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Influence of Reward Strategies on Employee Performance in Public University Campuses in Kericho County, Kenya

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Abstract

The focus of this study was to investigate the influence of reward strategies on employee performance in public university campuses in Kericho County, Kenya. The study was motivated by concerns on employee performance in public university campuses despite the various reward strategies adopted by the public institutions to enhance employee performance. The study adopted a cross-sectional survey design. A sample of 106 employees, representing 26% of the target population, was selected from four public university campuses namely; University of Kabianga (UK), Moi University (MU), Kenyatta University (KU), and Kisii University (KSU). Stratified random sampling was utilized in selecting the respondents for the study. Data was collected through questionnaire and analyzed using both descriptive and inferential statistics. A pilot study was conducted on data collection instrument to pre-test its validity before the main survey, while data reliability was measured using Cronbach's alpha coefficient. Statistical Package for Social Sciences (SPSS) version 23.0 was used to aid in coding, entry and analysis of quantitative data. Finally, there is conclusion and recommendation based on the findings. The study found out that the relationship between reward strategy and employee performance was significantly positive. The conclusion from the findings of this study is that motivated employees are the main drivers of the public institutes' performance. In view of the findings, the study recommends that public universities improve reward strategies in order to improve the level of employee performance.

Keywords: Employee, Performance, Reward, Strategy.

Introduction

Employee performance is the cornerstone of institutions in achieving strategic objectives and overall success. Employee performance is greatly determined by motivation, which is that inner force pushing a person to behave in a particular way. Armstrong (2010), concludes that employee motivation results in more organizational benefits than any other managerial approaches. A research by Gamble and Thompson (2011) opine that human resource performance is one of the foremost

applied strategies by organizations that give them an advantage against competitors. Ainsworth, Smith & Millership (2008) reveal that in the past, recognition and reward strategies were mostly loosely defined and based on management perception on employee exceptional performance. Reward strategy is a critical element in the nurturing and developing quality manpower. Employee rewards strategies are moderated by such individual aspects like age, experience and skills. Al Janabi (2010) points out that rewarding of employees should be consciously managed and he pin point promotions, pay increment and benefits as reward areas having great influence on employee performance.

Rakes and Dunn (2010) take the view of rewards strategy being the approach through which needs of individuals are appreciated and steered towards a particular goal. Armstrong (2010) argues that rewards strategy is how motivation elements affect employees and is also concerned with the ultimate direction and strength of the resultant behavior. He suggested that rewards and ability have been highlighted by several authors as the two factors influencing productivity levels of workers, leading to study efforts to obtain data on both the capacity to work and the will to work. Armstrong further agreed that rewards strategy leads to an increase in performance but only to a certain level, where further increase in reward leads to a decrease in performance. This means that while studying the strategies to reward employees, managers need to be very precise in order to avoid 'over-rewarding which would result in reduced work output by workers. Kochachathu (2010) posits that employee performance is a crucial determinant in the progress of an organisation and it is a key indicator of an organization's health. To assess employee performance, organizations needs to assess the elements of importance to each of the employee cadres.

Lack of reward strategies for employees is usually expressed through poor and unpredictable performance. By nature, human beings are different and have different attitudes and emotions. At the same time, individuals are motivated differently by different things. Ukandu and Ukpere (2011) confirm the importance of rewarding employees. They explain that the level of employee performance increases with increase in rewards due to their resultant commitment at workplace. Basaza (2017) in her study on "Factors Affecting the Performance of Employees at the Ministry of Health Headquarters, Uganda" concludes that salary and working conditions for employees greatly affect employee performance.

