REWARD SYSTEMS AND EMPLOYEE JOB PERFORMANCE AT AFRICA AIR RESCUE (AAR) INSURANCE

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Executive Masters of Development (EMOD)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University Africa for academic credit.

Signed: ___________________________  Date: _________________________

Joan Waiganjo (ID: No 628265)

This project has been presented for examination with my approval as the appointed supervisor.

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ABSTRACT

The main objective of this study was to examine the effect of reward systems on employee job performance at Africa Air Rescue (AAR) Insurance Kenya. The study was guided by the following specific objectives: to determine the relationship between monetary rewards and employee job performance, to determine the relationship between extrinsic rewards and employee job performance and to examine how intrinsic rewards enhance employee job performance.

The study adopted a causal research design with the population consisting of all the 200 managers at AAR insurance. A sample of 67 employees representing 33.5% of the population was drawn using simple random sampling technique. Primary data collected using structured questionnaire organized on the basis of the research’s specific objectives was used. Data analysis was done using Statistical Package for Social Sciences (SPSS) by applying descriptive and inferential statistical techniques. Data was tabulated and presented in the form of figures and tables. The findings of this study are expected to benefit AAR Insurance Kenya management team, the AAR Insurance Kenya employees and researchers who would use this study as the basis of future research.

The finding on employees’ job performance was that job performance was an important criterion for measuring organization performance. Rewarding employees, staff welfare, and continuous training were found to improve employee job performance. Effective internal communication was also found to increase employees’ engagement in business resulting in increased employee job performance. Monetary rewards were found to greatly affect employee job performance. Intrinsic rewards were found to be a motivational factor which encouraged employees to work better. Extrinsic rewards were indicated by the majority of employees to be financial in nature and affected employees’ performance. Further, positive psychology was found to improve employee job satisfaction. The study concluded that Job performance was vital in evaluating organizational outcomes; monetary rewards were an important motivator for employees to achieve their goals; employees’ value intrinsic rewards much more than financial rewards in increasing their motivation and that extrinsic rewards in the organization are usually financial in nature.
The study recommended that monetary rewards not to be based on the time the employees spend working but on the set performance targets and corresponding output. Intrinsic rewards should be focused on employees’ personal growth. Further, organizations should praise and recognize best performing employees. Additionally, AAR Insurance should research on other factors which when combined with rewards would improve communication at AAR Insurance leading to improved job performance. The research by AAR Insurance should explore the reasons why staff time offs do not motivate employees as expected. Thus AAR Insurance needs to explore other factors that could be combined with time off to improve the reward system and lead to reliable, well rested work force.
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DEDICATION
I dedicate this research document to my family at large for their undying support and encouragement throughout my course. Special acknowledgements go to my dear husband Murithi and my ever supporting heroes Tush and Alvin; to all my friends for their moral support and encouragement and to my supervisor Dr. Damary Sikaleh for her patience and guidance.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of Study

The success of any organization can be well determined by how it makes effective use of its resources to achieve the desired results. Human beings unlike any other resource pertinent to the organization, have different needs (Armstrong, 2010). The management of any organization, therefore, has a task of recognizing such needs and satisfying them as well as developing the human resource management systems. Armstrong further avows that if the organization wants to remain competitive, it is imperative to continually improve the performance of these employees. This can only be achieved by ensuring that the employees are highly motivated and the best way to do so is by the use of related rewards. This will benefit the company since it will not only increase the labor productivity and reduce the labor cost per unit, but also attracts and retains the caliber of employees needed at all levels (Jones, 2010). This is indeed the reason why there is the potential benefit in researching the effectiveness of the reward systems on employee performance (Armstrong, 2010).

Performance is the action or process of carrying out or accomplishing an action, task, or function (Armstrong and Baron, 2004). Employee formance is the quantity and quality of work which is expected from an employee (Business dictionary). An employee’s performance is directly influenced by the quality of rewards provided by the organization. This study sought to determine if the reward system at AAR Insurance Kenya affects employee job performance and in what way.

A reward is something given to a person in recognition of their services, efforts, or achievements. Recognizing or honoring employees for this level of service is meant to encourage repeat actions, through reinforcing the behavior you would like to see repeated (Bryson and John, 2010). Reward systems serve several purposes in organizations. Effective reward systems help an organization be more competitive, retain key employees, and reduce turnover. Reward systems also can enhance employee motivation and reinforce the image of an organization among key stakeholders or future employees. People are the most important resource for organizational competitiveness, and keeping them on the job is a key task for any manager (Armstrong, 2009).
Competition to attract and keep the best employees is intense. For people looking for a better career opportunity, that’s great news, but as a manager of an organization, the need to keep the best and brightest employees is a challenge (Drory, 2013). It may be even harder in the nonprofit and public sectors where flexibility in providing financial rewards may be more limited than in a commercial context. Retaining employees saves money on retraining costs, improves the consistency of services, and allows for relationships to develop between clients and the organization (Houchin and MacLean, 2010). In addition, proper rewards systems can reduce absenteeism which causes innumerable headaches for managers. Instructors who don’t show up, too few staff members at busy times, and the lack of a cleanup crew can all increase workplace stress. Absences not only affect the manager but also fellow employees who need to pick up the slack and clients who feel the brunt of too few employees on site (Cooper and Schindler, 2008).

Monetary rewards are incentives that are money-based given when an employee meets or exceeds expectations. Monetary incentives can include cash bonuses, stock options and profit-sharing. Olowu (2009) states that, money as always, has been important to employees. Monetary rewards are most commonly given in the form of pay increases, bonuses, or increases in benefits, such as pension or health care premiums. Such rewards can be divided into two categories: direct and indirect compensation. Both contribute to the financial betterment of an employee (Taljaard, 2012). This study sought to find out how monetary rewards affect employee job performance.

Hellriegel et al. (2009) describe extrinsic reward as being outcomes supplied by the organization, which includes among others salary, status, job security and fringe benefits. One can compare these rewards to the job context items. Extrinsic rewards are external rewards tied to certain employee behaviors, skills, time, or roles in an organization. How employees perceive these rewards relative to their performance and the rewards given to others will ultimately determine the effectiveness of the rewards (Doyle, 2009). Managers also need to understand how much value each employee places on specific extrinsic rewards.

This study sought to find out if extrinsic rewards have any effect on employee job performance and how AAR Insurance can use extrinsic rewards to optimize their employees’ performance. Hellriegel et al. (2009) describe intrinsic rewards as being personally satisfying outcomes, which include feelings of achievement as well as
personal growth. Intrinsic rewards do not have an obvious external incentive; that is, people are not acting to get a tangible reward, be it time off or money. Instead, they act because it feels good or provides some form of internal satisfaction. Intrinsic rewards are often more highly valued and more effective over time, yet using them is a difficult managerial task. Intrinsic rewards are derived from employees feeling good about the job they have done, the effort they have put forward, or the role they played in a team project (Dodd, 2010). Intrinsic rewards in the workplace come from the job itself, so to provide intrinsic reinforcement; a manager should enrich the job. This study sought to find out if intrinsic rewards have any effect on employee job performance and how AAR Insurance can use intrinsic rewards to optimize their employees’ performance.

AAR Insurance Kenya is a subsidiary of AAR Holdings. AAR commenced operations in 1985 as a rescue and emergency services company and primarily targeted tourists and expatriates. Later the company diversified to selling health plans and then to operating primary health centers. The company grew rapidly and built a strong brand and with the growth its business became increasingly complex. AAR Health services split into three subsidiaries in 2012 under AAR Holdings after being licensed by the regulator. These are: AAR Rescue Services, AAR Healthcare Limited and AAR Insurance. This opened a new avenue for the company to start underwriting other classes of business (www.aar.co.ke).

AAR Insurance has encouraged an atmosphere of equal opportunities, fair remuneration and other benefits such as additional generous private pension funds for its staff. The management has established rewards in the organization in pursuit of increasing employee performance so as to ensure prompt and quality services. However, the extent to which the rewards adopted at AAR have influenced employee performance is not established (www.aar.co.ke). This study seeks to establish the effect of reward systems on the performance at AAR.

1.2 Problem Statement

Armstrong (2010) revealed that reward packages can influence employee performance. The findings of this study concluded that the reward system helps to increase employee performance by enhancing employee skills, knowledge and abilities in order to achieve organizational objectives. According to Aswathappa (2009), reward practices play a vital role in improving employee performance and in achieving organizational goals. As
mentioned earlier, many researchers have identified that employee rewards directly influence employee performance.

Bruce and Pepitone (2009) tried to identify, what happens if organizations fail to reward employees. Will it directly affect or decrease employee performance? They also tried to find out if an efficient reward system can be a good motivator, and if it can lead to demotivation of the employees in terms of low productivity, internal conflicts, absenteeism, high turnover, lack of commitment and loyalty, lateness and fueling grievances. Burns and Bush (2010) argue that ineffective reward system in the organization negatively affects productivity. An organization that lacks a strategic reward system to retain competent employee’s results in low competitive edge.

