

**THE INFLUENCE OF NON-MONETARY REWARDS ON EMPLOYEE
PERFORMANCE IN MURANGA WATER AND SANITATION COMPANY,
MURANG'A COUNTY**

By

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DECLARATION

I hereby declare that this dissertation is my original work and has never been presented for any other academic award in any other institution. I also declare that the material contained in this work has neither been published nor written by other people apart from other materials that I drew references from, and the authors have accordingly been acknowledged.

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ABSTRACT

Employee performance is fundamental component that facilitates organizational growth and sustainability. This study was done objectively by assessing the influence of recognition, career development, employee independence and flexible schedules on employee performance in Muranga water and sanitation company, Murang'a County. The study used descriptive survey research design by using quantitative as well as qualitative research methods. The target population of this study was all the 87 employees working at Murang'a Water and Sanitation Company, comprising of 3 top managers, 21 middle level employees and 63 lower level employees from Murang'a Water and Sanitation Company. This study used a census survey method of selecting the sample size, a sampling method that targets all the respondents indicated in the study population for effective information, and also because the number of respondents is small. Therefore, the sample size for this study was 87 respondents. Data was collected using a questionnaire as the primary data collection instrument, which was administered by the researcher so as to achieve a higher feedback rate. Analysis of the collected data was done via qualitative content analysis for open-ended questions, and quantitative data analyzed by the use of SPSS (statistical package for social sciences), and frequency tables, charts and percentages will be used to present and interpret the data. This study was expected to establish how non-monetary rewards can be used to improve employee performance. This study found out that there is a strong relationship between employee independence and performance. Also, the study found out that recognition has a significant impact on employee's satisfaction and productivity, and that employees attach great value to recognition as part of rewards. In addition, the study found out that a high level of level of organizational effectiveness is achieved when organizations adopt career development as a way of boosting employee performance to a great extent. Finally, the study found out that flexible working schedules render employees great flexibility in how their jobs are done, creating good morale can help in keeping stress at low levels, and so employees are not only happier but healthier, lead to improved productivity. This study concluded that recognition has a significant impact on employee's satisfaction and productivity, a high level of level of organizational effectiveness is achieved when organizations adopt career development as a way of boosting employee performance to a great extent, and that flexible working schedules render employees great flexibility in how their jobs are done, creating good morale can help in keeping stress at low levels, and so employees are not only happier but healthier, lead to improved productivity. This study recommends that the management in organizations minimizes its emphasis on monetary rewards like bonuses, to capitalize on non-monetary rewards, majorly by recognizing, allowing independence, offering flexible working hours as well as promoting career development for their employees, because these forms of rewards are likely to boost employee performance to a great extent, and in turn enhance organizational performance.

Key words: Non-monetary rewards, employee performance, Recognition, Independence, flexibility, career development

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DEDICATION

I dedicate this work to my family for their invaluable understanding and support during the study period.

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LIST OF ABBREVIATIONS AND ACRONYMS

MUWASCO-Murang'a Water and Sanitation Company Limited

TWASB-Tana Water Services Board

SPA-Service Provision Agreement

MWI-Ministry of Water and Irrigation

MM-Murang'a Municipality

EMS-Executive Management Staff

WA-Water Act

SPSS-Statistical Package of Social Sciences

OPERATIONAL DEFINITION OF TERMS

Non-monetary rewards- A non-monetary reward system is a way to reward someone without giving money. It is often used as an incentive or bonus system for employees, whose goal is to motivate, retain, and attract high-quality people to your workplace (Ballentine, McKenzie, Wipocki & Kepner, 2007).

Employee- A person in a certain occupation, working for another person, or a business firm for pay (Appelbaum, 2000).

Employee performance- The job related activities expected of a worker and how well those activities were executed. Many business personnel directors assess the employee performance of each staff member on an annual or quarterly basis in order to help them identify suggested areas for improvement (Appelbaum, 2000).

Monetary rewards- Monetary rewards are rewards that are given for an outstanding performance. They are important tools used by companies and even parents to act as incentives in motivating individuals to continue with their good work. They are sometimes more effective than non-monetary reward such as a simple thank you since one has tangible useful benefit for their hard work Ballentine, McKenzie, Wipocki & Kepner, 2007).

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Employee Performance is fundamental component that facilitates organizational growth and sustainability, specifically being affected by the reward system employed in an organization (Ngulube, 2003). Over the last few decades the world business environment has undergone a radical transformation. The world has become smaller, not physically, but in terms of communications, competition and economics. This has radically changed the way successful organizations do business and how they look at their employees. This transformation has impacted the private sector significantly and is impacting the public sector as well, both in direct and indirect ways. Global organizations are becoming more responsive to their customers, reducing costs, and improving quality (Erbasi, 2012). Today's customer demands value in both products as well as services. Even more significantly, customers do not have to tolerate sub-par performance because they can readily turn to alternative sources that offer faster, cheaper, better and more innovative products and services. The organizations that are succeeding in this global environment are those that have recognized that their people are the greatest factor in their success. New organizations that are evolving place a greater value on employees than organizations had in the past, and they achieve more by creating a process for employees to share in the results that they help achieve. Thus, today's successful organizations match their employee reward systems to their strategies, goals and values (Ballentine, 2007).

An organization's reward system shapes its culture, and defines for the employee what type of behaviors the organization wants to pay for and reinforce. Every organization attempts to control the competencies and capabilities of its people in order to accomplish its

goals, the difference is in the methodology. Lawler (2000) argues that control can best be obtained through incentive pay, close supervision, hierarchy, and the careful delineation of responsibilities. The new logic management approach involves employees in the business of the organization, looks to them for innovation and solutions, and rewards them when the business succeeds. Some of what is driving this change is an increased competition to obtain and retain human capital. According to Wyatt (2001) 83% of surveyed companies reported difficulty in recruiting 10 employees that have the skills that are critical to the success of their organizations. Organizations must develop a rewards strategy that attracts, motivates and retains the human capital they need to succeed.

Wiscombe (2002) explains on a study that was conducted by Lawler, has the rationale of reinforcing the conception that non-financial offers have a noteworthy outcome on the performance of an organization. In his study, carried out in 2000, Lawler questioned administrators and workers from 34 corporations in Australia and concluded that the acknowledgement of employees via the provision of non-monetary gifts augmented enthusiasm, amplified employee performance, was providing a realistic feedback means, assisted in receiving work completed, enhanced organizational productivity, and was also facilitating the attainment of the administrators' personal as well as professional goals O'Hara (2011) insinuates that organizations with employees that feel affection for work for recognition are more likely to feel contented with non-monetary rewards as opposed to monetary ones. Non-monetary awards lower occupational stress, absenteeism from work, turnover rates, and in turn elevate work morale, organizational productivity, employee competitiveness, in addition to organizational revenue as well as profits (Ngulube, 2003).

Reddy (2000) underscores the need for non-monetary incentives in the workplace in Australia. Reddy's findings insisted that recognition is a powerful motivator that establishes a

positive work culture. Recognition also serves to encourage employees to believe in themselves, to deliver quality products and services, and to generate loyalty to the organization. The GMP Institute (2002) suggests that the use of non-monetary rewards is often overlooked by organizations. Non-monetary rewards can be used more frequently and tend to have a longer-lasting effect than monetary rewards. The GMP Institute (2002) also points out that many of these type rewards can be given on-the-spot when an employee is doing an especially good job, which, reinforces good performance, provides recognition of the employee when peers are present, and encourages everyone to strive for the best. These types of rewards are internal, according to the GMP Institute, due to the fact that they address the internal needs of employees such as self-esteem, recognition and fulfillment. Accordingly, whether or not an employee's internal needs are being met significantly impacts his/her job satisfaction and motivation (Burns and McKinnon, 1993).

Gubman Consulting in 2001 summed up employee enthusiasm concept with their thought of "Total Rewards". The total rewards idea emerges from numerous studies which showed that workers view everything that their organization offers in a bid to make decisions on about whether to continue working in that organization or leave, as well as how hard they should work. Organizations that have the history of taking considering both compensation and a non-monetary incentive, and to integrate all into an arrangement that rewards behavior and effort, which make the organization's goals more meaningful tends to be taken as the largest part of success. For a reward system to show effectiveness, it must provide meaning to the worker (Ballentine, 2007). Wilson (1999) also states that a reward creates a machinery for in which the benefits of a successful organization are shared, and forms a connection between the expectation from people and achieved results.

In successful organizations, people are no longer valued merely in conjunction with the job they perform; rather they are valued by the skills and abilities they bring to bear on

the business strategies of the organization. Companies today invest in human capital and employees barter their personal capital in terms of the competencies and capabilities they bring to the table that are useful to the organization. In order to obtain and retain the human capital necessary to be successful, organizations must create an environment where people are valued for achieving desired results (Wilson, 1999). Rewards must be linked to those activities and behaviors that promote the success of the organization. The reward system sends messages to managers and employees about what is important and valued by the organization (Wilson, 1999). This linkage of organizational goals with employee rewards creates an environment where both the organization and the employee can succeed, and where critical talent is developed, maintained and retained.

The increasing popularity of the utilization of non-financial gifts in organizations, with the increasing economic decline, more organizations are rising up to consider the use of rewards that are not valued in terms of money as a way of ensuring that their employees work for better yields (Kepner, 2010). Sometimes, monetary incentives have been considered as a compensation for unfortunate management in an organization. For instance, an employer who offers a monetary encouragement as a way of increasing sales in his/her department may be to a cover up for poor management. The workers are assigned duties for picking up the slack in order to ensure that the minimum quotas for sales have been met. This sometimes causes workers to turn out to be disobedient, because of doing the jobs for upper administration (Ballentine, 2007). Though every employee requires money everyday life expenses, most established workers hardly ever view finances as good reward for their work. When an employer pays employees in a fair manner, the workforce desires to be appreciated as well as other non monetary gifts as a swap over for work done that is done well. This trend has increasingly become more acceptable as majority of large businesses continue exploring ways of motivating workers without having to break the budget. The advantages are far much

better when businesses offer employees' desire: growth opportunities, flexible hours, recognition, opportunity to contribute, and autonomy, than to compensate employees with cash (Warren, 2007).

In Kenya, non-monetary rewards have been offered in various ways in organizations in order to cause motivation of employees, especially in the public sector. Some of them include performance appraisals, security assurance via signing of contracts etc. Rewarding good employee performance in Kenya seems to be a challenging task, yet it is one which is necessary to support improvements in performance sought through the strategic management initiative (Wright, 2004). The use of rewards is normally aimed at aligning workers with the strategy of an organization via the provision employees' incentives, which are meant for acting in the interest of a firm so that it can execute its mission and vision suitably over time. To achieve desired goals, reward systems should be closely aligned to organizational strategies. Majority of the systems of research find their basis in Maslow (2004) work, which came up with the "needs-hierarchy theory". The study of Maslow's (2004) shows rewards' impacts vary from one person to another, and that there are some persons who may respond at a higher note to any type of reward offered in an organization. This has the implication that both monetary and non-monetary rewards have great importance in organizations, though non-monetary rewards are gaining strong feelings from the employers in the whole world.

However, though most organizations in Kenya have offered rewards to employees, most of them believe in monetary rewards like pay increase, bonuses and money valued cultures as opposed to rewards like recognition and opportunities to contribute in decision making (Aktar, Sachu & Ali, 2012). Most employees have been trained to operate on a hierarchical platform where managers make decisions and impose them to the middle and lower level employees due to lack of understanding by managements that teamwork and

other types of non-financial rewards can boost employee performance. More so, most organizations do not embrace flexible working hours for employees and every employee is usually required at the workplace as early in the morning, meaning that family issues and other external duties outside workplace are never put into consideration. It is evident that most organizations still apply the traditional rewards systems that were mainly monetary because they lack of enough knowledge regarding how non-monetary rewards relate with employee performance, how these rewards can impact on the performance as well as organizational competitive advantage, and most importantly, how effective they can be if used in boosting employee performance in the workplace (Dzuaranin, 2012).

Though, according to Messah (2006), almost all parties that are involved in an organization including the management, supervisors, workers, as well as HR managers usually have a typical dissatisfaction with the kind of reward systems that are utilized in their organization's performance, and most of them end up viewing the reward system as either an unsuccessful officious implementation or even worse, some view it as a unhelpful manipulation on the supervisor-employee relationship. This somehow true for the majority of the Kenyan organizations, where research surveys have typically revealed extensive dissatisfaction of employees with the reward processes that are put in place. This has in turn resulted in high rates of employee turnover. From Huber (2003) study findings, despite this intensive indictment, the management in most organizations is unenthusiastic to dispose of monetary systems in preference for non-monetary systems. Recently, numerous organisations have implemented or planned to put into practice non-monetary systems of reward for instance recognition in a belief that they may end up causing the considered necessary cultural transformation in organizations. Some organisation have been investing large amounts of money in these kinds of actions, and a number of managers are needed to particularly have certain amounts from the organizational budgets for the accomplishment of

this purpose (Denning, 2001). This proposition has its basis assumptions that those kinds of incentives are likely to promote workers' faithfulness; they are capable of fostering teamwork and can also ultimately end up facilitating the innovation of the appropriate culture, which the ability of encouraging and supporting information sharing. Others argue that as a way of encouraging knowledge-sharing organisations are needed to design reward systems that encourage the sharing of all forms in terms of the set goals, assigned tasks to employees, vision in addition to knowledge (Wright, 2004).

1.1.1 Murang'a Water and Sanitation Company

The Murang'a Water and Sanitation Company Limited (MUWASCO) was registered in March 2006 under the company's Act CAP 486 of the laws of Kenya and is an agent of Tana water services Board through signing of a Service Provision Agreement (SPA) under the Water Act 2002, as one of the newly created institutions in the reformed water sector under the Ministry of Water and Irrigation to provide efficient, reliable and economical water and sewerage services in Murang'a County and its environs. The key principles in forming the company was to merge water previously under the ministry of water and irrigation, and sewerage services formerly run by the municipal council of Murang'a and to ring fence the water and sewerage income for reinvestment in the water and sewerage hence efficient improvement in service delivery. Muwasco started operations as a company in March 2007 and recruited the corporate management team which was appointed in May of the same year.