Busienei (2013) opines that the way an organization rewards its employees will greatly affect performance. Most critically, Busienei argues that HRM practices like employee remuneration and empowerment enhance performance of employees in an organization. Tettey (2009) in her study on "Staff Retention in Universities" explains that University of Nairobi was the first learning institution to acquire the university status in Kenya in 1970. Moi University was then established in Eldoret in 1984 and become the second public university in Kenya. This was then followed by Kenyatta University (1985), Egerton University (1988), among others over the years. Ministry of Education (2015) statistics indicate that the number of universities in Kenya as at February 2015 was twenty two public and twenty nine private universities. Presently, public university campuses in Kenya are spread to almost all over the country. The density of these public university campuses nationally is markedly biased to major towns and along good transport and communication network lines.

Kericho County is situated in the Southern Rift Valley part of Kenya within the highlands west of the Great Rift Valley (County Government of Kericho, 2017). Kericho County is the home of a number of public university campuses of Kenya. The public university campuses in Kericho County include; University of Kabianga (UK), Moi University (MU), Kenyatta University (KU), and Kisii University (KSU).

In the recent past, there have been a lot of concerns on employee performance in the public university campuses, and particularly those in Kericho County, despite the consistent reward practices that the institutions undertake to enhance employee performance.

Statement of the Problem

Public universities in Kenya had greatly contributed to the educational development since pre-independence period. However, with the ever dynamic developments in technology and globalization, they were constantly required to develop a versatile workforce that supported individual capabilities and institution's expectations. Obwogi (2011) notes that little is known on educational institutions in Kenya. What motivate employees to perform in other sectors may not be applicable to employees in education sector. Studies (Kipkebut, 2010; Munjuri, 2011; Tettey, 2009) reveal that low payments and lack of career progression are the leading factors for inadequate employee performance in most education institutions. Past researches agree that reward strategies influence employee performance, but there is no consensus on the extent that these strategies contribute to performance in employees. Busienei (2013) reveals that employee rewards have direct influence on work output in organizations. Busienei explains that this relationship is clearly demonstrated by the studies carried out in developed countries. However, there are limited studies that have been carried out in Kenya covering the same areas. The past studies are mostly based on other countries especially developed ones. Furthermore, the studies tend to converge on private organisations. The past studies reveal that not much research studies have been done on public universities in Kenya, and in particular Kericho County. It is, therefore, evident that limited systematic research had been done to examine the influence of reward strategies on performance of university staff in Kenya and that this study was motivated by the need to fill that gap.

The level of employee performance at public university campuses in Kericho County had consistently been low for long. In the recent past, the public university campuses had been crumbling with unsatisfactory performance of their respective employees. The poor performance of public university employees had been majorly attributed to misapplication of reward strategies by the leadership of those public universities. It was, therefore, of great importance for leadership of public university campuses in Kericho County to understand how various reward strategies affected their employee performance. This study, therefore, sought to identify the influence of reward strategies on employee performance in public university campuses in Kericho County.

Purpose of the Study

The purpose of this study was to establish the influence of reward strategies on employee performance in public university campuses in Kericho County, Kenya.

Objectives of the Study

The study was guided by the following objectives:

- i. To establish the influence of pay rise on employee performance in public university campuses in Kericho County, Kenya.
- ii. To examine the influence of benefits on employee performance in public university campuses in Kericho County, Kenya.
- iii. To investigate the influence of promotion on employee performance in public university campuses in Kericho County, Kenya.

Significance of the Study

The study findings would empower the leadership of public university campuses in Kericho County to prioritize their area of resource concentration and investment and to allocate such resources optimally. This study would also provide a platform for further researches on reward and employee performance. Future researchers would get the findings useful in the investigation of their areas of study related to reward strategies and employee performance.

Literature Review

Theoretical Literature

This study was guided by the following theories: Maslow's Hierarchy of Needs theory, Fredrick Herzberg's Two-Factor theory, Victor Vroom's Expectancy theory, Adam's Equity Theory, among others.