Rewarding employees does not always increase employee job performance. Though bonuses and stock options often improve performance they can also lead to unethical behavior, fuel turnover and foster envy and discontent (Drory, 2013). A recurring theme in the popular management literature is that extrinsic rewards diminish intrinsic motivation, and this problem is so serious that it can render extrinsic incentives of any kind ineffective or even counterproductive (Hope, 2011). This claim has become so common that many managers and employees assume that it is true and that it is proven by decades of academic research. Some rewards have consistent detrimental effects on intrinsic motivation. Rewards given for simply participating in a task reduces intrinsic motivation suggesting that salary, which is pay simply for doing a job, may have negative effects on intrinsic motivation (Dessler, 2013).

The significance of this study was to find out how the following rewards; monetary, extrinsic and intrinsic reward affect employees’ job performance. Despite the vast research on the relationship between reward systems and employee job performance, a small number of researchers have investigated the relationship between reward systems and employee job performance in the insurance industry and no research has been done on this topic at AAR Insurance Kenya. The significance of this study is to fill the gap in reward and employee performance literature in the context of insurance industry’s organizations and to identify what kind of rewards are most valued in this industry.
1.3 General Objective

The general objective of this study was to examine the relationship between reward systems and employee job performance at AAR Insurance Kenya.

1.4 Specific Objectives

1.4.1 To examine how monetary rewards enhance employee job performance at Africa Air Rescue in Kenya.

1.4.2 To determine the relationship between intrinsic rewards and employee job performance at Africa Air Rescue in Kenya.

1.4.3 To determine the relationship between extrinsic rewards and employee job performance at Africa Air Rescue in Kenya.

1.5 Significance of the Study

This study is of particular significance to the following:

1.5.1 Employees

This study highlights how employees view the process of performance development, in general and its impact on the organization as a whole and whether the practice has any effect(s) on the way employees get motivated towards work. Employees will therefore be in a better position to understand how well to engage their employers on matters to do with rewards.

1.5.2 Management

This study will help the management of AAR Kenya to realign itself, as far as the performance development process is concerned so as to get the best out of it.

1.5.3 Related Organizations

This study will provide useful information on how reward systems can increase or affect performance of an organization. This will help them to effectively reward their workforce.
1.6 Scope of the Study

The scope of the study focused on AAR Insurance Kenya performance appraisal process and also sought the opinion of staff on how reward systems relate to performance. The data collection period was between June and July, 2015. An expected limitation was the fear of anonymity by respondents involved in the study; however this was eliminated by assuring the respondents of anonymity.

1.7 Chapter Summary

This chapter has discussed how the success of an organization can be well determined by how an organization makes effective use of resources to achieve the desired results. The chapter also discussed performance as being the action or process of carrying out or accomplishing an action, task, or function. Employee performance is the quantity and quality of work which is expected from an employee. The chapter introduced the different types of rewards such as monetary, extrinsic and intrinsic rewards; monetary rewards are incentives that are money-based given when an employee meets or exceeds expectations; monetary incentives can include cash bonuses, stock options and profit-sharing. Extrinsic rewards are external rewards tied to certain employee behaviors, skills, time, or roles in an organization. Intrinsic are personally satisfying outcomes, which include feelings of achievement as well as personal growth, intrinsic rewards do not have an obvious external incentive; that is, people do not act to get a tangible reward, they act because if feels good or provides some form of internal satisfaction.

The specific objectives sought to find out how monetary rewards enhance employee job performance at Africa Air Rescue in Kenya, the relationship between intrinsic rewards and employee job performance at Africa Air Rescue in Kenya. And lastly, the relationship between extrinsic rewards and employee job performance at Africa Air Rescue in Kenya. Also discussed is the background information on AAR Insurance Kenya which explains that AAR Health services split into three subsidiaries in 2012 under AAR Holdings after being licensed by the regulator. These are: AAR Rescue Services, AAR Healthcare Limited and AAR Insurance. This opened a new avenue for the company to start underwriting other classes of business (www.aar.co.ke).
The significance of this study was to determine if the rewards system and the practice has any effect(s) on the way employees get motivated towards work and how it affects employee job performance. The Scope of the study was on AAR Insurance Kenya performance appraisal process and the study also sought the opinion of staff on how reward systems relates to performance. The next chapter focuses on literature review of the specific objectives listed in this chapter.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In this chapter reviews of literature relevant to the variables are depicted in the conceptual framework at the end of this chapter in order to explain the relationships between the variables in the study and employee performance. Literature on reward systems and its influence on enhancing individual effort as well as commitment to the organization in relation to employee performance is reviewed to find out what other researchers established on these variables and any knowledge gaps relating to the same is established.

2.2 Employees Job Performance

Job performance assesses whether a person performs a job well, it is studied academically as part of industrial and organizational psychology and also forms a part of human resources management (Lienert, 2003). Performance is an important criterion for organizational outcomes and success; for every organization it is difficult to start, survive, stabilize and excel in the business. The firm that gets the advantage over other competitors through their talented and dedicated manpower can take the lead in the market. The contribution of employees on a job is the most important factor for development and excellence in business, that is, the performance of employees on different jobs in close coordination is needed for success of the unit (Armstrong, 2010).

Employees perform different jobs in an organization depending on the nature of the organization. They mainly perform tasks like provision of advice on insurance products, customer relations and follow up for all clients, claims processing and payments, sales and marketing, finance and accounting, human resource, research and public relations. All these activities are inter-related to achieve the targets (Armstrong, 2009). These should be performed efficiently by employees in order to show they can give their best output at the job. This will have great impact on the total production, sales, profit, progress and market position of the company in the market. Various factors like skills, training, motivation, dedication, welfare, management policies, fringe benefits, salary and packages, promotion, communication etc. are responsible to encourage employees to work sincerely and give their best output (Jones, 2010).
2.2.1 Productivity

Employee productivity (sometimes referred to as workforce productivity) is an assessment of the efficiency of a worker or group of workers and may be evaluated in terms of the output of an employee in a specific period of time (Mintzberg, 1998). Typically, the productivity of a given worker will be assessed relative to an average for employees doing similar work. Because much of the success of any organization relies upon the productivity of its workforce, employee productivity is an important consideration for businesses (Smith, 1999).

Smith (1999), discusses employee productivity improvement. It is conceivable to have more employees than the competitor yet the company- despite of paying its employees more than the competitor-produces less and has disgruntled, low-output employees. Productivity surveys and case studies indicate that increased worker motivation and satisfaction can increase a worker’s output. Progressive and innovative managers now achieve productivity gains with human resource management techniques that go beyond pay incentives (Pratheepkanth, 2011).

2.2.2 Teamwork

Teamwork is an essential component of any organizational growth. Teamwork assessment is done by rating the staff based on his participation in group initiatives. The organization might find it worthwhile to seek feedback from colleagues when making this assessment, to learn about co-worker perceptions about contributions, sharing the work load, contributing ideas and meeting established performance parameters (Lane, 1987).

Recognition programs should be set up for both individuals and teams. While individual performance is important, the efforts of a team can deliver exponential results. When it is a group success, recognition needs to be public to let other staffers know that their achievements do matter. When groups are rewarded for their collective success, it creates a sense of unity and fosters an environment of stronger teamwork (Wood, Holman and Stride, 2006).
2.2.3 Meeting Goals

Setting goals gives direction, boosts motivation and self confidence (Pavey, 2011). One can establish if employees meet their goals by quarterly reviews, complaints or compliments from clients and timely delivery of agreed reports. For example, an employee might have specific goals such as completing an annual report, developing a new filing system or learning a new software program. Employees also may have goals that are more subjective in nature, such as improving attitude or developing more effective time management skills (Schermerhorn, Hunt and Osborn, 2013).

The key to meeting goals is to promote behavior that will lead to better attitudes and improved performance, therefore, every manager must know how to tie recognition with individual goals and the company objectives. For example if safety is a corporate goal, be sure to reward individuals for avoiding accidents or coming up with a new system to prevent them by making safety a priority. Connecting the recognition and a specific behavior helps drive future performance which will play a key part in achieving corporate goals (Obon’go, 2008).

2.2.4 Work Habits

According to Lingle and Schiemann, (1996), work habits are acquired behavioral pattern at the work place that is regularly followed until it has become almost involuntary. When assessing a staff’s work habits you will include time management, meeting deadlines, arriving for work on time and being reliable. This will help you evaluate not only whether the staff understands the responsibilities of his job, but carries them out in an efficient and consistent way on a daily basis (Lingle and Schiemann, 1996).

A work ethic is typically something ingrained within a person. There are, simply put, lazy people who are impossible to motivate, however, other factors, both economical and psychological, can affect an employee's work ethic. Most people can be encouraged to greater performance, once the right motivating factors are found. This can be a process of trial and error because each individual may have different motivators. There are, however, some basic guidelines that employers can follow to increase employee work ethic (Wood, Holman and Stride, 2006).
2.2.5 Communication

Communication is imparting or exchanging of information or news, it is an essential part of every job and should be a key performance indicator in employee evaluations. According to Heckscher and Donnellon, (1994) an employer should rate how well an employee communicates with management, customers and colleagues. Communication can be defined in terms of verbal or non verbal communication, interpersonal communication skills and written skills.

Price (1997) defined organizational communication as the degree to which information about the job is transmitted by an organization to its members and among members of the organization. Ayatse (2005) observed that communication is needed to establish and disseminate the goals of the enterprise. This is because the competencies and skills they possess will enable them to exhibit work behaviors appropriate and relevant to the performance of the job. It is further theorized that employees are likely to be more productive if their performance is rewarded assuming that the reward received has value to them, as argued by the expectancy theory (Victor Vroom, 1964).