MUWASCO's formational role was to efficiently and economically provide water services within its area of operation as mandated by section 53(1) of the Water Act 2002, and authorized by the Water Services Provision Agreement granted by Tana Water Services Board. MUWASCO intends to discharge this role in a way that it becomes world-class water and sewerage service provider that meets and exceeds consumer expectations now and in the

future as stated in its Vision. Towards operationalising its mission, MUWASCO has a governance structure which consists of a Board of Directors appointed from a range of stakeholder interests and professional backgrounds. The Board of Directors has already identified and recruited Executive Management Staffs, the water company's employees operate under the principles of integrity, teamwork, commitment, equity as well as professionalism, all which are achievable via ample treatment of all staff by the management. The ample treatment is usually via the offer of monetary rewards in most cases.

However, the recent years have come with a realization that employee's effectiveness is higher when non-monetary rewards are used on employees as opposed to only using monetary systems. Also, the mission and the vision of the company are geared towards making it the best provider of water services to the surrounding areas, thus, has to put in place strategies that will boost performance beyond the breakeven point. The most common method used to reward employees at MUWASCO financial based, where employees are offered tokens for work well done and also bonuses at the end of every financial year. Also, non-monetary form that have been applied include come together parties as well as travel retreats for employees, which means that partial non-monetary rewards have been applied in the organization as a way of enhancing employee performance in the recent years in the company, thus having a great effect on the employee performance, which in turn determines organizational productivity and effectiveness (Murang'a Water and Sanitation Company Profile, 2007). However, MUWASCO needs to realize the need of adopting the full non-monetary reward system to make the organization more productive in order to enhance its competitive edge among other organizations offering similar services.

1.2 Statement of the problem

The ways in which employee are valued and rewarded can make a considerable impact on the effectiveness of the organization, and is at the heart of the employment relationship. Failure of adoption of ample reward frameworks can have a significant negative effect on the motivation, commitment and morale of employees, hence a decline in organizational performance and effectiveness. Many organizations are suffering from high turnover rates and down falls because they do not apply non-monetary rewards that may only need little effort (Aktar, Sachu & Ali, 2012). Additionally, though organizations are channelling more resources in boosting organizational performance, there is widespread ignorance on how employee performance could increase when managers and human resource personnel use non-monetary rewards on employees, the relationship existing between the kind of rewards and performance and how effective they can be utilized in an organization.

Most importantly, the high cost of monetary rewards forces employers to give to employees sparingly, out of the failure to realize that small offers like recognition and open communication can be given any time, at very little cost, and could boost employee performance to a great extent. This proves the fact that most organizations are far away from realizing the importance of non-financial rewards; hence they continue offering monetary ones that can never be enough for employees. Although everyone needs money to obtain the smallest of essentials to live, employees prefer the benefits of non monetary gifts and incentives for motivation in the workplace. This implies that; regardless of how monetary incentives have been used widely in organizations, sometimes they discourage creativity in the workplace, a concept that can be achieved via the use of non-monetary rewards like career development via free trainings and work orientation.

Several studies have been conducted in the area of rewards/compensation and the in the work place by various authors. For instance, Ray's (2002) study on employees' attitude in the workplace concluded that attitudes of employees in the workplace can have a significant effect on the business as a whole; where attitudes are mainly determined by the kind of treatment employees get from their employers in relation to appreciation, being overworked and other ways. Additionally, Roberts's (2005) study investigated on whether rewards and recognition impacts on employee motivation. Roberts (2005) concluded that there exists a positive relationship between rewards, recognition and motivation. Roberts (2005) also concluded that good reward and recognition system contributes to employee satisfaction, in turn boosting performance. Even though various studies in the past assessed the situation of non-monetary rewards use and status most organizations today in some characteristics, no in-depth study has been conducted on how recognition, career development, flexible schedules and employee independence as non-monetary rewards influence employee performance. It was therefore important to examine, update and document the situation whenever recent data are available as this allowed the identification of changes/improvements over time or the lack thereof by conducting an in-depth assessment of the influence of non-monetary rewards on employee performance in order to close any remaining research gap in this area of study.

1.3 Study objectives

1.3.1 General objective

The overall objective of this study was to establish the influence of non-monetary rewards on employee performance in Muranga water and sanitation company, Murang'a County.

1.3.2 Specific objectives

- i. To assess the influence of recognition on employee performance in Muranga water and sanitation company, Murang'a County.
- ii. To establish how career development influences employee performance in Muranga water and sanitation company, Murang'a County.
- iii. To find out the influence that employee independence has on the performance of employees in Muranga water and sanitation company, Murang'a County.
- iv. To ascertain the influence of flexible schedules on employee performance in Muranga water and sanitation company, Murang'a County.

1.4 Research questions

- i. To what extent does recognition affect employee performance in Muranga water and sanitation company, Murang'a County?
- ii. What is the extent of career development's influence on employee performance in Muranga water and sanitation company, Murang'a County?
- iii. How does employee independence have on the performance of employees in Muranga water and sanitation company, Murang'a County?
- iv. To what extent do flexible schedules affect employee performance in Muranga water and sanitation company, Murang'a County?

1.5 Significance of the Study

This result of this research will be useful by the administration of all the Kenyan water companies at large since they will understand the issues surrounding organizational administration and the corresponding influence that non-monetary rewards may have on

workers' performance. With the acquired information, the administration will come up with non-monetary rewards strategies to aid the Water and Sewerage Industry in Kenya in enhancing their competitive edge.

Additionally, the findings of this study will be useful to prospective investors who are willing to invest in Water and Sewerage Industry as they formulate strategies for enhanced performance of the organizations they invest in.

Also, besides, the Kenyan government will utilize this information that concerning the influence of non-financial rewards because it will be very useful in the regularization and legislation of organizations, especially in the formulation of labor laws water and sewerage industry.

Further, this study will be helpful to researchers conducting research studies in future, and scholars who may develop an interested of undertaking studies in a similar field concerning rewards and their influence on the performance of employees. The results of this research will consequently add to the level of knowledge that exists on issues of non-monetary rewards and organizational performance.

1.6 Scope of the Study

In this study, information about the influence of non-monetary rewards on employee performance in the workplace was gathered. The study was conducted in Murang'a County, where Murang'a Water and Sanitation Company was selected as the unit of study, located at Murang'a Township. This study covered the period between May 2014 and November 2014, owing to the fact that the current times have seen organizations rampantly adopt new reward systems that can help in improving employee performance, especially the non-monetary reward systems, though with no clear understanding of how they can influence employee performance. Data was obtained via a comprehensive coverage of the study unit in order to

test the knowledge available from the participants of the study regarding the influence of non-monetary rewards on employee performance in the workplace.

1.7 Limitations of the study

This study had a limitation of information access as well as the willingness to fill in the questionnaires. This is because it sought to engage even the management of the selected organization, and it was not easy to find them and the researcher had to visit the organization severally.

In addition, this study was only limited to one organization since the time offered for the project could not allow the researcher to carry out a comprehensive study on various organizations in Kenya. The study was only carried out in Muranga County's Water and sewerage company.

1.8 Assumptions of the study

- i. That the staff all levels (top, middle a lower level) had the required knowledge on reward systems as well as on employee performance.
- ii. That the management and staff in the selected organization would show the willingness to provide the necessary information for this study
- iii. That the number of targeted respondents would not change at the time the study was being conducted.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a comprehensive review of literature related to the influence of non-monetary rewards on employee performance. The components presented in this section included the empirical review of earlier researched on literature, theoretical framework and the conceptual framework.

2.2 Theoretical framework

2.2.1 The Concept of Employee Performance

Development of organizations relies on various factors that are meant for improving sustainability in relation to the effectiveness of an organization. When productivity is improved, the commitment of workers is as well improved because the values of an organization, its culture and also the norms improve. Systems in organizations are usually based on culture that is effectively established because it helps in keeping working environments strong. The most important aspect of employee performance is that it helps in improving the establishment of a strong organizational culture in an organization. In this regard, the performance of workforce has long been considered as a foundation for many organizations because it leads to the expected developments. Employee' loyalty has its basis on the awareness as well as the knowledge of the culture of an organization, which in turn improves the behaviour of organizations whose operations are objective driven (Brooks, 2006). The culture of organizations has been broadly discussed in a study conducted by Administrative Science quarterly (as cited in Pettigrew, 2009). Employee's basis regarding norms and values on the management of a particular organization aids in the improvement of

the performance of employees. Quality awareness leads to improved employee as well as organizational development.

The extent to which the achievements of a particular employee fulfill the mission of the organization that he/she works for is normally known as 'performance' (Cascio, 2006). Performance as a concept has earlier on been understood in different ways by various academicians and researchers; however, the majority of scholars have always related performance with transactional efficiency dimension and the efficiency of an organization towards achieving its goals (Stannack, 2006; Barne, 2001). An employee's job is put together by the degree to which an employee achieves targets as per the definition of the organization's mission, which in turn gives the definition of performance boundaries (Cascio, 2006). Particular researchers have been long identifying dissimilar deliberations, attitudes and viewpoints of performance because it aids in measuring contributed inputs as well as output measures of effectiveness that result in transactional relationship (Stannack, 1996). An organization's ability in establishing the ideal association with resources such as capital demonstrates effective as well as efficient resources management (Daft, 2000). For achievement of goals and organizational objectives, ample strategies have since the beginning of time been premeditated on the basis of the performance of organizations (Richardo, 2001). The equity that has its foundation on elevated returns aids in successful managerial skills of an organization resources in order for performance to improve (Ricardo, 2001)

McClay, Campbell and Cudeck (1994) have defined the performance of a job as those actions or behaviors that are crucial to the organizational goals. Similarly, Campbell (1990) views 'performance' as demonstrated behavior or something that is done by employees for the performance of an organization, and the assessment is effected via the outcome of performance that is operational in relation to sales, turnover, income, volume in addition to

shareholders dividend that has been declared by an organization, the quality and service quantity. In this regard the performance on job as a concept cannot be termed as a concept that is singly unified, rather, a concept having numerous viewpoints that contains a variety of behaviors. For instance industries dealing with services produce goods that are insubstantial and services quality has its predictions done according to the performance that is immediate from employees that are in service. Thus, the conclusions based on these arguments are that the performance on job is obtained via employees efforts (O'Hara, 2011).

Managers have the ability to influence performance as well as cohorts in an indirect way via the creation of a suitable working environment for employees, the development of a philosophy that is suitable that aids employees in shaping their commitment to the achievement of the goals set by the organization they are working for as well as in the articulation of strategies as stated by Avery (2004).

Further, Brown and Leigh (1996) affirmed that the climate of an organization is normally anticipated to possess links that are progressive the satisfaction of workers, the satisfaction of customers, monetary performance as well as employees turnover. Blanchard and Witts (2009) argued that in case institutions fail to take time in actively recognizing and rewarding high-quality performance, job desire for workers deteriorates with each triumph that goes unrecognized. The feedback in performance gives motivation to the workers' desire so that they do even better. Agarwal (2008) asserted that if workers are engaged in decision making and also participation in transformations execution of those issues affecting them, they are capable of implementing transformations at a faster rate accompanied by higher performance as opposed to workers who in their organizations only get informed about the revolution. In the same note, across (2005) contended that workforce does not execute duties well in circumstances where there is no recognition and independence is not ascertained,

predominantly when workers have already acquired skills that are adequate for working autonomously.

2.2.2 The Concept of Rewards

Rewards that are used for appreciating employees in an organization benefits both the workers and the employers. When workers are acknowledged for suitable performance as well as productivity, they acquire augmented morale, satisfaction for their job and in addition to involvement in executive functions. As a result, organizations experience superior effectiveness and competence on top of an augment in sales and efficiency. Through organizational rewards, workers and employers enjoy an affirmative and fruitful working environment. There are two basic types of rewards in the workplace;

The first type of rewards is monetary rewards. People work so as to satisfy their requirements and these requirements may be met by monetary rewards. Monetary rewards are refund in cash and in form of money for a given work done by workers in the company (Hansen, 2010). Workers would go any level to enhance their cash income as they will do something to avoid their source of income from being removed. The fact that workers fear to lose their jobs, cash has been a very efficient motivator only because money is necessary for continued existence in an economy (Dunham, 2009). Monetary reward in modern society is the most transferable means of satisfying fundamental requirements (Kohn, 2009). Physiological satisfaction, protection and social requirements may only be attained with money (Kepner, 2010).

The effort-to-performance expectation is sturdily persuaded by the performance assessment which is frequently part of the reward system. A worker is probable to use extra effort if he or she understands that performance will be assessed, appraised, and rewarded.

The expectancy of performance-to-outcome is influenced by the level to which the worker thinks that performance will be followed by rewards (Allen, 2007). Lastly, every reward or potential reward has to some extent different value for every individual. An individual can want a promotion more than reimbursement; somebody else can want only the opposite (Nelson, 2009). When a company rewards a whole work group or team for its performance, collaboration among the members typically enhances. Though, competition among different teams for rewards may cause decline in whole performance under definite situations. The most general team or group rewards are plans of gain sharing, where worker teams which meet certain objectives share in the gains measured against performance targets (Shutan, 2010). Frequently, programs of gain sharing emphasize on quality enhancement, reduction of cost, and other quantifiable results (Kepner, 2010).