Two-Factor Theory of Frederick Herzberg

Herzberg (1987) identifies two categories of motivation, namely: motivators and hygiene factors. Herzberg theory explains that the two factors are independent and does not affect the other. The theory shows that individual likes and dislikes of particular aspects at work are more often than not as a result of reactions at the same time to the same factors. The effect of "hygiene" needs is temporary. The absence of "hygiene" needs makes an individual unhappy. "Hygiene" needs include good working conditions, good leadership at work and acceptable pay. On the other hand, the "job satisfiers" i.e. motivators are intrinsic aspects that motivate individuals. Motivators range from recognition, personal achievement and career progression.

Maslow Hierarchy of Needs Theory

Maslow (1970), while studying human motivation, comes up with a hierarchy of needs that groups human needs into hierarchies. Maslow theory arranges human needs in groups then put them in hierarchical levels based on priority to satisfy them. Maslow theory is centred on eight levels of human needs. The order of the hierarchy levels are: Physiological, Safety, Social, Esteem, Cognitive, Aesthetic, Self-actualization and Transcendence. The desire to satisfy a higher level need does not arise before all the lower level needs are satisfied. For example, a person's desire for second level of needs does not arise before the first level needs are satisfied. Consequently, there is no desire for third level needs until and after second level needs are met.

Adams' Equity Theory

Equity theory postulates that the perception of fair or unfair resource distribution in an organisation and amongst individual employees and departments is the cornerstone of relational satisfaction and interpersonal relationship. Adam's Equity theory explains that equity of rewards in the organisation and employee motivation, are directly related. Any kind of perceived unfairness and injustices in the reward system perpetuated by the management and leadership will manifest itself in a demotivated workforce, (Guerrero et al., 2007). An increase in understanding and appreciation of fairness and equity results in an increased level of motivation, and vice versa. The individual employee compares his contribution to the organisation with the respective rewards he gets in return. Equity theory basically assesses the ratios of costs to benefits for individual employees in the organisation.

Expectancy Theory

According to Vroom (1964), human beings are motivated towards some way based on the resultant expectations (reward) that follow that behaviour. He opines that a person feels satisfied based on perceived fairness of accompanying rewards. In organizations, individual employee behaviour is shaped by the respective expected outcome. The expected reward determines the quantum of effort to be applied, and consequently influences the employee motivation to perform. A desirable outcome will motivate an employee to perform as opposed to undesirable one.

Empirical Literature

Reward is anything an employee is given by the organization in return of service rendered (Armstrong, 2010). It is a form of motivation to employees for present and future performance. The organization's desired performance should be tied to rewards offered to employees. Rewarding employees makes them feel valued and that each effort counts. Employee reward system includes salary, benefits, promotions, etc. Organizations without good reward structures have their employees suffer from deflated morale. Management and leadership of organizations should endeavour to monitor and understand the kinds and levels of rewards which motivate their employees. Employee recognition is the acknowledgement and appreciation of employee effort to actualize goals of the organisation (Namusonge *et al.*, 2012). Recognition makes employees feel valued and appreciated for their services rendered.

Conceptual Framework

This shows relationship between independent and dependent variables. It is an illustration of variables and study objectives, Mugenda and Mugenda, (2013). The study considered personal characteristics as moderators, as illustrated in Figure 1.