The key highlight of this section is that employee job performance can be improved by enhancing employee productivity, encouraging and enabling effective team work, meeting goals, encouraging desired work habits and establishing clear communication. If an organization has gaps in the above, the employee job performance is affected, thus affecting the organization’s output. The next section presents literature on monetary rewards which include profit sharing, bonuses, contests, stock options and warrants, piece rates and pay rise.

2.3 Monetary Rewards and Employee job Performance

Monetary rewards are given for excellent job performance. Monetary incentives include profit sharing, bonuses, contests, stock options and warrants, piece rates and pay rise. Traditionally, these have helped maintain a positive motivational environment for employees (Kepner, 2001). Akintoye (2000) asserts that money remains the most significant motivational strategy.

As far back as 1911, Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve
greater productivity. Taylor advocated the establishment of incentive wage systems as a means of stimulating workers to higher performance, commitment, and eventually satisfaction. Bonuses and stock options often improve performance, but they can also lead to unethical behavior, fuel turnover and foster envy and discontent. In this opinion, Grant (2013) argues that it is time to cut back on money as a chief motivational force for better performance in business. The next section presents literature on bonuses.

2.3.1 Bonuses

Bonuses are given to employees to serve the following purposes: to create incentives to reduce costs, to pay people for doing a good job, and to encourage employees to think like shareholders (Gichuki, 2009). To ensure accountability and to reward employees for responsibilities, companies tie portions of employees' pay to both individual and company successes. One common way to reward employees is to offer bonuses (Collins and Hussey, 2006). This might include individual bonuses for meeting sales quotas or team bonuses for meeting production requirements or completing a project on time. Some companies offer an annual Christmas bonus based on the amount of time an employee has been with the company to reward loyalty (Hongoro, 2012).

Employers with well-developed performance management systems often connect compensation to performance appraisal ratings to determine the amount of salary increases and bonuses for employees who meet or exceed the company's performance expectations. Other companies may include bonuses as part of their employee recognition and rewards programs or pay employees bonuses upon reaching organizational goals. Bonuses, for whatever reason, affect employee performance in a number of different ways (Churchill and Brown, 2007).

Employers pay performance bonuses to employees who achieve satisfactory or high ratings during their annual performance appraisals. An incentive-based bonus links the amount of the payment to the level of performance. For instance, an employee whose overall performance rating is outstanding or the highest level achievable may receive the largest bonus the company has determined to pay each employee. An employee whose rating is satisfactory or just above average may receive a lesser amount, but a bonus nonetheless. The built-in incentive for employees is to strive for high performance throughout the entire evaluation period, which means their performance must be consistently high for a 12-month period if the company conducts annual performance
appraisals. The effect this type of bonus has on employee performance is that conscientious employees remind themselves month after month that their efforts and hard work will be rewarded at the end of the year (Dessler, 2013). The next section presents literature on contests.

2.3.2 Contests

Sales or production contests are another way to offer monetary rewards. This can be accomplished by offering an additional bonus or prize to the person or team with the highest level of production. Additionally, employers can offer cash prizes for suggestions from employees (Churchill and Brown, 2007). For example, the organization might offer a prize for the best suggestion, conduct a drawing for employees who offer suggestions, or offer a prize to all employees whose suggestions improve performance, production or sales (Collins and Hussey, 2006).

The great thing about workplace contests is that they can revolve around nearly anything and most of the time, still appeal to employees for the sake of competition itself. And just as managers can design contests around behaviors, they can also tie contests to company values or goals. Some may choose to host competitions that direct the company toward annual sales goals or that require a value such as excellent customer service to win. In any case, the opportunity exists to use such games in improving an entire organization (Doyle, 2009).

Employees basically like to do as little as they can to get by and no more. We cannot count on their motivation for self-improvement and performance improvement. So, by default, management have to be the motivator, but cleverly and indirectly so they do not suspect manipulation. Do not just talk about excellence, but give examples of such excellence by employees like them and the rewards that come with achievements (Houchin & MacLean, 2010). The next section presents literature on profit sharing.

2.3.3 Profit Sharing

Profit sharing with employees is an excellent way to reward employees. Employees receive a portion of the profit based on their position and time with the company. It also gives employees a sense of ownership in the success of the company and encourages high levels of performance (Taljaard, 2012). Successful companies and those seeking success
commonly do some form of profit sharing with their employees. For a big company this is relatively uncomplicated and safe, but for a small to medium-sized company, profits can be a wildly moving target. And employee expectations and behaviors can have a material impact on current and future profits (Tull and Hawkins, 2013).

Employees who receive profit-sharing bonuses depend on the organization meeting its service or profitability goals for the year. They may not be overly concerned about how their performance truly affects the company's ability to reach its goals. At first glance, employees may not realize how their performance affects organizational achievements or the roles they play in the company's success. Yet if the entire workforce exhibits pride and diligence in its work, those work attributes affect the employer's success and, thus, the employees' share in the profit share. Some employees understand the connection between individual performance and some don't, which explains why some employees work hard to make the company successful and some are satisfied with mediocre ratings. Employees satisfied with mediocre ratings are the ones who don't make the connection between their own job duties and responsibilities as an integral part of the business operations (Greiling, 2012).

Gain sharing offers workers payments based on the performance of their work units rather than of the whole enterprise. These systems often measure performance in productivity or cost saving rather than in terms of profits. This means that non-profit enterprises, including government agencies, can do gain sharing while they cannot readily engage in profit sharing. Profit sharing offers employees ownership of part or all of a firm through shares of listed firms or through comparable legal arrangements of non-listed firms. Countries often give tax privileges to employee ownership plans (Houchin and MacLean, 2010).

The evidence shows that:

1) a large and growing proportion of workers are covered by shared capitalism through worker profit-sharing, bonuses, or worker ownership of shares;

2) outcomes for workers and firms are higher under shared capitalism than under other work and pay arrangements; and
3) Worker co-monitoring helps overcome the free rider problem that arises when part of workers pay depends on the productivity and effort of all workers (Hope, 2011). The next section presents literature on piece rates.

### 2.3.4 Piece Rates

The piece rate pay is a method of compensating employees with a set amount for each unit of work completed. For example, in a manufacturing setting, an employee receives a set amount for each item he produces, regardless of how fast or slow he works. This payment method is beneficial for both employees and the company, but the potential drawbacks may make it less feasible for a business (Pratheepkanth, 2011). The opportunity to earn more money motivates some employees to increase productivity. If the employee increases her work speed, she can complete more units of work in an hour and could potentially make more per hour than she would with a standard hourly rate. With an hourly pay rate, employees know they cannot make any more no matter how hard they work so they may be less likely to push themselves (Mintzberg, 2010).

For employees in production positions, companies can offer piece rates as a monetary reward. The employee will receive a certain amount of money for each piece he produces, this encourages employees to work quickly to receive the highest rate of pay, but the company must make sure that quality is not sacrificed (Pratheepkanth, 2011). Effective incentive pay programs mean that workers are paid more and are more productive than workers paid on an hourly basis. Employees paid on a piece-rate basis often make higher wages in return for increased productivity than employees paid by the hour. These productivity gains can be substantial (Robbins, 2011).

In many work settings, the piece rate pay method is cost effective, since the company is only paying for work completed. A slower employee may not complete many work units per hour. The piece rate pay system looks only at productivity making it a one-dimensional system for evaluating work. The piece rate method may also discourage teamwork in the workplace because individual employees simply want to complete more of their own work. This method of pay overlooks other elements that go into work that doesn’t produce immediately visible results, including strong decision-making, customer interaction or problem-solving skills (Olowu, 2009). A standard hourly wage is generally easier to calculate each pay period, since it remains the same with the exception of
overtime or bonuses. The piece rate pay method requires more work from the payroll department, as the productivity levels fluctuate frequently. Each employee’s productivity will likely vary at times on the amount produced but you will still need a record of the hours worked by the employees. In most cases, each employee’s pay must still work out to at least the minimum wage, even if production levels are lower (Obon’go, 2008). The next section presents literature on pay raises.

2.3.5 Pay Raises

Companies can also offer pay raises for reaching certain production levels, completing training programs or for staying with the company for a certain period of time. These raises can help motivate employees to improve their performance levels and skills and also reward loyalty to the company (Robbins and De Cenzo, 2008). Salary usually connotes a set wage based on a set of expected duties to be performed. Hourly wages may fall under the category of salary and usually are based strictly on time spent on the job. A base salary or hourly guarantee provides employees with security, knowing they will receive at least a minimum pay for their time (Kreitner et al., 2009). Conversely, the safety net of a fixed salary can lead to complacency, with employees knowing they’ll get paid no matter how much they produce. Raises based purely on time spent with the company can be a disincentive for employees to improve, while salary raises based on performance encourage higher productivity (Olowu, 2009).