Despite the positive role monetary rewards have played, employees have a tendency to have different approach and a manner towards money rewards (Hansen, 2010). The most general of the different reaction to salary and wages by employees is that once it crosses lowest levels, it is regarded as a measure of fairness. (Kohn, 2009) posited non-monetary rewards as extreme benefits made accessible to staff and are regarded as an addition to salaries and wages. It contains direct as well as indirect reimbursement (Shutan, 2010). The direct reimbursement can contain profit-sharing, illness pay, pension plans, and so on (Kerachsky, 2009). The indirect reimbursement can include welfare services, social as well as recreational facilities, etc. Pay, if merely it could be correctly packaged would somehow lead to the desired approach to work. Perception of employee of his pay with respect to other employees of same position could influence the satisfaction, which he obtains from the job. The aim of monetary rewards is to reward workers for outstanding performance through money (Nelson, 2009). Monetary rewards contain profit sharing, stock options, and project

bonuses, scheduled and warrant bonuses (Allen, 2007). The aim of monetary rewards is to reward employees for brilliant job performance by opportunities.

The second form is nonmonetary rewards. Non-monetary gifts reward the performance of employees through opportunities and perks. The rewards are inclusive of recognition, opportunities for training, independent working environment and so forth. The non-financial rewards are crucial to a worker due to their ability of allowing workers to acquire new skills as well as to pursue opportunities for advancement. For instance, a worker who graduated recently from school may consider a training program that is exemplary as better compared to his salary because of the feeling that the training has the ability to benefit him or her in the career that he holds (Allen, 2007).

Although standard organizations often have hardship experiences when offering incentives that are non-monetary, the extremes are not a negative as they could be thought of. This means that the benefits are higher when utilizing non-monetary gifts in organizations. Non-financial awards have the ability of enhancing creativity among the associates of an organization because when employees become aware that they will receive gifts that lack a monetary value, they tend to work even harder so as to rise above the limits as opposed to just complying with organizational rules and requirements (Shutan, 2010). This occurs because competitions among the employees are normally curbed so that every employee can work to better his career life as well as to achieve the goals of the organization that he/she works for. For instance, when workers become informed that they may get a T-shirt, they tend to work harder in order to give a better outcome in every task that they are assigned. This has the implication that non-monetary incentives enhance teamwork in organization, from the management up to the lower level employees (Ballentine, 2007). Through an economy of downward spiral that is normally constant, employers have a duty to keep on

finding out about what rewards are appropriate for employee motivation without necessarily having to break the bank (Appelbaum, 2000). Non-financial rewards are known to motivate employees on job performance as also develop interest on the organizations that they serve. As a result, the interest in job by employees creates happiness, which in turn leads to job satisfaction; thus benefiting both the organization and the employee (Sorauren, 2000).

Generally, rewards exhibit a high rate of influence towards the performance of employees in any organization as postulated by Stannack (1996). A vast number of theories have been proposed regarding the influence of rewards on employee performance; however, this study will look into the two factor theory and Abraham Maslow's hierarchy of needs theory as those that are crucial in underpinning the concept of the influence of non-monetary rewards on employee performance.

2.2.3 Two Factor Theory (Herzberg's Motivation-Hygiene theory)

The Two-factor theory by Fredrick Herzberg (1964) is also referred to as the motivator hygiene theory, and has its exploration based on employee satisfaction in organizations. The theory postulates that "hygiene and motivational factors are responsible for satisfaction and discontentment". Factors for motivation are those aspects on job that lead people in focusing on performance in their work, and also give people the performance standards that are expected in an organization. Factors for motivation are those well thought-out to have a direct relationship with the work done (Carmines, Edward and Richard, 1999). The factors are inclusive of working atmosphere aspect, for instance, supervisory practices for pay, policies of a company and other working conditions.

Herzberg (1964) discovered that factors that influence the satisfaction on job were dissimilar from those causing dissatisfaction on job. He came up with the theory of motivation-hygiene in a bid to explain his results. In his study, he referred to the factors either

causing satisfaction or dissatisfaction as factors for hygiene, and the usage of the term ‘hygiene’ was prompted by the fact that the factors for employee maintenance are usually meant to keep away employees from dissatisfaction, however, these factors are far away from providing satisfaction. Herzberg’s (1964) pointed out that accomplishment; the job itself, advancement, responsibility, recognition and growth are the strongest factors that lead to the satisfaction of employees, in turn leading to improved performance of employees.

However, Herzberg’s (1964) pointed out that the policies of a company, supervision, the relationship of employees with their Boss, work environment, relationship with colleagues and the amount of salary leads to either the satisfaction or dissatisfaction of employees. Herzberg (1964) logically reasoned that since the factors accounting for satisfaction are dissimilar from those that cause dissatisfaction, the two types of feelings may not be explicitly considered as opposites of each another. Thus; the contradictory of satisfaction can never be dissatisfaction, rather, the opposite is ‘no satisfaction’. Therefore, the two factor theory became established through a comprehensive investigation of the two conflicting factors, hence; Herzberg’s (1964) came up with term “the two factor theory” or “the hygiene motivational theory” (Hyun, 2009).

2.2.4 Abraham Maslow’s Hierarchy of Needs

Maslow’s (2004) ‘Hierarchy of Needs’ theory shows that human beings possess five needs that are most basic. Maslow’s (2004) categorized the first need as that of deficiency, which entails inadequacy in physiological requirements, as well as affection and safety wants. He categorized the second type growth requirements, which are basically addressed in terms of self-fulfillment. He customized growth requirements via an addition of two more requirements which are known as, understanding, knowing as well as aesthetic pleasure. His belief was that any person who lacked contentment with his employment, not unless

confident necessities offered, for instance self actualization, was well thought-out as the most favorable human state, which ultimately results in satisfaction. Also, he has a strong belief that only few persons have ever had a chance to achieve a sense of self-actualization. The general argument by Maslow's (2004) is that, "when other things are equal, people tend to satisfy their lowest level of felt need before moving on to higher level needs."

2.3 Empirical review

2.3.1 Non-monetary rewards influence on employee performance

The outcome of the utilization of non-monetary rewards to acknowledge the job performance of employees has been empirically proven. Lewis (2013) study asserted that recognition and praise are ways that are considered effective in the motivation of employees in an organization. Aktar, et al. (2012) argues that those non-monetary incentives that learning opportunities, acknowledgment, demanding occupations as well as career progression represents have been tested and established as an effectual and valuable instrument for the motivation of personnel, which turn results in increased performance. The reward as encouragement becomes more appreciated because of the opportunities it brings to an employee in relation to development of skills, which after a long period of time is translated into higher monetary rewards, as opposed to when monetary rewards are given for small jobs done.

In a similar way, Erbas and Arat (2012) conducted a study on how monetary and non-financial rewards impacted on food sectors in Turkey's Anatolian region and discovered that non-financial rewards were more crucial in regard to elevation performance as opposed to financial rewards. However, financial gifts have been taken as more crucial in the motivation of employees and leads to increased performance in their roles as opposed to non-financial rewards. Agwu (2013) study's assessment on how a fair rewarding system impacts

on job performance for employees of a Nigerian oil corporation and concluded that moderate rewards implementation of job performance of employee that is considerably influenced.

Warren (2007) asserted that a good number of people abandon their jobs not mainly because they are under paid; rather, due to the fact that they believe that they are disregarded or even neglected. Employees like working in a place where the voices could be heard and they also feel appreciated when the ideas they give are considered. Most importantly, non-monetary gifts are often appropriate for businesses that are medium and small-sized so that they can be in a position to compete appropriately with American corporations so that they can obtain and also be able to maintain quality workers' employment. And because there seems to be a virtual impossibility of competing with the scale of payment, non-monetary rewards are the best in terms of making workers contented in the workplace. Not only do the incentives give happiness to the workers, but every employee will make sure that he/she delivers quality work to the organization that he/she works for.

The benefits of utilizing non-monetary rewards to compensate employees for good work are undoubtedly greater as opposed to when they are given money as a reward. In the recent years, the majority of employers have preferred to utilize non-financial gifts because they offer a way of keeping the workers contented without having to put the organization's budget at risks. Upon an organization showing interest the workers that serve it, the staff tends to become more contented and happier, additionally productive in addition to becoming additionally attracted to the jobs as well as the tasks assigned to them. On the other hand, the number of failing businesses has been increasing, and thus organizations have to devise a technique of promoting teamwork creativity, productivity as well as increased attention of employees to their jobs without pressing hard on budgets should be the focus of any business, whether large or small.

2.3.2 Employee independence and performance

Employees prefer working in an autonomous way, and they do not usually require a person to watch over them constantly. Most employees like receiving their time-framed responsibilities, then they are offered freedom to work on them unlike when they are always followed in whatever they do. Roberts (2005) study found out the existence of an optimistic affiliation between the independence of employees and the performance of particular organization. Roberts (2005) asserts that allowing workers to have freedom in their responsibilities contributes significantly to job satisfaction, and in turn boosts the performance of the workers. The practice that links payment of workers to their performance has been predominant for quite a period. On the other hand, the new thing is that the pay percentage which is affiliated to employee performance, as well as the way in which it is structured in the order of dissimilar performance is innovative. This implies that Incentives like optimization of efforts, self-determination, employee autonomy as well as the augmentation should be availed as a way of increasing job satisfaction of the employees in the organization (Eriksson and Villeval, 2008; Falk and Kosfeld, 2006).

The independence of employees that takes place due to their empowerment in their organizations has a direct relationship with job contentment. It has effects that are beneficial for workers for a long period of time, and leads them to feel free and that they have control of their resources of the organization. The empowerment of employees is also a great value of an organization that leads people to concentrate on building their careers. The best thing that an organization could experience is when an organization creates job satisfaction from initial feeling that employees are empowered, and usually creates an influence on every other system over the time that the organization is in operation (Kosfeld, 2006). In addition, workers that enjoy standard contacts with their management are able of suggesting solutions which are capable of influencing departmental and institutional decisions. The input that is

direct relies on the willingness of managers to listen, which in turn motivates workers so that they can develop strategic thinking about how the performance of an organization can be improved as a way of making a business strong. Further, empowerment that is true transforms the culture of an organization with the impact of the beliefs that the organization holds. For instance, the managers of an organization are needed to adjust to the thought some powers that they possess must be given to their juniors. Also, employees at all levels should have the realization that their being entitled to their work just by having careers; in the innovative culture, the managers must go on contributing services that are valuable to the organization (Roberts, 2005).

Maslow (1998) study asserts that, majority of the people can be influenced to a high level by non-financial gifts as opposed to considerations that are monetary in nature. Maslow (1998) argued that most people may not be influenced leaving their jobs apart from just the provision of elevated requirements as well as the satisfaction of meta-needs. Supervision that is minimal in a workplace as a reward in has been regarded as a fundamental tool for rewarding employees as they are able to develop confidence for delivering as well as pleasing the employers in every way. Airoidi (2006) reports that 70% of those organizations referred to as a excellent employers have always used employee independence to compensate employees in their institutions in order to motivate them. Majority of those studies that have been conducted in the area of job satisfaction and incentives usage have always showed a relation that is positive between the two components. Hayati and Caniago (2012) conducted an investigation on the kind of relation that can be emphasized between motivation in the internal organization and the satisfaction that employees get on their jobs and found out that it is direct. This has the implication that those employees motivated via intrinsic rewards have more satisfaction as opposed compensated using money. Rast and Tourani (2012) did a study on the factors that posses a momentous outcome on satisfaction in job. Correspondingly,

Hayati and Caniago (2012) did a study on how job satisfaction is related to occupation performance and they found out that worker who gets contented with the work they do normally have better rates of performance in an organization as opposed to those that are not compensated, and consequently, satisfaction on job has a positive influence on employee performance.

The perception of autonomy at work is an important value in many different cultures, according to Danish and Usman (2010). Danish and Usman (2010) claim that the perception of autonomy increases worker satisfaction even in the most routine jobs and leads to greater productivity in more complex jobs. Across a diverse array of cultures, even if autonomy has been defined in different ways including flexible hours and the ability to work from home, workers given more personal latitude normally show positive results in terms of job satisfaction and performance. This has the implication that the amount of autonomy given to a worker has a profound impact on their productivity and performance. However, finding the right balance between complete freedom and authoritarian control is the hard part of the equation, since autonomy has both advantages and disadvantages. Rose (1998) shows how autonomy affects an individual, and also asserts that while autonomy is positively associated with higher performance and satisfaction, therefore, the autonomy for employees must have limits to yield maximum results.

2.3.3 Recognition and employee performance

In today's work surrounding that is high paced, there has been reports that today's workforce put into consideration how their work is acknowledged by their employers, however, efforts on this have normally reported as infrequent and rare (Recognition Rewards Enterprises, 2007). Deeprouse (1994) argues postulated that recognizing employees in an organization causes a fundamental outcome on the productivity of employees. When

recognition as a reward is used in an effective manner, it results in the performance of employees that is improved. In the real sense, workers have always taken recognition as part of what they feel; it results in improved work, which in turn leads to improved performance in turn to an organization's efficiency. The above explained reason led to Danish and Usman (2010) affirming that if rewards such as recognition are given via appropriate implementation, they generate an ample working atmosphere which has the ability to motivate workers that so that their achievements can be high. Deeproose (1994) did mention that managers that are good have a way of recognizing their workers via things which deem better to acknowledge the accomplishments they make in their assignments, and they compensate their employees by offering them tangible rewards. Alam, Saeed, Sahabuddin and Akter (2013) did an investigation on the outcome of employee recognition as a factor predicting the contribution of employees, and results showed that there exists a strong correlation between financial rewards and the contribution of employees. Nonetheless, Murphy (2007) conducted a survey online to study the special effects that financial and non financial gifts have on employee labour turnover. The study's results exposed that there was no noteworthy dissimilarity was observed in employee turnover. Zaman (2011) conducted a study on the type of relationship existing between rewards and employee motivation on employees taken from three non-profit companies in Pakistan.