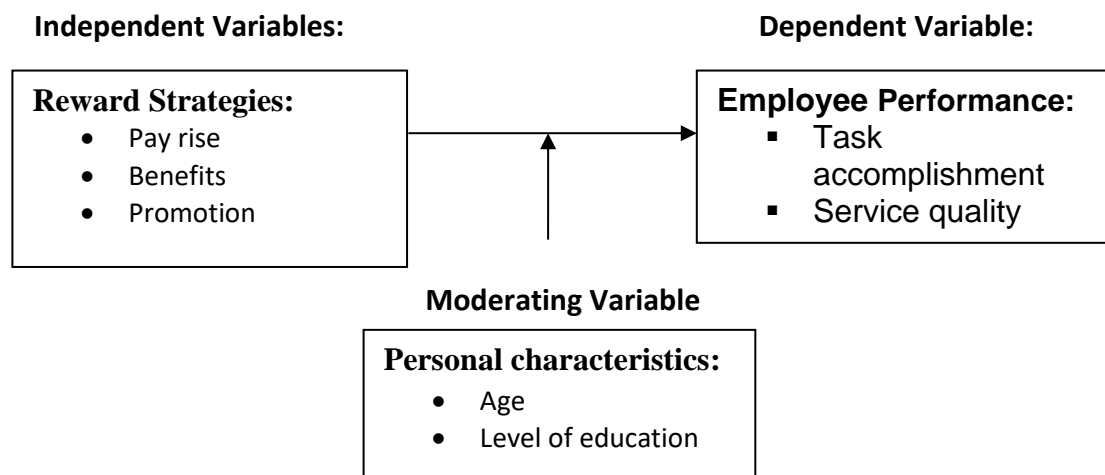


Figure 1. Conceptual framework

Source: Researcher, 2020

Research Methodology

The study adopted cross-sectional survey design. Cross-sectional survey design gives a clear 'snapshot' of the outcome and further establishes specific relationships, at specific point in time.

Cross sectional survey design also focuses on enabling the researcher to draw inferences from the inter-relationship of motivational strategies adopted with employee performance.

The target population comprised 412 employees in public university campuses in Kericho County. The study focused on the teaching and non-teaching staff. These employees included top management, middle level staff and auxiliary staff. The distribution of target population of the study is shown in Table 1.

Table 1
Target Population

University Campus	Low Level Staff	Middle Level	Top Level		Total
	Grade (I – IV)	Grade (A – F)	Grade (11 -15)		
University of Kabianga	48	100	90		238
Moi University	30	46	14	90	
Kenyatta University	18	22	8	48	
Kisii University	8	20	8	36	
TOTAL	104	188	120	412	

Source: HR Statistics UK, MU, KSU and KU 2020

Sampling Procedures and Sample Size

The study respondents were sampled from a target population. Kothari (2011) roots for about 30% of total population as providing reliable findings. Mugenda and Mugenda (2013) root for a sample of between 10% and 30% of the total population, especially where the target population is defined. Based on the random sampling formula, the study, selected a sample size of 106 which is equivalent to 26% of the target population. The breakdown is given in Table 2.

Table 2
Sample Size

University Campus	Low Level	Middle Level	Top Level		Total
	Grade (I – IV)	Grade (A – F)	Grade (11 -15)		
University of Kabianga	12	26	23		61
Moi University	8	12	3	23	
Kenyatta University	4	6	2	12	
Kisii University	2	6	2	10	
TOTAL	26	50	30	106	

Source: Researcher, 2020

Research Instruments and Piloting

The research instrument used was questionnaire. The primary data was both qualitative and quantitative.

A pilot-test for the study was done by conducting a mock research on 10% of the sample population to establish the suitability of the research instruments. The researcher conducted piloting with ten employees of Moi University, Bomet Campus. The university campus selected for piloting did not form part of the final study. The researcher further sought advice from Human Resource departments on the instrument's items suitability for data collection.

Testing for Validity and Reliability

Validity is the measure of relationship of results with the actual phenomenon being studied (Mugenda and Mugenda, 2008). Validity reveals how the analyzed depicts the variables under investigation. The study sought the opinion of content experts as to the relevance and effectiveness of the questionnaire. The study also built on the theoretical frameworks already existing from the past studies.

Reliability is the degree of consistency of data under investigation. The study used Cronbach's alpha coefficient to measure correlation and consistency of analyzed data. The coefficient Cronbach's alpha ranges between 0 and 1. In this model, 1 is the highest and 0 being lowest in terms of internal reliability and consistency. The study accepted Cronbach's alpha of at least 0.70.

Data Collection Methods

Questionnaire was used in collecting primary data for the study. It was structured so as to capture the study objectives and variables. Questionnaire gives data that is easy to analyze for presentation. The study coded the questionnaires in order to enhance confidentiality. The study used published literature as a source of secondary data.