There are several schools of thought regarding pay incentives and employee performance reviews. While some managers warn of the disadvantages of tying pay to performance, the advantages can provide a small-business owner in a competitive industry with an important edge over the competition. Employees working hard to earn a wage increase allow a small-business owner to maximize payroll and retain the strongest staff members (Taljaard, 2012). Connecting employee pay raises to performance reviews can encourage a more competitive workforce which can result in a higher level of productivity as each employee strives to increase sales or client acquisitions to earn the highest marks on the next performance review. The performance-based pay scale should require effort to reach the next rung of pay increases. Having pay increases that employees can reach simply through seniority could reduce competition in your workplace and slow your small business’ level of overall productivity (Robbins, 2011).
Employees respond with increased work ethic and attention to the task when pay increases directly reflect their level of performance. Tying pay raise incentives to performance reviews can help the workforce in your small business better understand what it takes to earn higher pay and that your company values employees who choose to work hard and outperform other employees. This also helps new employees to see that the company doesn't simply reward employees for longevity, instead opting to reward workers who consistently improve on production and operational techniques (Tull & Hawkins, 2013). If earning extra money doesn't motivate an employee to work harder, not much else will be successful.

Performance-based pay is an easy means for a small business to weed out underperforming workers who either don't have the desire to keep up with fellow employees or lack the skills necessary to produce at a high level. It's important that companies provide additional training to struggling workers to ensure each employee has the opportunity to succeed before you decide to cut ties and terminate the workers (Smith, 1999). This section discussed profit sharing, bonuses, contests, stock options and warrants, piece rates and pay rise as forms of monetary rewards. Several gaps have been identified in research in regard to the use of monetary rewards that requires further research. Some of these gaps are that when used continually, a bonus or other incentive can come to be seen as an entitlement rather than a motivator. When monetary incentives are tied to group performance, it can create frustration if there are perceptions of unequal contribution among group members. The next section presents literature on intrinsic rewards and how they influence job performance.

2.4 Intrinsic Rewards and Employee Job Performance

Intrinsic motivations are those rewards that can be termed as “psychological motivations” and examples are opportunity to use one’s ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. An intrinsically motivated individual, according to Ajila (1997) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her and an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job.
According to Hope (2011), the greatest asset an employee can offer an organization is their intelligence, experience, problem solving ability and change-savvy persona, intrinsic rewards are especially important to workers (Hope, 2011). Frederick Herzberg found intrinsic rewards to be much stronger than financial rewards in increasing employee motivation. This is not to say that employees will not seek financial rewards in addition to intrinsic rewards, rather it just means that money is not enough to maximize motivation in most employees. People want to feel like their contributions matter (Obon’go, 2008). The next section discusses motivation and how it influences employee job performance.

2.4.1 Motivation

Along with perception, personality, attitudes, and learning, motivation is a very important part of understanding behavior. Luthan (1998) asserts that motivation should not be thought of as the only explanation of behavior, since it interacts with and acts in conjunction with other mediating processes and within the environment. Luthan stresses that-like the other cognitive processes-motivation cannot be seen. All that can be seen is behavior, and this should not be equated with causes of behavior; motivation can be either intrinsic or extrinsic. Intrinsic motivation stems from motivations that are inherent in the job itself and which the individual enjoys as a result of successfully completing the task or attaining his goals.

Intrinsic motivation stems from motivations that are inherent in the job itself and which the individual enjoys as a result of successfully completing the task or attaining his goals. Extrinsic motivations, on the other hand, are those that are external to the task of the job, such as; pay, work condition, fringe benefits, security, promotion, contract of service, work environment and conditions of work (Heckscher and Donnellon, 1994). Such tangible motivations are often determined at the organizational level, and may be largely outside the control of individual managers. Intrinsic motivations are those rewards that can be termed “psychological” motivations and examples are opportunity to use one’s ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner (Hartle, 1995).

No matter how automated an organization may be, high productivity depends on the level of motivation and the effectiveness of the workforce. Staff training is an indispensable strategy for motivating workers, therefore, the organization must have good training
program. This will give the organization information on professional opportunities for self-improvement and development to meet the challenges and requirements of new equipment and new techniques of performing a task. One way managers can stimulate motivation is to give relevant information on the consequences of their actions on others (Olajide, 2000). There is no known organization in which people do not feel the need for improvement in the way departments communicate, cooperate, and collaborate with one another. Information availability brings about harmony in the organization which in turn creates motivation to staff throughout the organization and increases performance. The next section discusses employee engagement and how it influences employee job performance.

2.4.2 Employee Engagement

Russo (2010) defines employee engagement as the efforts of imparting and socializing the employees with a sense or a reason for genuine commitment to the organization. He goes further to add that employee engagement serves to inspire employees with a bias for action on the organization’s behalf and pride and emphasizes that establishing a culture of engagement is important to the bottom-line and top-line of the organization. Employee engagement goes further than simple compliance or surface behavior; it is an emotional attachment to the organization that brings the employee to go the extra mile because they feel valued and have a passion for their work, which in turn increases performance (Cascio, 2010). Cotton (1993) defines employee involvement as a participative process to use the entire capacity or workers, designed to encourage employee commitment to organizational success.

Employee engagement is a stronger predictor of positive organizational performance clearly showing the two-way relationship between employer and employee compared to the three earlier constructs: job satisfaction, employee commitment and organizational citizenship behavior. Engaged employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, going extra mile beyond the employment contractual agreement which increases their performance (Tull & Hawkins, 2013). The next section discusses incentives and how they influence employee job performance.
2.4.3 Incentives

Rewards and incentives in the workplace have benefits for both employees and employers. When recognized for stellar performance and productivity, employees have increased morale, job satisfaction and involvement in organizational functions. As a result, employers experience greater efficiency and an increase in sales and productivity. Through workplace rewards and incentives, employers and workers enjoy a positive and productive work environment (Robbins and De Cenzo, 2008).

Bryson and John (2010) studied factors that have a significant impact on job satisfaction among three private airlines’ employees. The findings show that supervision, relationships, pay, nature of the job and promotion opportunities relate moderately to job satisfaction. Russo (2010) found that intrinsic rewards and job satisfaction are positively correlated, that is, intrinsic and hygiene factors contribute greatly to satisfaction within organizations and among employees. Hope (2011) investigated the relationship between non-monetary rewards and job satisfaction among teachers in public schools in Pakistan. The study used 200 samples that were randomly selected. The findings show that non-financial rewards are the most powerful predictors of job satisfaction (Burns and Bush, 2010).

Monetary incentives reward workers for performance and productivity through money. These incentives include employee stock options, profit sharing plans, paid time off, bonuses and cash awards. Additional monetary incentives include annual or semi-annual bonuses, such as mid-year and end-of-year rewards. These incentives encourage friendly competition between associates when linked to job performance. Monetary rewards motivate employees to produce optimally. Non-monetary incentives reward employee performance through perks and opportunities and they include flexible work hours, training opportunities and the ability to work independently. The rewards and incentives are valuable to an employee because they allow workers to learn new skills and pursue advancement opportunities. For example, a recent graduate may view an exemplary training program within an organization as more valuable than a higher basic salary because he feels the learning opportunity will benefit his career (Mintzberg, 2010). The next section discusses how career development opportunities influence employee job performance.
2.4.4 Career Development Opportunity

Human resource is a crucial but expensive resource and therefore in order to sustain economic and effective performance of this resource, it is important to optimize their contribution to the achievement of the aims and objectives of the organization through training and development (Hongoro, 2012). Training is therefore necessary to ensure an adequate supply of employees that are technically and socially competent for both departmental and managerial positions. According to Heathfield (2012), the right employee training, development and education at the right time, provides big payoffs for the organization in increased productivity, knowledge, loyalty and contribution (Daggett, 2007).

An effective career development process ensures that organizations have the right people with the right skills to get the job done and meet organizational objectives. It means building a talent pool to be able to meet current and future needs. Fortunately, for most companies, the effort doesn’t require starting from scratch. Often, it means taking existing resources and figuring out how best to align them to the organization’s strategy (Obon’go, 2008). Introducing a successful career development program is a multi-step process. It requires identifying the skills needed to achieve organizational goals, identifying the employees best suited to develop those competencies, then helping them in their progression and, finally, finding ways to measure success. A functioning career development system involves employees, managers, and human resources personnel, each dependent on the others for success and each with specific responsibilities (Hope, 2011). When an organization contributes to staff development, the staff feels valued and sees that the organization has good intentions thus creating trust and loyalty and improves staff performance. The next section discusses how personal achievements influence employee job performance.

2.4.5 Personal Achievements

A personal achievement is when one is able to meet a set goal or objective successfully and achieve desired results. In the current business practice organizations are encouraged to install an employee achievement plan system. In an achievement plan system each employee with assistance and input from the supervisor drafts a personal performance achievement plan. This is a plan that the employee will implement in the coming year. Performance Achievement Plans, in place of traditional employee evaluations, work best
when they are an integral part of an employee achievement workplace culture. The supervisor’s role is not to evaluate the past behavior of the employee. Rather, the supervisor’s role is to act as a coach to ensure that the plans are in sync with the organization’s goals, challenge the employee’s skills and talents, and are realistic, actually capable of achievement (Doyle, 2009).

By the employee actively participating in the achievement plan, he owns it and strives to perform well in order to meet their set goals. This ownership increases performance thus improving organizations productivity. Motivation directly relates to the achievement of employees in the workplace. Achievement in the workplace deals with the pride and sense of accomplishment employees feel about their jobs and employers (Taljaard, 2012). Managers who notice a decline in achievement must take proactive steps to implement strategies to increase motivation and employee morale.