In any corporation, employees should be given non-financial rewards on top of financial rewards so that the employees can be motivated. This is because financial rewards are commonly known to favour workers in temporary ways while the non-financial ones usually have a long-term impact. Non- financial incentives avail a level of employee satisfaction that is quite significant at little costs, and the cheapest non-financial form of reward is simply saying 'Thank You.' It is obvious that that majority of employers find it hard to thank their workers sufficiently for their efforts. Those organizations corporations that

look forward to reward employee performance as a way of promoting productivity among the workers are known to embrace non-financial forms of reward progressively more. Also, the focus of non-financial rewards is usually more on the individual needs of the majority of the workers.

2.3.4 Career development and employee performance

The development of careers for employees offers them new chances of learning, developing as well as to advance as relied on workers in an organization. Employees usually comprehend that they need continual growth, learning and developing new skills so that they can advance in all ways of their lives. The learning and advancing in new ways makes employees to be able to select the assignments to handle, and they are also capable of rising to new hardships everyday as they achieve their targets (Shutan, 2010).

Career development as a non-monetary reward is utilized in motivation employees and improving their morale towards their day-to-day business in the organizations that they work for. The development of employee's careers as a way of rewarding them for good work done is considered very vital in rewarding high achievements within an organization for workers, or rather, performance as that of support to work mates, caring for customers, both which are not dependent on achieving a target that is already pre-determined in the organizational goals (Rose, 1998). The development of employee's careers as a form of incentive used in organizations has mostly been considered as an efficient method of employee compensation, hence attracting as well as leading to workforce maintenance.

However, the significance of monetary reinforcement to empower workers and make them become competent and knowledgeable so that they can acquire satisfaction on their jobs as a way of improving organization's performance cannot be overlooked. For example, when employees are offered regular as well as standard trainings as a recompense for their work,

they become motivated and can be able to commit themselves to the best of their abilities in order to achieve their targets as well as the goals of the organizations they are affiliated to. The result is that organizational functionality becomes more effective and reliable because the employees even go ahead to generate ideas of innovation leading to better performance of an organization as a result of getting high returns on their investments. Dewhurst et al. (2010) argued that there existed other methods that can offer rewards to employees, especially those whose focus is not only on compensations that are money-valued compensations. Some of the most crucial ones are opportunities for participating in company projects, leadership attentions and trainings as well receiving guidance in careers.

Intensive research activities on the power of leaders have concluded that the power of rewarding a supervisor has a direct relationship with the task performance of employees, satisfaction in job, employee productivity, directorial citizenship conducts as well as employee turnover (Simon, 1976; Martin & Hunt, 1980; Jahangir, 2006). Employees are known to give their best of results whenever they develop a feeling or trustworthiness that their organization is adequately rewarding them. Other factors like conditions of working, employer-employee relationships, chances for development via training, the overall policies of an organization as well as job security also have a profound influence on employee performance. Motivation of workers that comes in with the utilization of non-monetary gifts for work done is greatly important in the life of any worker. Employee morale is built as a result of the accumulation of processes that are distinct, and which have a positive influence on an individual's behavior so that some specific goals can be achieved (Baron, 1983). The job satisfaction would be accomplished from the employer and occupation turning round after the attainment of the goal, for example, the encouragement of employees in achieving higher educational credentials. Luthans (2000) study found out the basic forms of rewards, both

monetary and non-monetary can be used in a positive way for enhancing behaviors in performance.

2.3.5 Flexible schedules and employee performance

Today's employees are being demanded by their friends, families, hobbies, sports, children as well as other activities. A schedule that is flexible or an afternoon off that is occasional is capable of helping workers in meeting some personal roles. Allowing work schedules that are flexible help in increasing the morale and the motivation of employees (Recognition Rewards Enterprises, 2007). The nature of work and the effort needed to accomplish a particular goal defines a job schedule in an organization. The manufacturing innovations of the 19th century Industrial Revolution changed the largely agrarian labor that preceded it. The work in the industry became quite long, however, social as well as advances in technological knowhow transformed the earlier models over time. Work schedules flexibility implies distinct possessions to distinct organizations and distinct individuals. Work schedules that are alternative imply that workers can execute their duties on working days, weekends as well as in the evenings. There are various forms of arrangements that can be completed for work that is overtime, break time, shift work. Flexibility also implies the number of hours that employees have worked whether in terms of part time, sharing jobs arrangements or even full time work. Flexibility can as well mean seasonal work or phased retirements in the workplace for employees (Agwu, 2013).

Flexibility requirements saw an increment occurring in the last parts of the twentieth century. This was as a result of more women engaging in work, meaning that apart from having children, they had other duties to commit in their organizations. Also, for people employed in hospitals, the requirement for taking care of patients increased, which prompted the need for work schedules that would allow flexibility. Those workers that were old

continued working beyond the retirement age that had earlier been implemented, though the majority of the senior people in organizations preferred part-time work, flexible day schedules or even seasonal work. The rationale for workers to continue with studies for self empowerment in terms of competitive skills led to the increased requirement for work schedules that are flexible. Telecommuting therefore has been introduced over the time as a crucial tool for planning hours of work which is based on other responsibilities that employees may have (Huber, 1983). Flexible work arrangements allow employees greater flexibility in how they get their jobs done. A common flexible work arrangement is the ability to telecommute for all or part of the workweek. Other such arrangements include the ability to cram 40 hours a day into a four-day period, take extended lunch breaks and make the difference in the afternoon or during weekends, and to split a full-time position between two people (Ballentine, McKenzie, Wipocki & Kepner, 2007).

According to Burns and McKinnon (1993), flexible schedules have a positive impact on employee performance. First, they lead to improved morale. Employees who are offered and use flexible work arrangements typically feel like they have a better work-life balance than those who are bound to an office Monday through Friday from 9 a.m. to 5 p.m. with a strict, one-hour lunch break. Employee morale is important because when employees feel good about their jobs and their employees, they create a good working environment for others. This can make the prospect of going to work a pleasant one, rather than a dreaded one. Additionally, flexible hours enable better health for workers. Creating high-quality self-confidence helps in keeping stress levels at a manageable level, consequently; employees become happier and healthier. For organizations, healthier employees implies that only a few of them require sick days off or even medical leave, a phenomenon that normally leaves other workers struggling to cover the work that was assigned for their absent contemporaries. On the other hand, employees who work at companies where morale is a problem sometimes

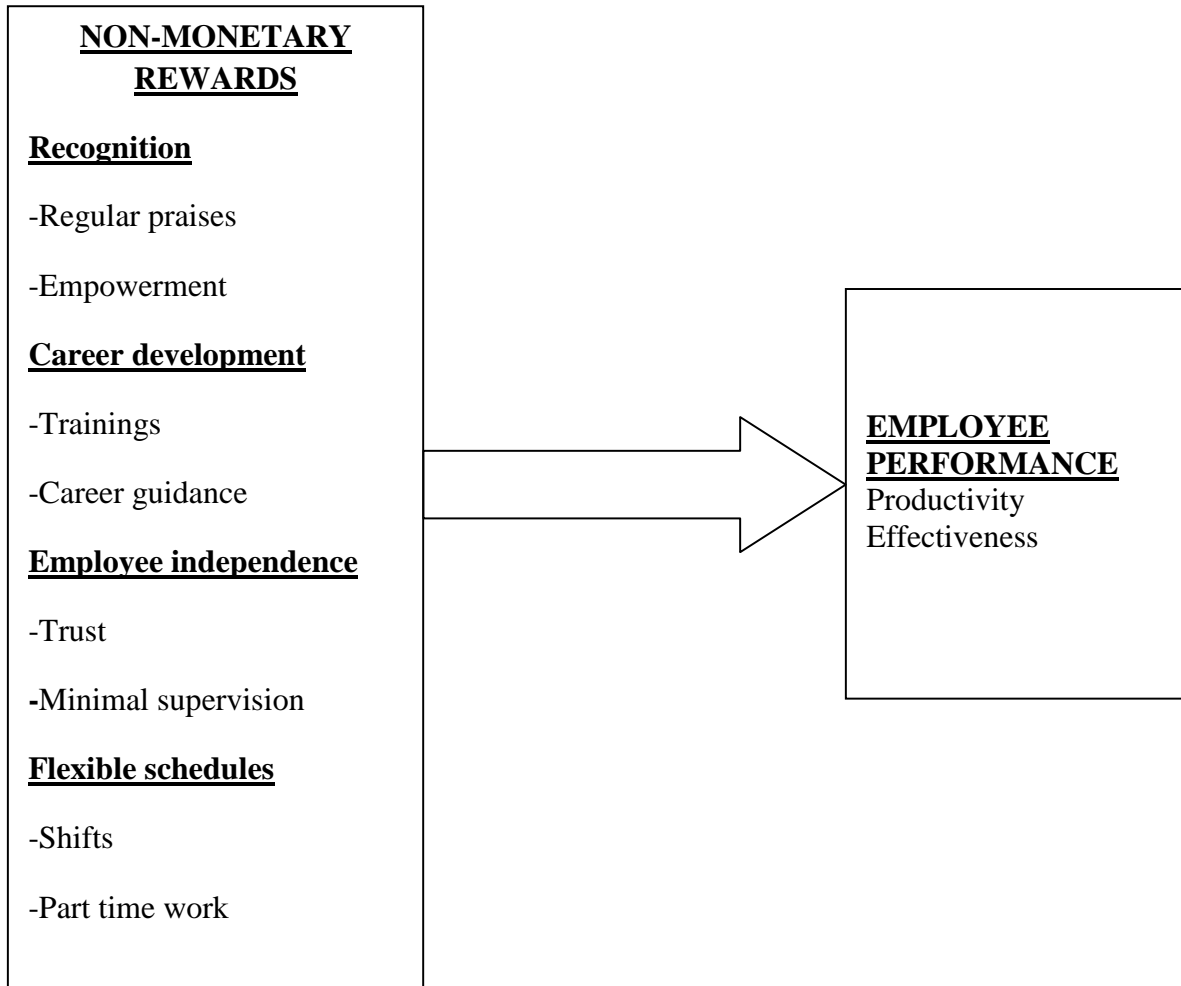
experience depression and substance-abuse issues (Ballentine, McKenzie, Wipocki & Kepner, 2007).

Further flexible working time leads to increased productivity as asserted in Latham's (1993) study. Work arrangements that are flexible create a working environment that is appropriate for every worker. Whenever an employer shows commitment to help workers in achieving an appropriate balance between work and life, workers are often willing to work even harder so that the company they work for can achieve its goals. This may even prompt them to come outside their ordinary schedules if they are ever needed, and they take on supplementary projects, and basically work harder to perform their duties well. Most importantly, it leads to decreased employee turnover. This point is especially pertinent to employers, because advertising empty positions, interviewing potential job candidates and hiring new people to replace employees who leave can be quite costly. It's much more cost-efficient to simply retain existing employees (Burns and McKinnon, 1993).

2.4 Conceptualization

FIGURE 1

Conceptual Framework



Independent Variables

Dependent Variable

The dependent variable, which is performance of employees is an important factor in an organization, which is measurable in relation to organizational and employee productivity. Also, organizational employee performance can also be measured in terms of how effective the operations are, in addition to service delivery, which is the main goal of an organization. Employee performance can be measured in terms of independent variables, which are the non-monetary rewards, including recognition, career development, flexible schedules and

employee independence. For the intervening variables which include culture, management practices, stakeholder involvement as well as open communication; these are the conditions that must be put in place for the performance of an organization to be as the original objectives. These can be measured in terms of the level of appropriateness.

Each independent variable mentioned above has a specific influence in the dependent variable which is employee performance. Recognition enhances job satisfaction, which in turn enhances organizational performance. Additionally, career development leads to increased knowledge and skills meant to handle responsibilities given to employees, in turn leading to an increased organizational performance. This means that employees develop a positive attitude towards their work, in turn leading to enhanced employee performance in the workplace. Further, flexible schedules improve the rate of soberness of an employee's even as he performs his duties, hence; enhanced organizational performance. Finally, independence and autonomy, as opposed to application of tight rules and regulations and superior supervision, enables employees to have a self drive as well as self discipline, which lead to elevated performance.

2.5 Gaps to be filled in the study

The consequence of non-financial rewards on workers' performance on job has been proven in an empirical manner by authors who conducted previous studies. According to Lewis (2013), recognizing and praising workers are efficient ways of enhancing motivation, the behavior of employees in a business because of them being well thought-out as the most significant organizational rewards. In his study, Roberts (2005) asserted that letting employees to exercise their work freedom contribute positively to employee satisfaction, in turn boosting performance. Herzberg's (1964) in his two-factor theory also postulated that achievement; work itself recognition, responsibility, advancement and growth are among

factors leading to employee satisfaction, hence improved employee performance. According to Burns and McKinnon (1993), flexible schedules have a positive impact on employee performance. Most importantly, Dewhurst et al. (2010) concludes that there are other means to reward employees that do not just focus on financial compensation, some of them including the career guidance that employees are able to acquire from their managers, the opportunity to take on important projects or tasks, and even leadership trainings and attention.

In all these studies, there lacks any in-depth assessment of the various types of non-monetary reward and the specific effect that each of the types of reward has on employee performance, with a close look at the water and sewerage organizations in Kenya, particularly that located in Murang'a. This study is therefore intended to close the existing research gap via the assessment of the influence of recognition, career development, employee independence and flexible schedules on employee performance in Muranga water and sanitation company, Murang'a County.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter offers a presentation of the methodology of research that utilized in the in coming up with the results of this study. The areas covered in this include the research design, study population, the sample size and sampling method in addition to data collection instruments utilized for data collection, validity and reliability of the research instrument, data analysis and presentation as well as ethical consideration.

3.1 Research Site

The research site of the study was the Murang'a Water and Sewerage Company in Murang'a County.