Data Analysis Techniques and Procedures

Once data was collected from the respondents through the questionnaires, it was double-checked for consistency and completeness. Data coding was then done for grouping in order to facilitate data entry. The study presented information obtained using graphs, charts and tables. For easy analysis of scores distribution, the study used both descriptive and inferential statistics.

Research Findings and Discussions

The researcher began the questionnaire by seeking personal information from the respondents so as to reveal their suitability in providing relevant information for the study. The following areas were covered under basic information;

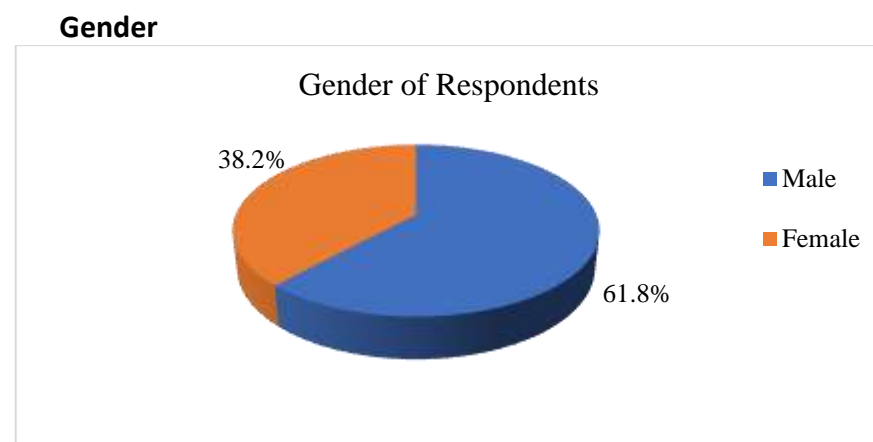


Figure 2. Gender of Respondents

Figure 2 shows that 61.8% of respondents were male compared to 38.2% female. The finding indicates that male gender forms the majority of the workforce in public university campuses in Kericho County.

Level of Education

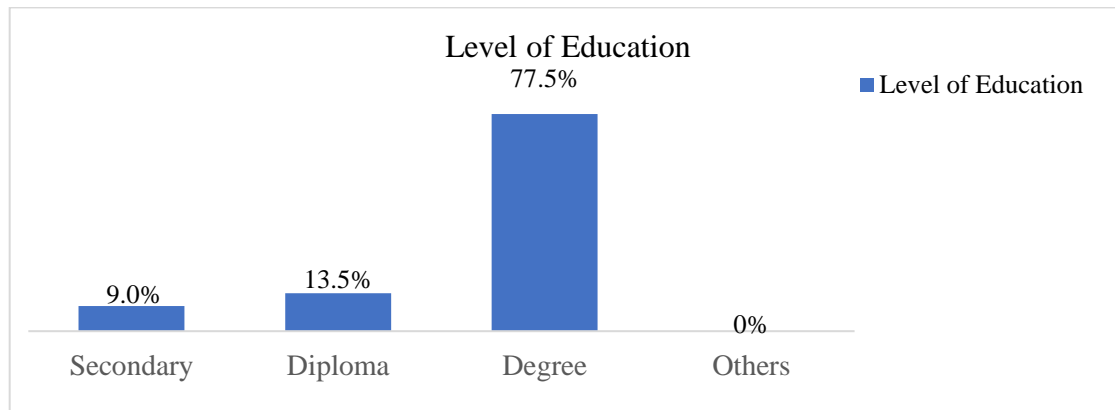


Figure 3. Highest level of education

The findings indicate that most (77.5%) of the respondents had attained degrees, 13.5% had attained diploma level of education while 9.0% had attained only secondary school level of education. None of the employees had their formal education below secondary school. This shows that most staff at public university campuses in Kericho County were sufficiently educated since 91.0% had acquired at least a diploma certificate. The findings further reveal that none of the employees working at public university campuses in Kericho County had their formal education below the secondary school level.