Creating and embedding a culture of continuous learning, development and growth, where achievements and success are recognized is key factor in making this aspiration a reality (Burns and Bush, 2010). Performance management is a holistic method of developing every individual employee within the organization on a continuous basis. It provides a framework to link the corporate aims and objectives to performance of individuals and groups of staff, where staff is clear about how their contribution to the work and aims of the organization is valued (Olowu, 2009).

A performance achievement plan includes: organization goal or goals that the employee’s efforts will contribute to during the coming year as well as employee’s personal goals and an explanation of how the employee’s personal goals mesh with those of the organization. It’s a way to make sure the employee understands his or her role in the organization (Dessler, 2013). The literature on intrinsic rewards above clearly relates how different intrinsic rewards influence employee job performance. However there are still gaps that require further research in regard to intrinsic rewards. These gaps include the fact that the time consuming, unhurried process in influencing desired behavior to increase employee performance can also necessitate special and somewhat lengthy preparation when using intrinsic rewards thus some researchers doubt if it is effective. The variations in motivators for different individuals also make use of the rewards a complex task. The next section discusses extrinsic rewards and how they influence employee job performance.
2.5 Extrinsic Rewards and Employee job Performance

Extrinsic motivation is based on tangible rewards. Unlike intrinsic motivation that is self-administered, extrinsic motivation is external to the individual and is typically offered by a supervisor or manager who holds all the power in relation to when extrinsic rewards are offered and in what amount (Cooper and Schindler, 2008). Extrinsic rewards are usually financial in nature, such as a raise in salary, a bonus for reaching some quota or paid time off. However, extrinsic rewards can also be as simple as getting the better office, verbal praise, public recognition or awards, promotions and additional responsibility (Collins and Hussey, 2006).

Material rewards can be motivating to employees because pay, time off, advancement and recognition are important to most workers. An extrinsically motivated person will work on a task that they do not particularly care for simply because of the anticipated satisfaction that will come from some extrinsic reward. For example, the employee may not be interested in the product he is selling, but reaching the quota means the bonus, therefore he is motivated to put forth the effort he needs to meet the sales quota. Providing employees with extrinsic rewards is relatively straightforward and usually built into performance reviews or individual projects. They are particularly useful in the short-term for motivating employees to work towards one specific organizational goal. Meeting the sales quota for a bonus is an example of offering an extrinsic reward for a short-term goal (Hartle, 1995). The next section presents literature on recognition and praise and how they influence employee job performance.

2.5.1 Recognition and Praise

Employee recognition is the timely, informal or formal acknowledgement of a person’s or team’s behavior, effort or business result that supports the organization’s goals and values, and which has clearly been beyond normal expectations. Appreciation is a fundamental human need. Employees respond to appreciation expressed through recognition of their good work because it confirms their work is valued (Pratheepkanth, 2011). When employees and their work are valued, their satisfaction and productivity rises, and they are motivated to maintain or improve their good work. Praise and recognition are essential to an outstanding workplace. People want to be respected and valued for their contribution. Everyone feels the need to be recognized as an individual or
member of a group and to feel a sense of achievement for work well done or even for a valiant effort. Everyone wants a ‘pat on the back’ to make them feel good (Lienert, 2003).

There are two aspects to employee recognition. The first aspect is to actually see, identify or realize an opportunity to praise someone, this happens all too frequently. The other aspect of employee recognition is, of course, the physical act of doing something to acknowledge and praise people for their good work. Recognizing people for their good work sends an extremely powerful message to the recipient, their work team and other employees through the grapevine and formal communication channels. Employee recognition is therefore a potent communication technique (Robbins and De Cenzo, 2008). In addition, several research articles showed that praise and recognition have a greater positive effect on raising employee satisfaction and increasing motivation than monetary rewards can provide. An article by Dodd (2010) explained that employee recognition is an important and successful leadership tool and improves employee performance. The next section presents literature on how leadership influences employee job performance.

2.5.2 Leadership

The need to develop better leadership styles is becoming increasingly important in all organizations. A leader’s motivation to his followers will either increase or decrease their performance. Leadership styles can also play an important part of intrinsic approaches. A study conducted by Tull and Hawkins (2013) compared three leadership styles. The models of leadership included transformational, transactional, and laissez-faire leadership styles. Transactional leaders focus on maintaining the normal flow of operations, they use disciplinary power and an array of incentives to motivate employees to perform their best. A transformational leader on the other hand goes beyond the day to day management operations to the next level of performance and organizational success. They focus more on teambuilding, motivation and collaboration with employees at different levels of an organization to achieve change for the better (Northouse, 2009). Laissez-Faire Leadership 10 Coined from the French phrase that means “allow to act”, this leadership style allows employees to work on their own with little interference (Northouse, 2009).

The leadership of an organization can motivate staff to increase employee job performance or de-motivate staff and decrease performance. Managerial approaches
induce the actions of employees toward the organization and it affects productivity in the long run. The next section presents literature on positive psychology and how it influences employee job performance.

2.5.3 Positive Psychology

Positive psychology builds motivation, psychological awareness, resilience and well-being, all ingredients necessary for high-performing individuals and organizations. Baron (2012) analyzed the information regarding positive psychology and its effects on students and focused on applying the information to organizations. Martin discussed the role of positive psychology in enhancing satisfaction, motivation, and productivity in the workplace by looking at several items including leadership and management styles and their effects on motivation. Authoritative leadership was defined as those leaders who set a high example for employees while also providing the necessary supports to attain those standards (Burns and Bush, 2010).

Positive psychology in the workplace is about shifting attention away from negative aspects such as work violence, stress, burnout, and job insecurity. Positive psychology can help create a working environment goal of promoting positive affect in its employees. Along these same lines, it is important to examine the role of modeling desired behaviors, team building exercises, job resources, job security and work support (Hope, 2011).

The new emerging field of Positive Psychology also helps to creatively manage organizational behaviors and to increase productivity in the workplace through applying positive organizational forces. In the broad sense, traditional psychology has not specifically focused on the implementation of positive psychology methods in the workplace. The recent research on job satisfaction and employee retention has created a greater need to focus on implementing positive psychology in the workplace (Wood et al., 2006). The next section presents literature on promotions and their influence on employee job performance.

2.5.4 Promotion

A promotion is the advancement of an employee's rank or position in an organizational hierarchy system. Promotion may be an employee's reward for good performance, i.e., positive appraisal (Bryman, 2008). Before a company promotes an employee to a
particular position it ensures that the person is able to handle the added responsibilities by screening the employee with interviews and tests and giving them training or on the job experience. A promotion can involve advancement in terms of designation, salary and benefits, and in some organizations the type of job activities may change a great deal (Armstrong, 2006).

Promotion is the ultimate motivating factor for any employee as it places the employee higher in hierarchy of the organization with additional responsibility, higher respect, honor, a higher pay grade and allowances. Promotion stimulates self-development and creates interest in the job. According to Bryson and John (2010), “promotion provides incentive to initiative, enterprise and ambition; minimizes discontent and unrest; attracts capable individuals; necessitates logical training for advancement and forms an effective reward for loyalty, cooperation and long service. By recognizing an employee’s performance and commitment, this motivates him towards better performance. The next section presents literature on time off and its influence on employee job performance.

2.5.5 Time – Off

One of the many ways that employers incentivize the workplace is by offering earned time off for hours worked. This can be an effective way to motivate and reward employees at the same time as creating access to greater work life balance. For most, it’s a win-win situation (Bruce and Pepitone, 2009). Employers have access to a reliable workforce, while employees have the chance to earn much needed time off. It seems like a good compromise to the growing issue of faltering attendance and performance in many organizations. Along with time off other incentives like corporate wellness, flextime and remote work, boost employee lifestyle balance and enable an employee to earn more time off. This can be an attractive incentive for many workers. This benefit can help retain a productive workforce for the long-term, a factor that helps any organization move forward with a strong team (Aswathappa, 2009).

Employees who take most or all of their vacation time each year perform better, are more productive and more satisfied in their jobs than those who do not, according to HR professionals. In a new study conducted by the Society for Human Resource Management (SHRM) for the U.S. Travel Association, talent managers and human resource (HR) professionals overwhelmingly agree that fully utilizing vacation leave drives higher
employee performance and productivity, boosts organizational morale, contributes to employee wellness and results in higher employee retention (Armstrong, 2006).

Continuous time on-task sets off strain reactions, such as stress, fatigue and negative mood, which drain focus and physical and emotional resources. The brain's ability to self-regulate and to stay disciplined varies with each exercise of self-control during the day. It is a loss of resources that must be replenished, or it becomes harder to stay on-task, be attentive and solve problems. One study found that mental fatigue takes hold after three hours of continuous time on-task; other scientists say brains need a break after ninety minutes (Tull, and Hawkins, 2013).

The Literature in this chapter has tried to demonstrate the relationship between reward systems and employee job performance. Though this was conducted by different researchers with different views, an effective conclusion has not been arrived at. Their studies involved suggestions and assumptions which could not be relied upon in times of identifying the relationship between reward systems and employee job performance and this leaves some major gaps that need to be filled by further research undertakings. The current study sought to identify and fill the gaps on the relationship between reward systems and employee job performance. The literature review on extrinsic rewards above clearly relates how different extrinsic rewards influence employee job performance. However, there are still gaps that require further research in regard to extrinsic rewards. The next section is the chapter summary of the literature on employee job performance and how it is affected by monetary, intrinsic and extrinsic rewards.

