure 4.6 indicates that 75% of the employees achieved 85% of their targets while the remaining 25% of employees achieved between 85% and 101% of their targets. Presentation on figure 4.7 indicates that all the 33 employees on GoK payroll were entitled to health benefits below Kshs 1,500 while those on special payrolls' benefits earned at least Kshs.20, 000. The average health benefit accruing to employees on special payroll was found to be Kshs. 25,400.00 while those employees on GoK payroll received an average benefit of Kshs. 996. People are motivated by money for many different reasons. The need to provide the veryhouse allowance, health benefits and basic basic necessities of life motivates most people. Healthy employees help organization to meet its targets/objectives and also to reduce employer's operational costs by lowering rate of absenteeism. Health benefits often have spillover effects in the form of loyalty because employees see the benefits as evidence that the organization cares about its employees and therefore motivates them. The findings suggest that employees' performance depends on the health benefits they receive.

5.2 Conclusion

In view of these findings, it is clear from the evidence collected that development and management of effective reward systems is the biggest social challenge in the 21st century to the corporate world and governments worldwide. In this report, the study has shown that salary have strong influence on employee performance with correlation coefficients of 0.745, 0.73, 0.7 respectively as compared to a 0.493 moderate correlation that training had on their performance. Monetary rewards have more powerful motivational effects on employees than non-monetary rewards. The study also indicates that the un-fair reward system in the semi-autonomous government agencies in Migori Sub-county is responsible for the poor performance of employees on GoK payroll. It is not easy to explain how one can earn 8 times more than his/her workmate on the same job with equal experience and qualifications.

5.3 Recommendations

In this report, the study has shown that employee engagement and level of contribution depends on staff feeling that they are fairly rewarded for their skills, knowledge and contribution. The design and management of reward systems present an organization with one of the most difficult Human Resource

Management (HRM) tasks. The HRM policy contains the greatest contradictions between the promise of theory and the reality of implementation.

It is against these findings that the report recommends the harmonization of schemes of service within departments/ministries so that every individual is awarded a fair salary. Civil servants, who were left on GoK payroll, need to be absorbed into the special payroll in order to create harmony within the agencies, motivate and improve employee performance.

House allowances paid to employees need to be made uniform across the various cadres despite the region where a civil servant is posted. Currently civil servants become demotivated when they are transferred from regions that attract higher house allowance to those that are considered to be „low cost“ and hence attract lower house allowance. This report also recommends that assessment of employees training needs must be made more relevant by involving employees fully in the process in order to take into account their views and preferences. This report also recommends, that any reward package proposed for employees in future, must give due consideration to health benefits as means of improving employee performance. Contributory employee insurance schemes must be introduced in order to reduce health care costs of employees and also to reduce absenteeism due to sicknesses from preventable diseases. The report recommends further that equal pay audits should be periodically undertaken by organizations to expose flawed employment policies and practices so that these can be reviewed to make sure the same problems don't occur again. Public Service Commission of Kenya needs to be restructured so that meritocracy, reliability, team spirit, confidentiality and fairness when dealing with human resource are achieved. Checks and balances should be included in the negotiations of any reviews of terms of service in the public sector to avoid unnecessary and unreasonable salary increases by creating an independent body to control these processes.

5.4 Suggestions for further research

Further research should be undertaken in future to determine the effects of government pay policies on employee turnover in the civil service in Kenya.

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