Distribution of Respondents by Age Bracket

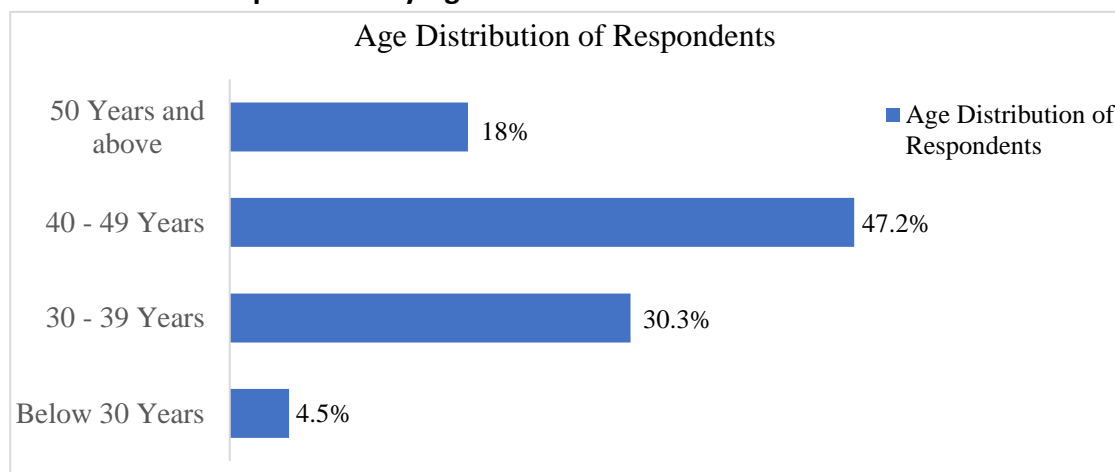


Figure 4. Age distribution

From the findings, 47.2% of the respondents gave their age being forty to forty nine years, 30.3% were in the bracket of 30-39 years old while 18.0% were over 50 years of age. Only 4.5% of the sampled employees were aged 30 years and below. From the results, majority of the workforce in public university campuses in Kericho County were aged between 40-49 years. This indicates that most of the workforce in public university campuses were middle aged who are experienced and energetic to perform their work well when adequately rewarded.

The Respondents' Years of Service

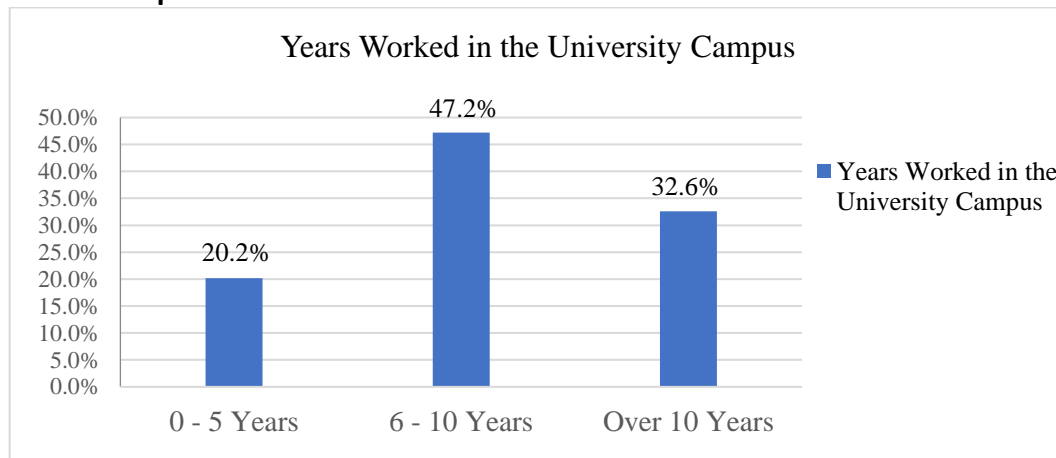


Figure 5. Years served in the university campus

From Figure 5 above, majority (47.2%) of the sampled population had served in their university campuses for a duration of 6-10 years, 32.6% of the respondents had served for over ten years, however 20.2% of the sampled population had served in their university campuses for between 0-5 years. The results indicate that most (79.8%) of them had served for over five years in the university campuses, therefore adequately provided required information on reward strategies and performance.