2.6 Chapter Summary

This chapter reviewed literature based on the three research questions of this study, as well as analysis of views of scholars on the reward systems. The chapter also offers an overview of reward systems as well as the various types of rewards. Literature on reward systems and its effects on employee performance were reviewed to find out what other researchers found out on these variables and any knowledge gaps relating to the same was established. Job performance assesses whether a person performs a job well. Employee job performance can be improved by enhancing employee productivity, encouraging and enabling effective team work, meeting goals, encouraging desired work habits and
establishing of clear communication. If an organization has gaps in the above, the employee job performance is affected, thus affecting the organization output.

Monetary rewards motivate employees to perform at their best and strive to achieve both company and individual goals. Several gaps have been identified in research in regard to use of monetary rewards that requires further research. Some of these gaps are that when used continually, a bonus or other incentive can come to be seen as an entitlement rather than a motivator, when monetary incentives are tied to group performance, it can create frustration if there are perceptions of unequal contribution among group members.

Intrinsic rewards enable the employees to be committed to their work to the extent to which the job inherently contains tasks that are rewarding to them. This study sought to fill gaps on how monetary rewards enhance employee job performance, the relationship between intrinsic and extrinsic rewards and employee job performance. However, there are still gaps that require further research in regard to intrinsic rewards. These gaps include the fact that the time consuming, unhurried process in influencing desired behavior to increase employee performance can also necessitate special and somewhat lengthy preparation when using intrinsic rewards thus some researchers doubt if it is effective. The variation in motivators for different individuals makes use of the rewards a complex task. Extrinsic rewards are usually financial in nature, such as a raise in salary, a bonus for reaching some quota or paid time off. However, extrinsic rewards can also be as simple as getting a better office, verbal praise, public recognition or awards, promotions and additional responsibility.

Many studies have been done on the reward systems, although considerable advances have been made in the understanding of reward systems, many puzzles remain. The puzzles include the question of the relationship between reward systems and employee job performance in the Kenyan financial service sector. Furthermore, the particular effect of monetary rewards, intrinsic rewards and extrinsic rewards and how the rewards enhance employee job performance the Kenyan financial service sector.

While theoretical foundations of reward systems are evident, the empirical research is to a certain extent incomplete. Local studies on reward systems in the Kenyan market by Gichuki, (2009), Obon’go, (2008), Oluwu, (2009) support the need for use of reward systems to improve employees job performance.
Both overseas and local studies do point to a growing need of use of reward systems to improve job performance. Most of the local studies have focused on the existence and the importance of reward systems. This study examines the relationship between reward systems and employee job performance at AAR Insurance Kenya
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this study was to establish the relationship between reward systems and employee job performance at AAR Insurance Kenya. This section presents the tactics of research methodology that were used by the researcher during the study. It comprises of a blueprint of the collection, measurement and analysis of data. Therefore, it presents the research design, population and sampling design, data collection methods, research procedures and data analysis methods.

3.2 Research Design

Research design is a systematic plan, which describes how a researcher collects and analyzes data (Babbie, 2010). The research design adopted is mainly determined by the purpose of the research. In the case of AAR Insurance Kenya the research project was aimed at finding out the relationship between employee job performance and the various reward systems in place with a causal research design being used. The causal research was adopted for measuring the significance of the effect of using the reward system on employee job performance at AAR Insurance. In addition, observing how the relationship between the variables works (i.e. rewarded staff feel motivated to work, resulting in improved employee job performance). The researcher therefore considered the case of AAR Insurance analyzed to be ideal since data was collected and analyzed to establish the relationship between reward systems and employee job performance at AAR Insurance Kenya.

3.3 Population and Sampling Design

3.3.1 Population

Population is the entire collection of fundamentals about which a researcher needs to make implications (Cooper and Schindler, 2003). The target population for this study was all managers of AAR Insurance. The total number of the population was therefore 200 managers in Nairobi.
Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Employees</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design

Sampling refers to a method of selecting a part of the population to represent the entire population (Yin, 2003). It decreases the research period required to complete the study, it is controllable, cuts costs, and it is virtually a mirror to the population. Sampling design is used in drawing samples from a population in a manner that the sample selected will help determine a stated hypothesis in regard to the population (Cooper and Schindler, 2000). A sample is a subgroup of the population that the researcher is interested in. Sampling is broadly classified into probability and non-probability sampling (Mugenda and Mugenda 2003). The study used probability sampling as it ensures that all the managers in AAR Insurance population have equal probabilities of being chosen to participate in the study.

3.3.2.1 Sampling Frame

A sample frame is a broad list of the elements from which the trial is drawn (Hair et al., 2007). It is a goals list of the population from which the researcher can create a selection. Allyn and Bacon (2007) define a sample frame as a set of information used to identify a sample population for statistical analysis. A sampling frame includes a numerical identifier for each individual, plus other identifying information about characteristics of the individuals, to aid in analysis and allow for division into further frames for more in-depth analysis (Cooper & Schindler, 2000). The sampling frame for this study was a list of all AAR insurance managers in the headquarter office and was obtained from the AAR human resource register.

3.3.2.2 Sampling Technique

The sampling technique used for this study was simple random sampling. This technique was chosen because the researcher wanted to give equal chance to all the managers thus eradicating classification errors. With a population of 200 managers, all were allocated a number from one to two hundred. 200 ballot papers were then prepared and put in a bowl.
and intermingled. The researcher picked sixty seven times from the bowl to get the exact sample size. The researcher then opened and selected the ballots from the bowl and matched them to the managers allocated the matching number to be the simply randomly selected respondents. The sample size was sixty seven staff of AAR insurance managers.

### 3.3.2.3 Sample Size

Meredith (2008) defines a sample as a small part of anything or one of a number, intended to show the quality, style, or nature of the whole; specimen. In statistics, a sample is defined as a subset of a population to study a sample of the total population (Ronet, 2007). The sample must be warily selected to be representative of the population (Cooper and Schindler, 2003).

The sample size was derived from the Yamane (1967), formula.

\[
n = \frac{N}{1 + N \cdot e^2}
\]

Where \( n \) is the sample size, \( N \) is the population size and \( e \) is the margin of error

\[
n = \frac{200}{1 + 200 \cdot (0.1)^2}
\]

\[
n = 67
\]

The sample size was 67.

**Key: calculation of sample size**

- **n**: sample size
- **N**: total population
- **e**: margin of error
## Table 3.2 Sample Size Distribution

<table>
<thead>
<tr>
<th>Employees</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level</td>
<td>67</td>
<td>33.5</td>
</tr>
<tr>
<td>Total</td>
<td>67</td>
<td>33.5</td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

According to Cooper & Schindler (2000), a questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of collecting information from respondents. This study used primary data which was collected through a self-administered questionnaire. The questionnaire designed for this study was based on the research objectives. The structured questionnaire consisted of open ended and closed ended questions designed to elicit specific responses for quantitative analysis. The questionnaire consisted of five sections, namely; section one which dealt with general information, section two which was on the dependent variable employee job performance, section three dealt with how monetary rewards influence employee job performance, section four dealt with intrinsic rewards and how they influence employee job performance and lastly section five which dealt with extrinsic rewards and how they influence employee job performance. A five point likert scale questionnaire was also applied and consisted of a series of statements that express strongly agree to strongly disagree.

### 3.5 Research Procedures

The study conducted a pilot test before administering the questionnaires. This involved a pretest of the questionnaire well in advance before the main research was conducted. The aim of this was to help refine the questionnaire to avoid ambiguity and ensure flow of information during the main research (Saunders, Lewis & Thornhill, 2003). The pilot test was done with ten managers, five from the Thika AAR Insurance Branch and five from the Nakuru branch. The pilot test was done by first explaining the objective of the study to the participants and notifying them that the pilot study required their honest feedback when answering the questions as it was used to correct and make any adjustments that were needed to make the final questionnaire a success. After the pilot test of the questionnaire, analysis was undertaken to check each completed questionnaire to ensure that respondents had no problems understanding or answering the questions and that all
the instructions were correctly followed. Problem areas were identified on the questionnaires based on the pretest and thereafter amendments made to ensure that the final questionnaire was very clear. The techniques used to administer the questionnaires was to book an appointment in advance to facilitate dropping the questionnaires and waiting for it to be filled out. This is aimed at ensuring there was 100 percent response rate from the selected respondents.

Permission was sought before the commencement of data collection from the AAR Insurance Kenya human resource department for the managers to participate and share organizational information when answering the questionnaires. Permission was also sought from each respondent before they participated in filling in the questionnaire by sharing with them the cover letter which explained the purpose of the study and also reassured them about the confidentiality of the data collected. Data collection at the two branches was done at the end of a managers` training which had been convened by the company on “Outside the box strategic thinking”. The Thika training was on a Tuesday while the Nakuru one was on a Thursday.