3.2 Research Design

Research design implies how conditions of how they are needed for data collection as well as analysis, in a method that aims at combining significance to the purpose of research with procedural economy (Babbie, 2002). Miller (1991) explained that a descriptive design entails precise measurements and the reporting of the distinctiveness of elements of a certain phenomena that is being investigated under research, and offers descriptions of phenomena, events and situations. Kothari (2004) also observes that research designs are a blue print aimed at facilitating the even sailing of a variety of operations in research, hence; it makes research to be as well-organized as possible in order to yield utmost information where negligible is realized in terms of effort, money as well as time. Kothari (2004) renowned that research designs deal with making decisions concerning the techniques which are utilized in gathering data, the type of strategies and instruments for sampling are that are used, and the

way in which the constraints of time and cost can be dealt with. The research designs therefore serve as a way of providing a way collecting relevant evidence negligible expenditure of time, money as well as effort.

This study was conducted via the adoption of a descriptive survey research design. The method was well thought-out as suitable for this study because it allows a methodical and well organized description that valid, accurate and reliable. Mugenda and Mugenda (2003) asserted that a survey exploration has its attempts geared towards the collection of data from elements/items of a populace, and that it describes obtainable phenomenon by enquiring from individuals regarding their attitudes, perception, values and behaviors. Furthermore, it investigates the accessible status several variables at a particular point in time.

3.3 Target Population

Ngechu (2004) defines the term population is a distinctly definite set of services people, events, elements or group of items or households under a research-based investigation. The target population of this study was all the 87 workers in the selected organization, constituting of top management, middle and lower level employees working at the selected organization; Murang'a Water and Sanitation Company (Murang'a Water and Sanitation Company, 2007). This study targeted all the workers in all departments in the selected organization because both the management and the employees are deemed to have the appropriate information as per the requirements of this study. This is because the middle and the lower level employees are the ones directly affected by the reward system that is used in the organization and the management is the one directly involved in determining the type of rewards to be offered to the employees.

3.4 Sampling Design and Sample Size

A sample consists of entities that are drawn from the entire study population with an intention of estimating the population characteristics (Siegel, 2003). Cooper and Schindler (2003) put in plain words that sampling gives an idea when selecting several elements in a study population, in order that similar conclusions can be made concerning the complete population.

In this study, a census survey was used to select the study sample. Census is a study of every unit, everyone or everything, in a population. A census survey research is selected in this study because the targeted population is small, and therefore the participants can be reached with ease in the selected organization. This is because census is known as a complete enumeration, which means a complete count. The advantages of a census survey are that it provides a true measure of the population (no sampling error) and the benchmark data may be obtained for future studies. Also, it provides true information regarding the elements of study because it targets those people with the coherent knowledge regarding the area of study. The sample size of the study was therefore 87 respondents.

3.5 Data Collection Instruments and procedures

3.5.1 Data Collection Instruments

This study used a questionnaire as the main research instrument. The semi structured questionnaire consisted of close-ended, open-ended and Likert scale questions. Close ended questions only allow specific types of responses such as Yes or No, while in the open ended type, respondents give responses according to personal reasoning. Likert scales usually give the respondents a wide range of statements emerging from the literary discussion, where they are expected to agree to or disagree, and are crucial in ensuring that the study objectives are

comprehensively evaluated. Questionnaires were preferable for the study due to the fact that they are incredibly economical in terms of finances, time and energy and they are capable of facilitating an easier analysis because they are usually in their immediate serviceable form. The questionnaires usually offer an encouragement to the respondent in a way that they are able to provide a thorough and felt reply, and they end up providing the appropriate information needed in research.

3.5.2 Data collection method

The questionnaires were self administered to the respondents by the researcher by hand delivery and offer enough time to fill them, then collected the complete questionnaires after a few days. The advantage of this method is that the researcher had the opportunity to personally introduce the study to the respondents and explain to them the intentions of the study, as he also clarified anything regarding doubts that may arise during the study.

3.6 Validity and reliability

This research adopted content and construct validity. Validity indicates the degree to which the instrument measures the constructs under investigation (Mugenda and Mugenda, 2003). Content validity was used since it measures the degree to which the sample of the items represents the content that the test is designed to measure. The researcher developed a questionnaire based on the research questions. Validity was affirmed by discussing the instrument with an expert in the subject and with my supervisor. From the discussion, the researcher was able to detect questions that needed editing and those with ambiguities. The final questionnaire was then printed and dispatched to the field for data collection with the help of research assistants.

Additionally, in order to achieve a good report on the findings, the reliability of this study was ascertained through pre-testing of the research tool using a sample group similar to the

actual sample, at the Nairobi Water and Sewerage Company. The pre-test results were used by the researcher to evaluate the compatibility and the consistency of the instrument with the study requirements, and editing was done in the areas requiring improvement in order to come up with a reliable instrument. The participants selected for the pre-test were from a different, though an organization with similar characteristics with the one used in this study, and the different participants of the pilot study were selected in order to ensure that the actual participants were not engaged in the pilot study because that would otherwise compromise the outcome of the study findings. The reliability coefficient of the research instrument was assessed using Cronbach's alpha.

3.7 Data Analysis

The collected data collected was thoroughly examined, and checked for completeness. The affirmed data was coded and entered into the Statistical Package for Social Sciences (SPSS). SPSS was used because it aids in organizing and summarizing the data to provide meaningful parameters, which are useful for data analysis, which include measures of, frequency distribution, percentages, correlation and regression tests frequencies, means, standard deviation and percentages, especially from quantitative data. Descriptive statistics was utilized in the analysis of the data parameters generated, where through the parameters; the presentation of findings was done by the use of pie charts, bar charts and graphs, and percentages and frequency tables accompanied by appropriate descriptions. For qualitative data, qualitative data analysis was done that utilized the quick impersonator summary, which according to Kombo and Tromp (2006) involves the summary of the key findings, an explanation and interpretation of these findings to ensure that the gathered information is clearly understood. Then a summary of key findings and conclusions was provided so that the results of the study would be clearly understood. The regression model below was applied to

establish whether there existed any relationship between the dependent variable and the independent variables.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \sum_i$$

Where Y is the dependent variable (Employee performance)

β_i being the coefficients

X_i is the predictor/independent variable: X_1 being employee independence, X_2 being recognition and X_3 being career development, while x_4 is flexible schedules, and

α is the constant, while

\sum_i = error term

3.8 Ethical considerations

In order to address ethical issues, the researcher did first obtain a knowledgeable consent of the selected participants of the study before issuing them with the research instruments, the questionnaires.

In addition, the researcher informed the participants that concerning the details needed for the study, the reason why the information was being sought, the rationale, as well the way in which they were expected to participate, in addition how the study would directly and indirectly affect them.

Additionally, the researcher ensured confidentiality during research because the information pertinent to the study was considered to be of strategic significance. As a result, the participants' names held in confidence. Additionally, where a particular response was attributed to certain department s individuals, the provided information was treated with utmost confidence.

CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the analysis of research findings on the influence on non-monetary rewards on employee performance in Murang'a Water and Sanitation Company situated Murang'a County. The research sampled all the 87 workers of the selected organization including the management, middle and lower level employees. The data collection instruments (questionnaires) were disseminated to the selected participants via hand delivery and were collected later. However, out of the 87 questionnaires distributed, 71 questionnaires were collected back by the research fully completed making a response percent to 82%. The response rate distribution is illustrated in the table below;

Table 1
Response rate

Response	Frequency	Percentage (%)
Responded	71	82
Not responded	16	18
Total	87	100

Table 1 above shows that the study sought to get information from all the 87 sampled respondents. However, out of the 87, only 71 respondents returned the questionnaires fully completed making a response rate of 82%, while 16 questionnaires were not completed, making the percentage of those who never responded to 18%. This confirms Cooper and Schindler's (2007) study which asserts that a study response rate of above 75% is sufficient to significantly explain the parameters in the study just as it is in a complete response rate. Therefore, getting a sample size greater than 75% is sufficient for a study of a social scientific nature to proceed.

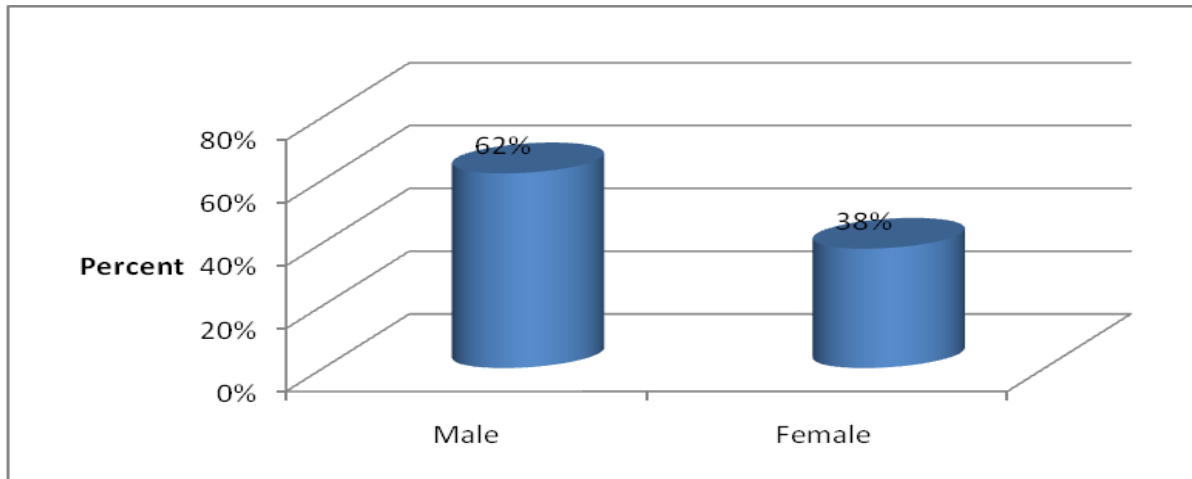
4.2 General information

4.2.1. Gender of the respondents

The study intended to establish the gender of the respondents.

Figure 2

Gender of the respondents



From figure 2 above, the results of the study showed that among the reached out respondents, 44 were male making total of 62%, while 27 were female at a rate of 38%. This has the implication that the Kenyan society, and the economy thereof, are patriarchal.

4.2.2 Age range of the respondents

The study sought to establish the age range of the respondents. From table 2 below, the study found out that the majority of the respondents were at the age of between 31 and 35 years as shown by 32% (23). Additionally, some respondents were at the age of 36-40 years as shown by 23% (16), while the rest of the respondents were at the age of 41-45 years, above 45 years and below 25 years as shown by 21% (15), 8% (6) and 6% (4) respectively. This was a clear indication that the organization has the majority of the respondents being in the youthful stage, and who may lead to a high performance in terms of employee output, and the overall organizational performance, therefore it is an added advantage to the company.

The findings of the study were as in table 2 below;

Table 2

Age bracket

Age bracket	Frequency	Percentage %
Below 25 yrs	4	6
26-30 yrs	6	8
31-35yrs	23	32
36-40yrs	16	23
41-45yrs	15	21
Above 45 yrs	7	10
Total	71	100

4.2.3 Level of education

The study sought to establish the highest level of education of the selected respondents. Table 3 below showed that a greater part of the participants at a frequency of 21 had college level as the highest academic qualification as shown by 30%. Additionally, 17 respondents were university graduates as shown by 24%, followed by those with secondary level at a frequency of 14 and at a rate of 19%. The rest of the respondents had acquired post graduate level at a frequency of 16 and a rate of 14%, while the remaining 3 had primary level qualifications at a rate of 4%. This has the implication that the majority of the respondents, having a college level qualification was well versed with knowledge and could easily understand the meaning and importance of non-monetary rewards. The findings of the study were as in table 3 below;

Table 3

level of education

Education level	Frequency	Percentage %
Primary School level	3	4
Secondary level	14	19
College level	21	30
University	17	24
Post graduate level	16	23
Total	71	100

4.2.4 Designation

The study sought to establish the designation of the respondents. The findings of the study were as in table 4 below;

Table 4

Designation

Designation	Frequency	Percentage %
Top management	3	4
Middle level management	17	24
Lower level employee	51	72
Total	71	100

Table 4 shows that the majority of the respondents who were able to respond to the questionnaires were lower level employees at a frequency of 51 and a rate of 72%, followed by 17 middle level employees at a rate of 24%, and finally three 3 top management at a rate of 4%.

4.2.5 Experience

The study sought to establish the duration which the respondents had worked in their respective organizations. The results of the study were as in table 5 below;

Table 5
Experience of the respondents

Experience	Frequency	Percentage %
Less than a year	11	16
1-5 years	19	27
6-10 years	25	35
11-12 years	16	22
Total	71	100

From table 5 above, the majority of the respondents had an experience of between 6 and 10 years in their respective organizations as shown by 35% (25). Additionally, 19 respondents had worked for 1-5 years as shown by 27%, followed by 22% (16) of the respondents who had worked for 11-12 years, and finally 16% (11) of the respondents had worked for a period above less than 1 year in their organizations. This clearly indicated that the organizations had managed to retain its competitive talents experts for an average of 5 years, which means that they have advanced knowledge on the use of rewards in the organization for the time they have been there, and they would be in a position to give advice regarding the best rewards method for the organization in the future.