Influence of Pay rise on Employee Performance

The study respondents were required to rate the influence of pay rise as a reward strategy on employee performance in their institutions. The results are as indicated in Figure 6.

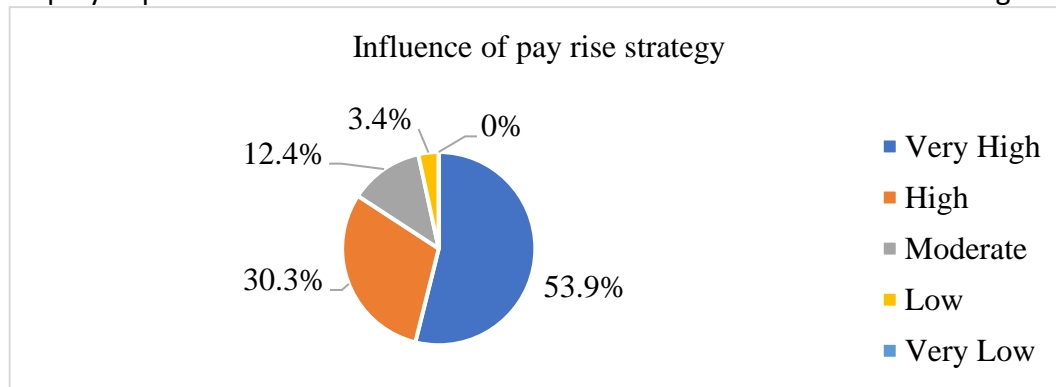


Figure 6. Rating the influence of pay rise strategy

Most respondents (representing 53.9%) rated the influence of pay rise strategy in their university campuses as very high, 30.3% as high while 12.4% rated the influence of pay rise strategy as moderate. None of them rated the influence of employee pay rise strategy at university campuses as very low while only 3.4 percent indicated low. The results reveal the importance of the staff pay rise approach.

Influence of Benefits on Employee Performance

The study respondents were required to rate the influence of benefits as a reward strategy on employee performance in their institutions. The results are as indicated in Figure 7.

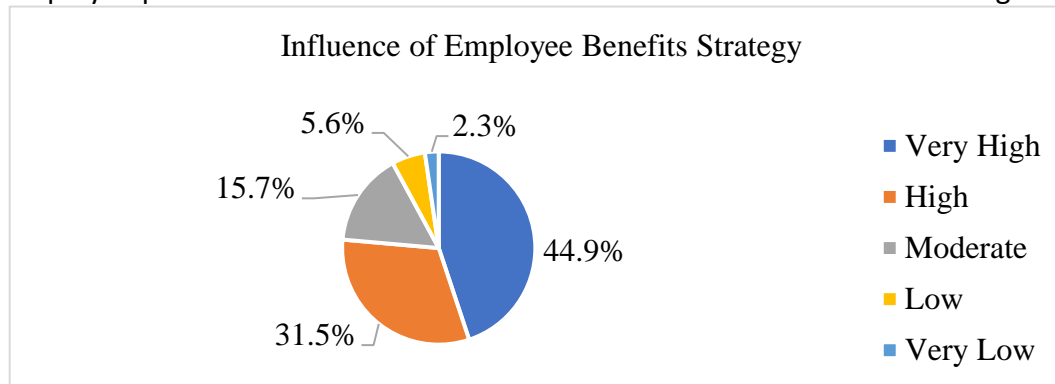


Figure 7. Rating the influence of benefits strategy

Most respondents (representing 44.9%) rated the influence of benefits strategy in their university campuses as very high, 31.5% as high while 15.7% rated the influence of benefits strategy as moderate. 5.6% of the respondents rated the influence of employee benefits strategy at university campuses as low while only 2.3% indicated very low. The results reveal the importance of the employee benefits approach.