3.6 Data Analysis Methods

This study involved only quantitative methods of data collection. Quantitative analysis was done through editing and coding of filled questionnaires, data entry then cleaning of the data and finally analysis through the use of the Statistical Package for Social Sciences (SPSS). The data analysis techniques used were descriptive and inferential techniques. The descriptive statistics used included percentages and frequencies. The data was presented using tables. Correlation analysis was used to show the level of relationship and significance between the study variables which included intrinsic rewards, education, monetary rewards and employee job performance. Percentages were ranked out to show the level of response for each of the items with regard to employees’ job performance, monetary rewards and employee job performance, intrinsic rewards and employee job performance, extrinsic rewards and employee job performance. Data was presented using frequency tables; frequency was used to show, the number of individuals located in each category of a categorical variable, Frequency provided an organized picture of the data, and allowed one to see how individual scores were distributed on a specified scale of measurement. Inferential statistics included the estimation of population values and the
testing of statistical hypotheses and drawing conclusions from data collected for the research.

3.7 Chapter Summary

This chapter describes the methodology that was used in carrying out the study. The research design was causal in nature and focused on the relationship between reward system and employee job performance at AAR insurance. The population of the study consisted of 200 managers at AAR Insurance Kenya. The sampling technique used for this case study was simple random sampling technique with a sample size of 67 managers which was 33.5 percent of the total population. The data collection method used was administration of a questionnaire. This study involved quantitative methods of data collection. Data analysis was done using descriptive and inferential statistics and presented in tables. The descriptive statistic used was mode, which gave the researcher the most selected answer in each question which was then used to get the percentage of the frequency. The inferential statistics technique used was correlation, which was used to explain the positive or negative relationship between the variables in this study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter covers the data analysis, and findings based on results of respondents’ views sought to determine the relationship between reward systems and employee job performance at AAR Insurance Kenya. The findings of this study were based on the responses from the questionnaires filled and information gathered on the research objectives. The first section of the questionnaire was on general personal information. The second section was on employee job performance. The third section examined how monetary rewards affect employee job performance. The fourth section focused on how intrinsic rewards affect employee job performance and lastly the fifth section was on how extrinsic rewards affect employee job performance. Out of a targeted 67 respondents, 46 responded to the questionnaires. This represents a response rate of 69 percent that was sufficient enough to answer the research objective, 31 percent did not respond.

4.2 General Information

This study sought to find out basic information about the respondents for distribution, representation and validity. The biographical information about a person sought to determine if it correlates with good job performance. The correlations can be used to know if a person has a certain item in their history that are more likely to contribute to the individual being good/bad at the targeted job. The next section provides bio data on the managers sampled.

4.2.1 Gender of the Respondents

This study aimed to establish the respondent’s gender and to determine if it had any effect on the employee’s job. The majority 57 percent of the respondents were male as compared to 43 percent who were female, which would be an indication that AAR was dominated by men.
4.2.3 Age of Respondents

This study sought to find out the age of the respondents and how it affects reward systems and employee job performance at AAR Insurance Kenya. Table 4.1 shows that 37 percent were between 20-25 years, 33 percent between ages 26-30 years, 22 percent between 31-35 years and 9 percent of the respondents were within the age bracket of 36 years and above. This showed that majority of the respondents who provided the required information on the relationship between reward systems and employee job performances at AAR Insurance Kenya were young people.

Table 4.1 Ages of Respondents

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-25 Years</td>
<td>17</td>
<td>37</td>
</tr>
<tr>
<td>26-30 Years</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>31-35 years</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>36 years and over</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.4 Correlations of Age, Monetary rewards and Job performance

The correlation of age, monetary rewards and job performance was sought by the researcher in order to determine if there was any relationship between different age groups and monetary rewards and how this in turn affected the employee job performance. Table 4.2 shows positive relationship between monetary rewards and age. The relationship is significant ($r = -0.104$, $P < 0.01$) thus majority of respondents in the organization were younger and they were motivated by monetary rewards which had positive impact on job performance as evidenced by ($r = -0.089$, $P < 0.01$). This study shows a high level of significance at 0.01.
Table 4.2 Correlations

<table>
<thead>
<tr>
<th></th>
<th>Monetary Rewards</th>
<th>Age of Respondents</th>
<th>Employee Job Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary rewards</td>
<td>Pearson Correlation</td>
<td>.104</td>
<td>.089</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.490</td>
<td>.557</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Age of respondents</td>
<td>Pearson Correlation</td>
<td>.104</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.490</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Employee Job</td>
<td>Pearson Correlation</td>
<td>.089</td>
<td>.661**</td>
</tr>
<tr>
<td>Performance</td>
<td>Sig. (2-tailed)</td>
<td>.557</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
<td>46</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.2.5 Marital Status of Respondents

This study sought to find out the marital status of the respondents and how it affects reward systems and employee job performance at AAR Insurance Kenya. Table 4.3 shows the marital status of respondents, the majority 43 percent were married, 39 percent single and 17 percent divorced. This showed that the majority of the respondents were married and young.

Table 4.3 Marital Status of Respondents

<table>
<thead>
<tr>
<th>Response</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Single</td>
<td>18</td>
</tr>
<tr>
<td>Married</td>
<td>20</td>
</tr>
<tr>
<td>Divorced</td>
<td>8</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
</tr>
</tbody>
</table>
4.2.6 Highest Education Level of the Respondents

This study sought to establish the respondent’s highest level of education and hence asked respondents to state their education category. The level of education is critical to determine if they understand the relationship between reward systems and employee job performance and to establish who should participate in the decision making process of determining which reward systems worked towards improving performance at AAR Insurance. Table 4.4 shows that the majority 48 percent of the respondents had university education level, 43 percent had College/Technical school/Polytechnic and 9 percent high school education. This indicates that most of the respondents were academically qualified in their respective job undertakings and hence they would clearly understand the relationship between reward systems and employee job performance.

Table 4.4 Highest Education Level of the Respondents

<table>
<thead>
<tr>
<th>Response</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>High school</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>College/Technical school/polytechnic</td>
<td>20</td>
<td>43</td>
</tr>
<tr>
<td>University Level</td>
<td>22</td>
<td>48</td>
</tr>
<tr>
<td>Any other (specify)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2015)

4.3.4 Correlations of Intrinsic rewards, highest level of education and Job performance

Table 4.7 below shows the positive relationship between intrinsic rewards, highest level of education and job performance. This study sought to find the relationship between the highest level of education and intrinsic rewards and how the same affected employee job performance. Table 4.5 shows a strong positive relationship between intrinsic rewards and highest education level. The relationship is significant at (r =-0.320, P< 0.01), shows that respondents in the organization were undergraduate and intrinsic rewards like personal development and career development opportunities would help them improve job performance. The results show a positive relationship between intrinsic rewards and job performance. The acceptable level of significance is between 0.05 and 0.01.
Table 4.5 Correlations

<table>
<thead>
<tr>
<th></th>
<th>Intrinsic Rewards</th>
<th>Highest education level</th>
<th>Employee Job Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic Rewards</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.320*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.030</td>
<td>.035</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Highest education level</td>
<td>Pearson Correlation</td>
<td>.320*</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.030</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Employee Job Performance</td>
<td>Pearson Correlation</td>
<td>.312*</td>
<td>.873**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.035</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
<td>46</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

4.2.7 Working Experience of the Respondents

This study sought to establish the respondent’s working experience and if it had any effect on employee job performance, hence asked respondents to state the number of years they had worked in the organization. This was also important as it helped understand for how long the respondents had worked at AAR insurance to understand the various changes that had taken place with the rewards system. Table 4.6 shows that the majority 43 percent of the respondents had 6-10 years, 37 percent had more than 10 years, 13 percent 3-5 years and 7 percent less than 3 years. This indicates that most of the respondents had worked in the organization for a long time and hence they would clearly understand the relationship between reward systems and employee job performance.

Table 4.6 Working Experience at AAR

<table>
<thead>
<tr>
<th>Response</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Less than 3 years</td>
<td>3</td>
</tr>
<tr>
<td>3-5 years</td>
<td>6</td>
</tr>
<tr>
<td>6-10 years</td>
<td>20</td>
</tr>
<tr>
<td>More that 10 years</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
</tr>
</tbody>
</table>

Source: Author (2015)
4.2.8 Working Department of the Respondents

This study sought to establish the respondent’s working departments and if it had any effect on employee job performance. The respondents were required to state the department they worked in. Table 4.7 shows that the majority 28 percent were from human resource department, 15 percent finance department, 13 percent case management, 11 percent claims department, 11 percent business development, 9 percent client service, 9 percent membership and 4 percent underwriting, which shows that the study targeted the respondents from all the departments at AAR.

Table 4.7 Working Departments at AAR

<table>
<thead>
<tr>
<th>Response</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Human Resource</td>
<td>13</td>
</tr>
<tr>
<td>Finance</td>
<td>7</td>
</tr>
<tr>
<td>Claims</td>
<td>5</td>
</tr>
<tr>
<td>Client service</td>
<td>4</td>
</tr>
<tr>
<td>Business development</td>
<td>5</td>
</tr>
<tr>
<td>Case management</td>
<td>6</td>
</tr>
<tr>
<td>Membership</td>
<td>4</td>
</tr>
<tr>
<td>Underwriting</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
</tr>
</tbody>
</table>

Source: Author (2015)

The above section presents the findings on the general information of the respondents at AAR Insurance Kenya. The majority of the respondents were male at 57 percent. The majority of the respondent age bracket fell between 20-25 years at 37 percent. Majority of the respondents were married at 43 percent and holders of university degrees with a majority at 48 percent. The work experience of the majority of the respondents was at 6-10 years and the department that had majority of the respondents was the human resource with 28 percent. A correlation of age, monetary rewards and job performance showed a positive significance relationship between monetary rewards and age and also had a positive impact on job performance. A correlation of intrinsic rewards, the level of education and job performance showed a strong positive significant relationship between
intrinsic rewards and highest level of education and also with job performance. The next section is about employee job performance.