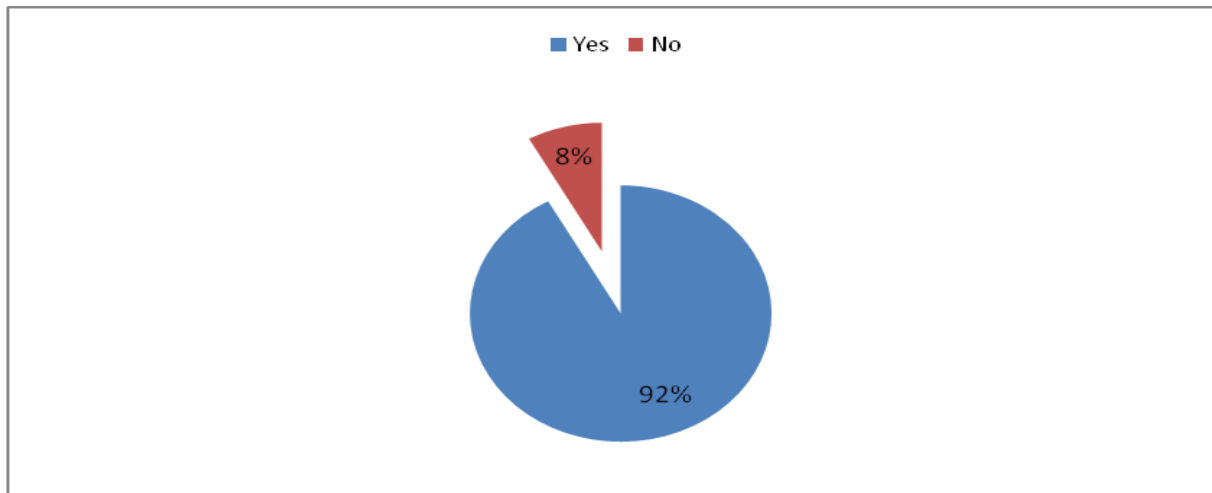
4.3 Rewards and employee performance

4.3.1 Rewards

The study sought to establish whether the organization offered any form of rewards to employees. The results of the study were as in figure 3 below;

Figure 3

Rewards



From figure 3 above, it is evident that the majority of the respondents agreed that their organization offers rewards to the employees for work well done as shown by 92% (65) of the responses. This implies that the organization places emphasis on employee performance as a component that is vital to organizational performance, thus; the management has a history of recognizing the employees.

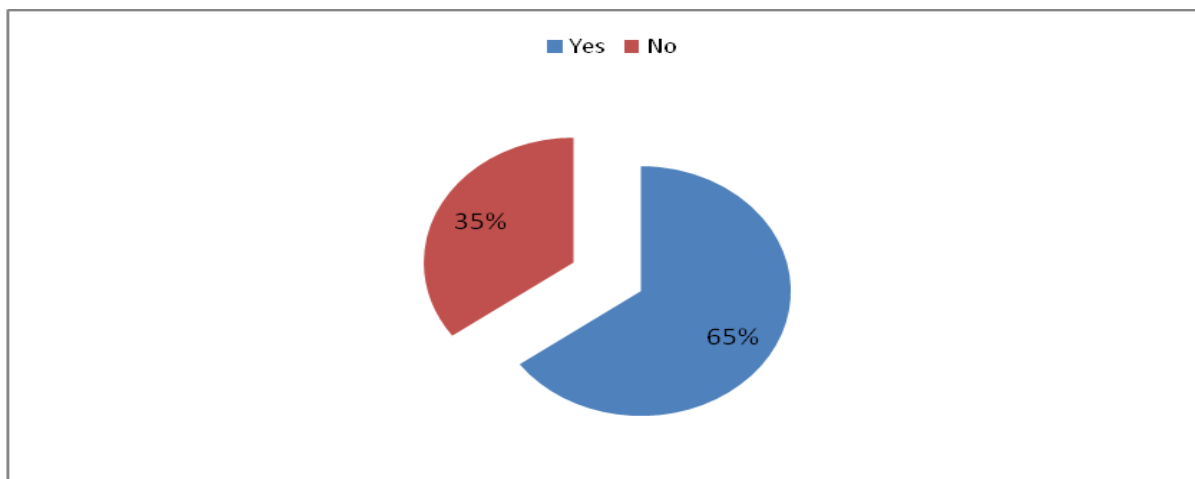
4.3.2 Comparison of rewards

The study sought the opinion of the respondents concerning whether non-monetary rewards were better than the monetary rewards. The study findings showed that non-monetary rewards were considered better by the respondents as compared to the use of monetary rewards as shown by 65% (46) of the responses. This shows that if the organization would embark on the utilization of non-monetary rewards, employee performance would be higher and in turn impact positively on organizational performance.

The study findings were as in figure 4 below;

Figure 4

Comparison of rewards



4.3.3 Employee performance

The study was seeking to establish the rate of the performance of employees in the organization in the preceding two years. The findings of the study were as in table 6 below;

Table 6

Employee performance

Rate of performance	Frequency	Percentage %
Very good	16	22.53
Good	47	66.19
Poor	5	7.04
Very poor	3	4.22
Total	71	100

From table 6.47 of the reached out participants indicated that the level of employee performance was good as shown by 66.19%, followed by those who responded that employee performance was very good, poor and very poor at rate of 22.53%, 7.04% and 4.22%. This has the implication that according to the organization, employee performance is rate on a

positive note, meaning that the adoption of suitable rewards system would increase the performance in the coming years.

4.3.4 Non-monetary rewards

The study aimed at establishing the types of non-monetary rewards that the organization had put in place according to the knowledge of the employees. The results of the findings were as in table 7 below;

Table 7
Non-monetary rewards

Non-monetary reward	Frequency	Percentage %
Recognition	23	32.40
Career development	19	26.76
Independence and autonomy	16	22.53
Flexible schedules	7	9.86
Opportunities to contribute in organizational decisions	6	8.45
Total	71	100

Table 7 illustrates that the majority of the respondents, at a frequency of 23, selected recognition as the most commonly used type of non-monetary reward in the organization as shown by 32.40%, followed by career development at a rate of 26.76% (19), independence and autonomy at 22.53% (16), flexible schedules at 9.86% (7), and finally the 8.45% (6) respectively. This has the implication that the organization recognizes the employees for their performance, and via the emphasis on the use of the other non-monetary rewards would elevate the performance more. This finding concurred with Shutan (2010) whose study asserted that non monetary gifts tend to promote creativity among associates in the

workplace, and that when employees know that the reward they receive has no monetary value, they will work harder to go above and beyond, rather than just comply with the guidelines that are given, to complete the task.

4.4 influence of non-monetary rewards on employee performance

The study sought to establish the level of agreement of the respondents with various statements relating to the influence of non-monetary rewards on employee performance. The results of the study were as in table 8 below;

Table 8

Non-monetary rewards influence

Statement	Very great extent %	Great extent %	Moderate extent %	Little extent %	Not at all %
Non-monetary rewards are an effective tool in motivating workers to increase their performance.	16	71	7	5	1
Most people leave their job not because of under payment, but because they feel overlooked and neglected	19	65	9	5	2
Fair implementation of rewards significantly influences employee job performance.	21	52	17	6	4
Non monetary incentives are ideal for the small and medium sized businesses to compete with large ones.	25	40	27	7	1

From table 8 above, the majority of the respondents agreed that non-monetary rewards are an effective tool in motivating workers and consequently increase their performance as shown by 71%. Additionally, some respondents indicated that most people leave their job not because of under payment, but because they feel overlooked and neglected, fair

implementation of rewards significantly influences employee job performance and those non monetary incentives are ideal for the small and medium sized businesses to compete with large ones in obtaining and maintaining the employment of quality workers as shown by 65%, 52% and 40%. This concurs with Aktar, et al. (2012) who contend that non-monetary incentives which are represented by recognition, learning opportunities, challenging work and career advancement, have been found to be an effective tool in motivating workers and consequently increase their performance. This incentive is highly appreciated probably due the opportunity it offers in terms of skill development of the workers which in the long run could be translated to higher monetary reward.

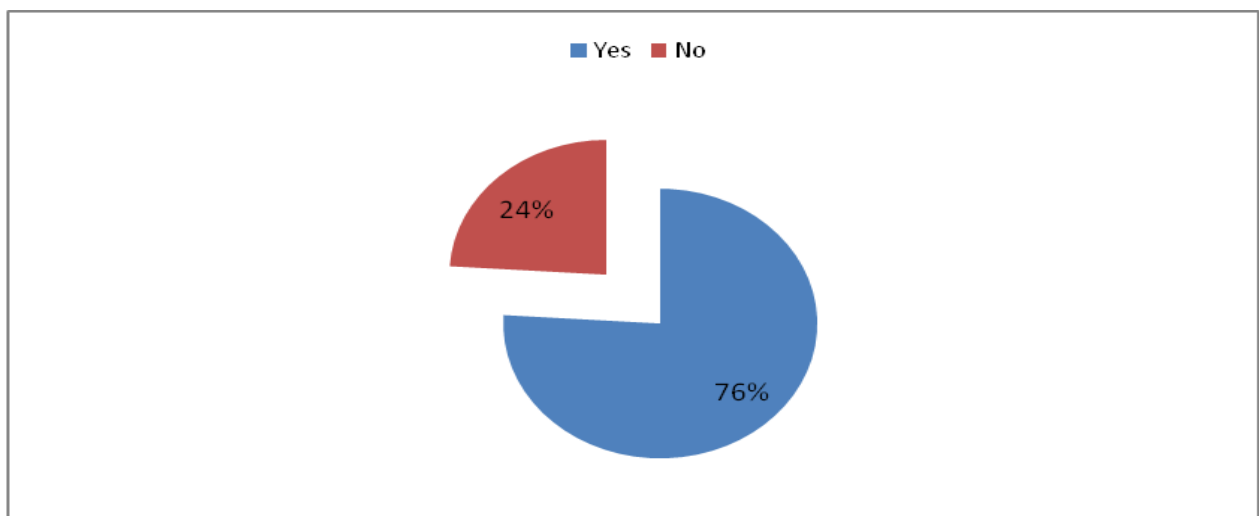
4.5 Employee independence

4.5.1 Independence and performance

The study sought to establish whether the respondents believed that there exists a strong relationship between employee independence and performance. The study findings were as in figure 5 below;

Figure 5

Independence and autonomy



From figure 5 above, the majority of the respondents believed that there exists a strong relationship between employee independence and performance as shown by 76% response rate. This has the implication that most employees need to be autonomous in order for them to perform as per the organizational expectations.

4.5.2 Effect of employee independence employee performance

The study sought to establish how employee independence affects performance of employees in the organization. The study findings were as in table 9 below;

Table 9

Independence and employee performance

Statement	Frequency	Percentage %
Employee independence improves employee morale	31	43.66
Employee independence leads to employee job satisfaction	19	26.76
Employee independence has a positive relationship with employee performance	14	19.72
Employee independence promotes employee retention	7	9.86
Total	71	100

From table 9 above, 31 of the reached out respondents indicated that employee independence improves employee morale as shown by 43.66%. Also, some respondents reported that employee independence leads to employee job satisfaction, employee independence has a positive relationship with employee performance, and that employee independence promotes

employee retention as shown by 26.76% (19), 19.72% (14) and 9.86% (7) respectively. These findings agreed with Roberts (2005) who asserted that letting employees to exercise their work freedom contribute positively to employee satisfaction, in turn boosting performance. Also, Maslow (1998) declares that, many people are influenced more by non-monetary than monetary considerations. Maslow (1998) also argues that many people cannot be swayed to leave a job except by providing, higher needs and meta-need satisfactions, and that minimal supervision in the workplace as an incentive is actually regarded as the most important tools to reward employees because they develop the confidence to deliver and also please their employers in all ways.

4.5.3 Effect of employee independence

The study sought to assess the extent to which the respondents agreed to various statements regarding how employee independence affects employee performance in an organization. From table 10 below, the majority of the respondents at 67% agreed that the amount of autonomy given to a worker has a profound impact on their productivity and performance to a great extent. Also, some respondents indicated that employee independence via empowerment in the workplace relates to an employee's job satisfaction, employees enjoying regular contact with managers can suggest solutions and influence departmental and organizational decisions and that minimal supervision in the workplace as an incentive is actually regarded as the most important tools to reward employees because they develop the confidence to deliver and also please their employers in all ways as shown by 56%, 53%, 49% and 42% respectively. This concurs with Eriksson and Villeval, 2008; Falk and Kosfeld, 2006) studies that asserted that incentives such as effort optimization, employees autonomy and self-determination enhancement should be made readily available in order to increase job satisfaction of the employees in the organization. Also, according to Kosfeld (2006)

employee empowerment is also a greater organizational value as people build their career in an organization. It is crucial to an established employee's sense of job satisfaction to build on initial feelings of empowerment and perhaps to become more influential over time.

Table 10

Effect of employee independence

Type of reward	Very great extent %	Great extent %	Moderate extent %	Little extent %	Not at all %
The amount of autonomy given to a worker has a profound impact on their productivity and performance	23	67	5	3	2
Most employees like to receive their assignments with the time frame required for completion and then have the independence to complete the work..	25	56	10	6	3
Employee independence via empowerment in the workplace relates to an employee's job satisfaction	27	53	12	4	4
Employees enjoying regular contact with managers can suggest solutions and influence departmental and organizational decisions.	30	49	14	5	2
Minimal supervision in the workplace as an incentive is regarded as the most important tool to reward employees because they develop the confidence to deliver.	28	42	15	9	6

4.6 Recognition

4.6.1 Value of recognition

The study intended to establish the how the employees in the organization valued recognition as a non-monetary reward for their performance. The findings of the study were as in table 11 below;

Table 11
Value of recognition

Level	Frequency	Percentage %
Great extent	45	63.38
Moderate extent	18	25.35
Little extent	6	8.45
Not at all	2	2.82
Total	71	100

Table 11 shows that the employees in the organization valued recognition as a non-monetary reward for their performance to a great extent as shown by 63.38% (45), followed by shown by that employees in the organization valued recognition as a non-monetary reward for their performance to a moderate extent, little extent and not at all as shown by 25.35% (18), 8.45% (6), 2.82% (2) respectively.