Influence of Promotion on Employee Performance

The study respondents were required to rate the influence of promotion as a reward strategy on employee performance in their institutions. The results are as indicated in Figure 8.

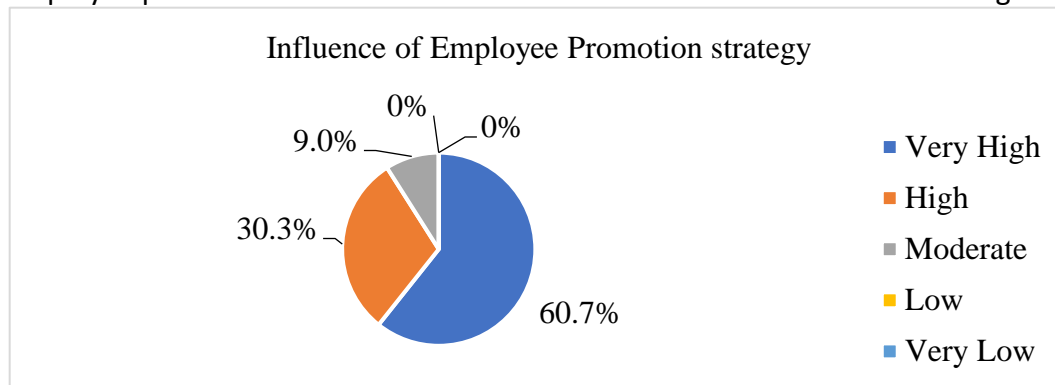


Figure 8. Rating the influence of employee promotion strategy

Majority of respondents (representing 60.7%) rated the influence of promotion strategy in their university campuses as very high, 30.3% as high while 9.0% rated the influence of promotion strategy as moderate. None of the respondents rated the influence of employee promotion strategy at university campuses as low or very low. The results reveal the importance of the promotion rise approach.

The findings reveal that reward strategy was an important motivational approach adopted by public university campuses in Kericho County to enhance staff performance.

Summary, Conclusion and Recommendations

Summary

This primary objective of this study was to investigate the influence of reward strategy on employee performance in public university campuses in Kericho County, Kenya. Based on the results of this study, the reward strategy positively influences employee performance. The findings indicated that public university campuses in Kericho County used pay rise, benefits, promotion, among others as reward strategy to motivate their staff. This indicates that reward strategy was a critical tool adopted by public university campuses in Kericho County to enhance employee performance.

5.2 Conclusion and Recommendations The study concluded that reward strategies employed by public university campuses in Kericho County were instrumental in influencing employee performance. Majority of the public university employees expressed their agreement that pay rise, promotions and benefits awarded to them contributed directly to improved performance. The application of reward policies directly influenced public university employees performance. The findings reveal the importance of staff pay rise approach, employee benefits approach and employee promotion approach.

The study findings are justification that rewards strategies significantly affect performance of public universities in Kenya. With due regard to the ever increasing desire to have high organizational performance in public universities, there is need to invest in various reward strategies. This should be done in a manner in which all the stakeholders are happy. This ensures that the reward strategies are inclusive hence acceptable, accessible, ethically sound, relevant, innovative, and sustainable. This therefore calls for establishing reward strategies that meet employees' needs. Specifically the study recommends that the leadership of public university campuses in Kericho County, Kenya should regularly evaluate and review the reward policies of their institutions. This will help to achieve optimal employee performance. Further, the study recommends that leadership of the public university campuses should involve employees in identifying and addressing challenges regarding rewards. This will help them to adequately address the gaps and hence develop a robust reward structure for better employee performance.

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