4.6.2 Effects of recognition

The study needed the participants to state their level of agreement with the following statements relating to the effects of recognition as reward on employee performance. From table 12 below, the majority of the respondents agreed that recognition affects employee performance as reward. 55% of the respondents agreed that recognition has a significant impact on employees' motivation and productivity. Also, some respondents indicated that in

an organization, there should be more than financial reward given to employees in order to motivate them in terms of recognition, employees take recognition as part of their feelings of value and appreciation and as a result it increases employees' morale, which eventually increases efficiency of organizations, financial rewards most times is said to favour in short term while non-financial reward like recognition favour long term goals and that recognition as a reward does not impact on employee performance as shown by 49%, 46%, 44% and 39% respectively, This concurred with Deeprose (1994) who argues that recognition has a significant impact on employees motivation and productivity. Effective use of recognition results in improved performance of the organizations. Also, Danish and Usman (2010) affirmed that when rewards and recognition are properly implemented, a good working atmosphere is provided that motivates employees to achieve high performance.

Table 12

Effects of recognition

Type of reward	Strongly agree %	Agree %	Moderately agree %	Disagree %	Strongly disagree %
Recognition has a significant impact on employees' motivation and productivity	20	55	16	5	4
There should be more than financial reward given to employees in order to motivate them	25	49	17	7	2
Employees take recognition as part of their feelings of value and appreciation which increases efficiency of organizations.	29	46	13	8	4
Financial rewards favour in short term while non-financial reward like recognition favour long term goals.	33	44	16	5	4
Recognition as a reward does not impact on employee performance and should not be considered	38	39	18	3	2

4.7 Career development

4.7.1 Career development

The study sought the thoughts of the respondents regarding what level of organizational effectiveness achieved when organizations adopt career development as a way of boosting employee performance. The findings of the study were as in table 13 below;

Table 13
Career development

Level	Frequency	Percentage %
Great extent	49	69.01
Moderate extent	14	19.72
Little extent	7	9.86
Not at all	1	1.41
Total	71	100

From table 13 above, the majority of the respondents indicated that a high level of level of organizational effectiveness is achieved when organizations adopt career development as a way of boosting employee performance to a great extent as shown by 69.01% (49), followed by those who indicated that a high level of organizational effectiveness is achieved when organizations adopt career development as a way of boosting employee performance to a moderate extent, little extent and not at all as shown by 19.72% (14), 9.86 (7) and 1.41% (1) respectively. This confided with the fact that employees understand they need to grow, learn and develop new skills in order to advance, and the ability to be able to choose their assignments and rise to new challenges offered by new responsibilities is also appealing as asserted by Shutan (2010). Also, this finding confides with the tow-factor theory as proposed by Herzberg's (1964), who postulated that company policy, supervision, relationship with

Boss, work conditions, salary and relationship with peers leads to dissatisfaction of employees, and hence have to be considered in a careful manner.

4.7.2 Career development and employee performance

The study intended to establish the level of agreement with several statements regarding career development rewards and employee performance in your workplace. The study findings were as in table 14 below.

Table 14

Career development and performance

Statement	Very great extent %	Great extent %	Moderate extent %	Little extent %	Not at all %
The career level of the employees in an organization determines the degree of employee performance	79	15	3	2	1
You would like the reward system currently being utilized in your organization to incorporate career development as a major forms of reward for employees	67	18	7	4	4
You are contented with the career rewards system that is currently utilized in the organization for employees	56	22	15	5	2

Table 14 above illustrates the results of the study, which indicated that the majority of the respondents agreed that career development rewards system influences employee performance in their workplace to a very great extent. First, the majority of them agreed to a very great extent that the career level of the employees in an organization determines the degree of employee performance as shown by 79% of the responses. Also, some respondents indicated that they would like the reward system currently being utilized in their organization to incorporate career development as a major form of reward for employees, and that they

were are contented with the career rewards system that is currently utilized in the organization for employees as shown by 67% and 56% respectively. This has the implication that more emphasis has to be placed on career development as a reward system in use so that employees can get their satisfaction and perform better. These findings concurred with Herzberg's theory (1964), who postulated that company policy, supervision, relationship with Boss, work conditions, salary and relationship with peers leads to dissatisfaction of employees, and hence; have to be considered in a careful manner.

4.8 Flexible working hours

4.8.1 Flexible schedules

The study sought to establish whether the organization had flexible working schedules for employees. The study findings were as in figure 6 below;

Figure 6

Flexible schedules

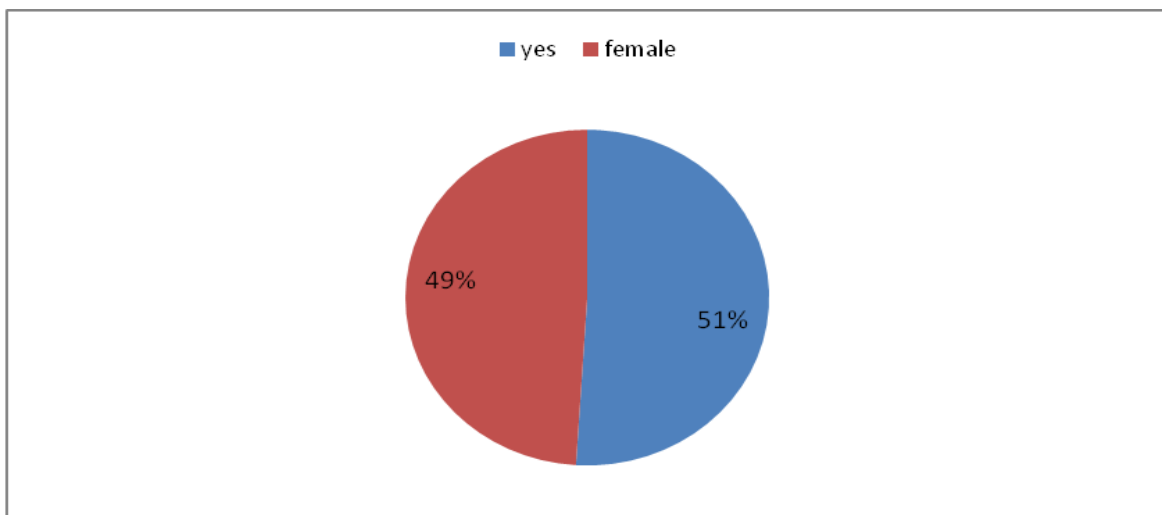


Figure 6 illustrates that the majority of the respondents agreed that the organization had flexible working schedules for employees as shown by 51%, while at close, 49% of the

response indicated that the organization was not having flexible working schedules for employees. This implies that an improvement needs to be done for the improvement of working schedules for the employees in order to enhance their satisfaction.

4.8.2 Effects of flexible schedules

The study sought to establish the level of respondent’s agreement with statements regarding the effects of adopting flexible working schedules in the organization. The findings of the study were as in table 15 below;

Table 15

Effects of flexible hours

Type of reward	Strongly agree %	Agree %	Moderately agree %	Disagree %	Strongly disagree %
Flexible working schedules lead to improved morale	5	87	5	2	1
Flexible schedules of work provide employees with great flexibility in how they attend to their jobs	9	76	8	5	2
The creation of good morale can help to keep stress at stumpy levels, and making employees not only happy but also healthy.	15	68	10	6	1
Flexible working time result in improved organizational productivity in relation to goals as well as achievements	18	61	12	7	2
Flexible working plans lead to elevated retention of employees, hence; reducing turnover of employees	20	59	11	7	3

Table 15 above shows that the majority of the respondents indicated that the adoption flexible working schedules in the organization affects employee performance. First, the majority of

the responses at 87% showed that flexible working schedules lead to improved morale. Also, some of the respondents indicated that flexible working schedules render employees great flexibility in how their jobs are done, creating good morale can help in keeping stress at low levels, and so employees are not only happier but healthier, flexible working hours lead to improved productivity within an organization in terms of goals achievements, and that flexible working arrangements lead to enhanced employee retention, hence; reduces employee turnover as shown by 76%, 68%, 61% and 59% respectively. The findings concurred with Burns and McKinnon (1993), who asserted that flexible work schedules have impact positively on the performance of employees, because they lead to better morale, and employees who are offered and use flexible work arrangements typically feel like they have a better work-life balance. Also, flexible working time leads to increased productivity as asserted in Latham's (1993) study, who also added that Flexible work arrangements create an atmosphere of quid pro quo, thus promoting the satisfaction of employees to perform even better in their duties, in turn leading to improved organizational performance.

4.10 Regression analysis

4.10.1 Regression coefficients

The beta coefficients give the rate of standard deviations change on the dependent variable (Project performance) that was produced by a change on the independent variables. Here, recognition takes a lead with 0.587 deviations followed by independence and autonomy at 0.293, then career development at 0.251, and finally flexible working schedules at 0.178. The researcher thus concluded that recognition, independence and autonomy, career development as well as flexible schedules had a significant effect on employee performance at Murang'a Water and Sanitation Company. .

Table 16**Partial regression coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
	(Constant)	-4.722	8.169		0.209	.78
	Does recognition affect employee performance	3.944	.438	.587	5.984	.046
	Does employee independence affect employee performance	7.667	.395	.251	6.587	.045
	What is the effect of career development on employee performance	4.667	.295	.293	4.421	.041
	Do flexible working hours affect employee performance	2.833	.163	.196	7.337	.023

Source: Research data

4.10.2 The coefficient of determination

In data analysis, the larger the R the stronger the relationship between the dependent variable versus independent variables. R Square, the coefficient of determination, is the squared value of the multiple correlation coefficients. Here, it showed that about half the variation in the relationship is explained by the model. The value of R was 0.587 and R square was 0.179 (17.9%) as shown in the table below. Since the value of R square is less than 50%, the researcher deduced that the proportion of variation associated to the independent variables had a moderate effect.

Table 17

Coefficient of determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.587(a)	.395	.179	11.858

4.10.3 The alpha coefficient

In data analysis, the Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. A reliability coefficient of .70 or higher is considered "acceptable" in most social science research situations. The research found the alpha coefficient for the five items is .816, suggesting that the items have relatively high internal consistency.

Table 18

Coefficient of determination

Cronbach's Alpha	.816	N of items	4
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CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is a presentation of the summary of the research findings on the influence of non-monetary rewards on employee performance in murang'a water and sanitation company in murang'a county. Conclusions and recommendations are drawn there to. The chapter is hence structured into summary of finding and conclusions in addition to recommendations and areas for further research.

5.2 Summary of the major findings

The study sought to establish on the influence of non-monetary rewards on employee performance. The major findings for each objective were as follows;

5.2.1 The influence of employee independence on employee performance

This objective was intended to establish how employee independence influences employee performance in an organization. The major finding on this objective was that there exists a strong relationship between employee independence and performance as shown by 76% response rate. This has the implication that most employees need to be autonomous in order for them to perform as per the organizational expectations. On the relationship existing between employee independence and performance, the study found out that employee independence improves employee morale as shown by 43.66% of the responses. These findings agreed with Roberts (2005) who asserted that letting employees to exercise their work freedom contribute positively to employee satisfaction, in turn boosting performance

Also, the study found out that employee independence leads to employee job satisfaction, has a positive relationship with employee performance, and that it promotes

employee retention as shown by 26.76% (19), 19.72% (14) and 9.86% (7) of the responses obtained during the study respectively. Also, Maslow (1998) declares that, many people are influenced more by non-monetary than monetary considerations. The finding strengthened Maslow (1998), who argued that many people cannot be swayed to leave a job except by providing, higher needs and meta-need satisfactions, and that minimal supervision in the workplace as an incentive is actually regarded as the most important tools to reward employees because they develop the confidence to deliver and also please their employers in all ways.

Regarding the effect of independence on performance, the study found out that the amount of autonomy given to a worker has a profound impact on their productivity and performance to a great extent as agreed upon by 67% of the responses obtained in the study. Further, the study findings added that employee independence via empowerment in the workplace relates to an employee's job satisfaction, employees enjoying regular contact with managers can suggest solutions and influence departmental and organizational decisions and that minimal supervision in the workplace as an incentive is actually regarded as the most important tools to reward employees because they develop the confidence to deliver and also please their employers in all ways as shown by 56%, 53%, 49% and 42% respectively. This finding was in agreement with Eriksson and Villeval, 2008; Falk and Kosfeld, 2006) studies that asserted that incentives such as effort optimization, employees autonomy and self-determination enhancement should be made readily available in order to increase job satisfaction of the employees in the organization. According to Kosfeld (2006) employee empowerment is also a greater organizational value as people build their career in an organization. It is crucial to an established employee's sense of job satisfaction to build on initial feelings of empowerment and perhaps to become more influential over time

5.2.2 Influence of recognition on employee performance

On this objective, the study sought to establish the extent to which recognition as a selected non-monetary reward influences the performance of employees. The major finding was that recognition has a significant impact on employee's satisfaction and productivity, and that employees attach great value to recognition as part of rewards as shown by 55% of the respondents in the study. Additionally, the study found out that in an organization, there should be more than financial reward given to employees in order to motivate them in terms of recognition as agreed upon by 49% of the obtained responses during the study. It was also clear from the study findings that employees take recognition as part of their feelings of value and appreciation and as a result it increases employees morale, which eventually increases efficiency of organizations, and that financial rewards most times is said to favour in short term while non-financial reward like recognition favour long as shown by 46%, 44% respectively in the study findings. The findings in this objective concurred with Deepro (1994) who argues that recognition has a significant impact on employees' motivation and productivity. Effective use of recognition results in improved performance of the organizations. Also, Danish and Usman (2010) affirmed that when rewards and recognition are properly implemented, a good working atmosphere is provided that motivates employees to achieve high performance.

5.2.3 The influence of career development on employee performance

On this objective, the study had the intention of establishing the kind and extent of influence that career development has on employee's performance when used as a way of rewarding the workforce. The major finding of this study regarding this objective was that a high level of level of organizational effectiveness is achieved when organizations adopt career development as a way of boosting employee performance to a great extent as shown

by 69.01% (49) of the responses obtained from the selected respondents. Additionally, the study findings showed that career development rewards system influences employee performance in their workplace to a very great extent in that the career level of the employees in an organization determines the degree of employee performance as shown by 79% of the responses. This finding was in agreement with Herzberg's Two-factor-theory (1964), which postulated that company policy, supervision, relationship with Boss, work conditions, salary and relationship with peers leads to dissatisfaction of employees, and hence; have to be considered in a careful manner.

It was also clear from the findings that the employees would like the reward system currently being utilized in their organization to incorporate career development as a major form of reward for employees as shown by 67% of the obtained responses during the study. Although to some extent, the findings showed that the employees were contented with the career rewards system that was currently being utilized in the organization for employees as shown by 56% of the study responses. This has the implication that more emphasis has to be placed on career development as a reward system in use so that employees can get their satisfaction and perform better.

5.2.4 The influence of flexible schedules on employee performance

On this objective, the study intended to show the level at which flexible working schedules when used as a reward influence employee performance. The major finding was that the adoption of flexible working schedules in the organization affects employee performance, and that the organization, as the case with other organizations, had not emphasized much on flexible working hours and that improvement was needed. Additionally, the study found out that flexible working schedules lead to improved morale as 87% of the respondents agreed when the study was being conducted. This finding was in accordance to

Latham's (1993) who asserted that flexible working time leads to increased productivity, and that it plays a major role in promoting the satisfaction of employees to perform even better in their duties, in turn leading to improved organizational performance.

Also, the study findings were that that flexible working schedules render employees great flexibility in how their jobs are done, creating good morale can help in keeping stress at low levels, and so employees are not only happier but healthier, lead to improved productivity within an organization in terms of goals achievements, and that flexible working arrangements lead to enhanced employee retention, hence; reduces employee turnover as shown by 76%, 68%, 61% and 59% respectively. The findings concurred with Burns and McKinnon (1993), who assert that flexible schedules have a positive impact on employee performance, for they lead to improved morale, and employees who are offered and use flexible work arrangements typically feel like they have a better work-life balance.

5.3 Conclusions of the study

The study's intention was to establish the influence of non-monetary rewards on employee performance. The study concluded the following;

5.3.1 The influence of employee independence has on employee performance

On this objective, the study concluded that there exists a strong relationship between employee independence and performance. This has the implication that most employees need to be autonomous in order for them to perform as per the organizational expectations. On the relationship existing between employee independence and performance, the study concluded that employee independence improves employee morale. This conclusion agreed with Roberts (2005) who asserted that letting employees to exercise their work freedom contribute positively to employee satisfaction, in turn boosting performance

Also, the study concluded that employee independence leads to employee job satisfaction, has a positive relationship with employee performance, and that it promotes employee retention. The conclusion strengthened Maslow (1998), who argued that many people cannot be swayed to leave a job except by providing, higher needs and meta-need satisfactions, and that minimal supervision in the workplace as an incentive is actually regarded as the most important tools to reward employees because they develop the confidence to deliver and also please their employers in all ways.

Regarding the effect of independence on performance, the study concluded that the amount of autonomy given to workers has a profound impact on their productivity and performance to a great extent. On this, Maslow (1998) declares that, many people are influenced more by non-monetary than monetary considerations. Further, the concluded that employee independence via empowerment in the workplace relates to an employee's job satisfaction, employees enjoying regular contact with managers can suggest solutions and influence departmental and organizational decisions and that minimal supervision in the workplace as an incentive is actually regarded as the most important tools to reward employees because they develop the confidence to deliver and also please their employers in all. This was in accordance to with Eriksson and Villeval, 2008; Falk and Kosfeld, 2006) studies, which asserted that incentives such as effort optimization, employees autonomy and self-determination enhancement should be made readily available in order to increase job satisfaction of the employees in the organization. According to Kosfeld (2006) employee empowerment is also a greater organizational value as people build their career in an organization. It is crucial to an established employee's sense of job satisfaction to build on initial feelings of empowerment and perhaps to become more influential over time.

5.3.2 Influence of recognition on employee performance

On this objective, the study concluded that recognition has a significant impact on employee's satisfaction and productivity, and that employees attach great value to recognition as part of rewards. Additionally, the study concluded that in an organization, there should be more than financial reward given to employees in order to motivate them in terms of recognition. Also, on the effect of recognition on performance, the study concluded that employees take recognition as part of their feelings of value and appreciation and as a result it increases employees morale, which eventually increases efficiency of organizations, and that financial rewards most times is said to favour in short term while non-financial reward like recognition favour long. These conclusions were in agreement with Deeprose (1994) who argues that recognition has a significant impact on employee's satisfaction and productivity. Effective use of recognition results in improved performance of the organizations. Also, Danish and Usman (2010) affirmed that when rewards and recognition are properly implemented, a good working atmosphere is provided that motivates employees to achieve high performance.

5.3.3 The influence of career development on employee performance

On this objective, the study concluded that a high level of level of organizational effectiveness is achieved when organizations adopt career development as a way of boosting employee performance to a great extent. Additionally, the study concluded that career development rewards system influences employee performance in their workplace to a very great extent in that; the career level of the employees in an organization determines the degree of employee performance. This was in agreement with Herzberg's Two- factor-theory (1964), which postulated that company policy, supervision, relationship with Boss, work conditions, salary and relationship with peers leads to dissatisfaction of employees, and hence; have to be considered in a careful manner.

The study also came to a conclusion that the employees would like the reward system currently being utilized in their organization to place emphasis on career development as a major form of reward for employees. However, to some extent, their conclusion was that the employees were partially contented with the career rewards system that was currently being utilized in the organization for employees, only more emphasis was needed to make it more effective. This has the implication that more emphasis has to be placed on career development as a reward system in use so that employees can get their satisfaction and perform better.

5.2.4 The influence of flexible schedules on employee performance

On this objective, the study concluded that the adoption of flexible working schedules in the organization affects employee performance, and that the organization, as the case with other organizations, had not emphasized much on flexible working hours, and that improvement was needed. Additionally, the study concluded that flexible working schedules lead to improved morale. This was in accordance to Latham's (1993) who asserted that flexible working time results in augmented productivity of employees, and that it plays a significant role in enhancing the satisfaction of employees to perform even better in their duties, in turn leading to improved performance in an organization.

Also, the study concluded that flexible working schedules render employees great flexibility in how their jobs are done, creating good morale can help in keeping stress at low levels, and so employees are not only happier but healthier, lead to improved productivity within an organization in terms of goals achievements, and that flexible working arrangements lead to enhanced employee retention, hence; reduces employee turnover. The findings concurred with Burns and McKinnon (1993), who assert that flexible schedules have a positive impact on employee performance, for they lead to improved morale, and

employees who are offered and use flexible work arrangements typically feel like they have a better work-life balance.

5.4 Recommendations

This study recommends that the management in the Kenyan water companies at large and all other organizations evaluates the reward systems that are currently in place as well as the kind of influence they have on employee performance. This would help them understand the issues surrounding administration and the corresponding influence of non-monetary rewards towards employee performance. They would make a significant contribution towards their improvement of reward strategies in order to enhance their competitive edge.

The study also recommends that the management in organizations minimizes their emphasis on monetary rewards like bonuses, to capitalize on non-monetary rewards, majorly by recognizing, allowing independence, offering flexible working hours as well as promoting career development for their employees. These forms of rewards are likely to boost employee performance to a great extent, and in turn enhance organizational performance.

Further, this study recommends that organizations teach their employees on the importance of receiving non-monetary rewards, because most employees may think that money is everything, so that they can also embrace rewards like career development for them to become competitive in their organizational responsibilities.

Moreover, the study recommends that potential investors within the Water and Sewerage Industry should aid in the formulation of strategies for enhanced employee performance, by considering that employees may need to advance in their careers, be recognized, be given work independence as well as be offered flexible working hours, as opposed to just working for their organizations.

Most importantly, this study recommends that the government of Kenya formulates labour policies that would ensure that employees are treated with utmost importance in the organizations they work for, and that their needs should be addressed not only in terms of money, but also in non-monetary ways by their organizations recognizing them and allowing autonomy.

5.5. Areas of further research

This study has reviewed on the influence of non-monetary rewards on employee performance at Murang'a Water and Sewerage Company, Kenya. The same study should be conducted in other institutions with the same roles to see if similar results would be obtained. Also, because this study limited to Kenya, it should also be carried out all over the world to find out if the same results would be obtained. Finally, the influence of other rewards apart from the ones herein addressed should also be established in future as a way of promoting success in the social, political and economic realms.

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APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

ZACHARY NGATIA

P.O BOX 51414-00100

NAIROBI.

Cell: 0721482300

Dear Respondent,

RE: SUPPORT ON MBA PROJECT

I am an MBA student undertaking my studies at the Kenya College of Accountancy University (KCA). As part of the requirement, I'm required to undertake a research to establish the influence of non monetary rewards on employee performance.

In this regard, I kindly request for your help, and this is in terms you responding appripately questionnaire attached below. Your kind response will be important because it will help me meet the objectives of my research. It may not be necessary to write your name, and I also assure you that all the information that you provide will be treated in utmost confidence.

In addition, this study will only be utilized for academic reasons only and to enhance knowledge in the field rewards and organizational performance.

Thank you for your valuable time on this.

Yours faithfully;

ZACHARY NGATIA

APPENDIX 2: RESEARCH QUESTIONNAIRE

Section A: General information

1. Please indicate your gender? Use a (√)

Male () Female ()

2. What is your age bracket?

Below 25 yrs []

26-30 yrs []

31-35yrs []

36-40yrs []

41-45yrs []

Above 45 yrs []

3. Indicate your level of education

Primary School () Secondary School () College () University ()

4. What is your designation in this organization? Kindly indicate by (√)

Top management

Middle level employee

Lower level employee

5. For how long have you worked for this organization?

Below 1 year []

Between 1-2years []

Between 2-4years []

Between 4-6 years []

Section B: Rewards and employee performance

6. a) Does your organization offer any form of rewards to employees?

Yes [] No []

7. a) In your own opinion, do you think the use of non-monetary rewards is better compared to that of monetary rewards?

Yes [] No []

8. How do you rate the performance of employees in your organization in the last two years?

Very Good []

Good []

Poor []

Very poor []

9. Kindly tick as many as possible answers in following list, to show if the listed items are offered as non-monetary rewards in your company.

Recognition []

Career development []

Opportunities to contribute in organizational decisions []

Independence and autonomy []

Flexible schedules []

Section C: influence of non-monetary rewards on employee performance

10. State the level of agreement with the following statements relating to the influence of non-monetary rewards on employee performance

Statement	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Non-monetary rewards are an effective tool in motivating workers and consequently increase their performance.					
Most people leave their job not because of under payment, but because they feel overlooked and neglected					
Non monetary incentives are ideal for the small and medium sized businesses to compete with large ones in obtaining and maintaining the employment of quality workers.					
Fair implementation of rewards significantly influences employee job performance.					

Section D: Employee independence

11. Do you believe that there exists a strong relationship between employee independence and performance?

Yes No

12. Tick in the following statements (as many as possible) in regard to how employee independence affects employee performance

Employee independence improves employee morale

Employee independence leads to employee job satisfaction

Employee independence has a positive relationship with employee performance

Employee independence promotes employee retention

13. State extent to which the following statements are true regarding how employee independence affects employee performance in an organization.

Type of reward	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Most employees like to receive their assignments with the time frame required for completion and then have the independence to complete the work given the guidelines and framework set on their own merits.					
Employee independence via empowerment in the workplace relates to an employee's job satisfaction					
Employees enjoying regular contact with managers can suggest solutions and influence departmental and organizational decisions.					
The amount of autonomy given to a worker has a profound impact on their productivity and performance					
Minimal supervision in the workplace as an incentive is actually regarded as the most important tools to reward employees because they develop the confidence to deliver and also please their employers in all ways.					

Section E: the effect of non-monetary rewards on employee performance

14. How do employees in your organization value recognition as a non-monetary reward for their performance?

Great extent []

Moderate extent []

Little extent []

Not at all []

15. State the level of agreement with the following statements relating to the effects of recognition as reward on employee performance

Type of reward	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree
Recognition has a significant impact on employees' motivation and productivity					
In an organisation, there should be more than financial reward given to employees in order to motivate them in terms of recognition					
Employees take recognition as part of their feelings of value and appreciation and as a result it increases employees' morale, which eventually increases efficiency of organizations.					
Financial rewards most times is said to favour in short term while non-financial reward like recognition favour long term goals.					
Recognition as a reward does not impact on employee performance and should not be considered					

Section F: Career development

16. What do you think is the level of organizational effectiveness achieved when organizations adopt career development as a way of boosting employee performance?

High level []

Moderate level []

Low level []

Not at all []

17. To what extent do you agree with the following statements regarding career development rewards and employee performance in your workplace?

Statement	Very great extent	Great extent	Moderate extent	Little extent	Not at all
The career level of the employees in an organization determines the degree of employee performance					
You are contented with the career rewards system that is currently utilized in the organization for employees					
You would like the reward system currently being utilized in your organization to incorporate career development as a major forms of reward for employees					

Section G: Flexible working hours

18. Does your organization have flexible working schedules for employees?

Yes [] No []

19. State the level of your agreement with the following statements regarding the effects of adopting flexible working schedules in your organization.

Type of reward	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree
Flexible working schedules lead to improved morale					
Flexible working schedules render employees great flexibility in how their jobs are done					
Creating good morale can help in keeping stress at low levels, and so employees are not only happier but healthier					

Flexible working hours lead to improved productivity within an organization in terms of goals achievements					
Flexible working arrangements lead to enhanced employee retention, hence; reduces employee turnover					

THANK YOU FOR YOUR COOPERATION