4.3 Employee Job Performance

Job performance assesses whether a person performs a job well. The contribution of employees on the job is the most important factor for development and excellence in business. The performance of employees on different jobs in close coordination is needed for success of the unit (Armstrong, 2010). In this regard the researcher sought to find out how job performance affected organizations outcomes, how employees’ skills, training, staff welfare, effective internal communication, recognition, motivation affected employee job performance. The findings on questions under the variable employee job performance are explained below.

4.3.1 Importance of Employee Job Performance to Organization Outcomes

This study sought to find out various factors influencing employee job performance. The study aimed to establish the respondent’s opinion on whether job performance is an important criterion for organizational outcomes and how this affected the organizations profits. Table 4.8 shows most respondents who were 57 percent strongly agreed, 30 percent agreed, 9 percent were neutral, 2 percent disagreed and 2 percent strongly disagreed which showed that job performance was important in evaluating organization outcomes with 87 percent of the respondents agreeing.

4.3.2 Effects of Employees Skills on Job Performance

This study aimed to establish the respondents’ opinion on employees’ skills effect on job performance and if the skills improved the job performance. Table 4.8 shows most respondents who were 43 percent strongly agreed, 39 percent agreed, 9 percent were neutral, 4 percent disagreed and 4 percent strongly disagreed which showed that employees’ skills greatly affected job performance with 82 percent agreeing.

4.3.3 Rewards and How They Improve Productivity

This study aimed to establish the respondents’ opinion on whether rewards improve productivity and if they were important in improving employee job performance or not. Most respondents who were 46 percent agreed, 37 percent strongly agreed, 11 percent were neutral, 4 percent disagreed and 2 percent strongly disagreed this indicated that
reward system was an important factor of improving employee productivity with 83 percent agreeing as illustrated in table 4.8.

4.3.4 Continuous Employees Training Effect on Job Performance

This study aimed to establish the respondents` opinion on whether training employees continuously improves job performance and if there was need to continue or discontinue. Majority who were 41 percent agreed, 37 percent strongly agreed, 9 percent were neutral, 7 percent disagreed and 7 percent strongly disagreed this showed that training is important in improving employee job performance with 78 percent agreeing as illustrated in table 4.8.

4.3.5 Dedication and Accomplishment of Organizational Goals

This study aimed to establish the respondents` opinion on whether dedication helps employees accomplish organization goals and if this encouraged improved employee job performance. Most respondents who were 39 percent agreed, 39 percent strongly agreed, 15 percent were neutral, 4 percent disagreed and 2 percent strongly disagreed which showed that employees dedication was key to achieving organization goals with 78 percent agreeing as illustrated in table 4.8.

4.3.6 Staff Welfare and How it Affects Employee Job Performance

This study aimed to establish the respondents` opinion on whether staff welfare improves employee job performance due to the staff feeling appreciated and valued. Majority of respondents represented by 35 percent agreed, 30 percent strongly agreed, 24 percent were neutral, 7 percent disagreed and 4 percent strongly disagreed. This indicated that Staff welfare was critical in improving employee job performance.

4.3.7 Rewarding Employees and how it Affects Communication

This study aimed to establish the respondents` opinion on whether rewarding employees improves communication in the organization and how it affected employee job performance. Majority were neutral who were 30 percent, 26 percent agreed, 24 percent strongly agreed, 13 percent disagreed and 13 percent strongly disagreed which showed that 50 percent or half of the respondents viewed rewarding employees improves employee’s communication in the organization while 30 percent were neutral as
illustrated in table 4.8. This indicated that rewarding employees alone was not the only factor that affected communication

**4.3.8 Effective Internal Communication Keeps Employees Engaged**

This study aimed to establish the respondents’ opinion on whether effective internal communications can keep employees engaged in the business which in turn leads to improved employee job performance. Table 4.8 shows most respondents who were 35 percent agreed, 30 percent strongly agreed, 22 percent neutral, 9 percent disagreed and 4 percent strongly disagreed. This showed that effective internal communications at 65 percent was important in keeping employees engaged in the business. Whoever it is important to note that with 22 percent neutral respondents effective internal communication alone was not the only factor that kept employees engaged to their work.

**4.3.9 Motivation and How it Affects Work Habits**

This study aimed to establish the respondents’ opinion on whether motivation improves work habits and if it improved employee job performance. Table 4.8 shows most respondents who were 48 percent strongly agreed, 39 percent agreed, 9 percent neutral, 2 percent disagreed and 2 percent strongly disagreed which showed that motivation was key to improving employee work habits with 87 percent agreeing.

**4.3.10 Recognition of Specific Behavior Drives for Future Performance**

This study aimed to establish the respondents’ opinion whether connecting the recognition and a specific behavior helps drive future performance to improve job performance. Table 4.8 shows most respondents who were 37 percent agreed, 28 percent strongly agreed, 26 percent neutral, 4 percent disagreed and 4 percent strongly disagreed. This indicated that connecting recognition and a specific behavior at 65 percent helps drive future performance. However, it is important to note that, 26 percent neutral recognition of specific behavior alone was not the only factor that kept employee drive for improved future performance.

**4.3.11 Recognition Programs for Both Individuals and Teams**

This study aimed to establish the respondents’ opinion on whether recognition programs should be set up for both individuals and teams and if this improved employee job performance. Table 4.8 shows most respondents who were at 45 percent agreed, 41
percent strongly agreed, 9 percent neutral, 2 percent disagreed and 2 percent strongly disagreed which showed that recognition programs should be set up for both individuals and teams with 86 percent agreeing.

4.3.12 Communication and Performance

This study aimed to establish the respondents’ opinion on whether communication is a key performance indicator in employee evaluation. Table 4.8 shows most respondents who were at 43 percent strongly agreed, 37 percent agreed, 22 percent neutral, 13 percent disagreed and 7 percent strongly disagreed which showed that communication is a key performance indicator in employee evaluation with 80 percent agreeing. However with a 22 percent neutral respondent this showed that communication is not the only key performance indicator in employee evaluation.

The above section presents findings on factors that affect employee job performance as illustrated in table 4.8. Most respondents at 87 percent agreed that improved employee performance is important and gave better organization outcomes. At 82 percent it indicated that employee skills affected job performance, rewards improved productivity at 83 percent and that continuous employee training at 87 percent improved job performance.

At 65 percent this study showed that staff welfare affected employee job performance, motivation at 87 percent improved work habits, recognition for both teams and individuals improved job performance with 86 percent agreeing and at 80 percent communication is a key performance indicator in employee evaluation.

The above findings showed that three factors required further research on how they affected employee job performance as the neutral respondents on these factors were significantly high. The findings on how rewarding employees affected communication had, 30 percent neutral respondents while the findings on effective communications contribution to employee engagement had 22 percent neutral and lastly finding on how recognition drives future performance had 26 percent neutral respondents. It is important to note that with such high neutrals these three factors on their own could not improve employee job performance.
<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Job performance is an important criterion for organizational outcomes</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
<td>30%</td>
<td>57%</td>
<td>100%</td>
</tr>
<tr>
<td>b) Employee’s skills affect job performance</td>
<td>4%</td>
<td>4%</td>
<td>9%</td>
<td>39%</td>
<td>43%</td>
<td>100%</td>
</tr>
<tr>
<td>c) Rewards improves productivity</td>
<td>2%</td>
<td>4%</td>
<td>11%</td>
<td>46%</td>
<td>37%</td>
<td>100%</td>
</tr>
<tr>
<td>d) Training employees continuously improve job performance</td>
<td>7%</td>
<td>7%</td>
<td>9%</td>
<td>37%</td>
<td>41%</td>
<td>100%</td>
</tr>
<tr>
<td>e) Dedication helps employees accomplish organization goals</td>
<td>2%</td>
<td>4%</td>
<td>15%</td>
<td>39%</td>
<td>39%</td>
<td>100%</td>
</tr>
<tr>
<td>f) Staff welfare improve employee job performance</td>
<td>4%</td>
<td>7%</td>
<td>24%</td>
<td>35%</td>
<td>30%</td>
<td>100%</td>
</tr>
<tr>
<td>g) Rewarding employees improves communication in the organization</td>
<td>13%</td>
<td>13%</td>
<td>30%</td>
<td>26%</td>
<td>24%</td>
<td>100%</td>
</tr>
<tr>
<td>h) Effective internal communications can keep employees engaged in the business</td>
<td>4%</td>
<td>9%</td>
<td>22%</td>
<td>35%</td>
<td>30%</td>
<td>100%</td>
</tr>
<tr>
<td>i) Motivation improves work habits</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
<td>39%</td>
<td>48%</td>
<td>100%</td>
</tr>
<tr>
<td>j) Connecting the recognition and a specific behavior helps drive future performance</td>
<td>4%</td>
<td>4%</td>
<td>26%</td>
<td>37%</td>
<td>28%</td>
<td>100%</td>
</tr>
<tr>
<td>k) Recognition programs should be set up for both individuals and teams</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
<td>45%</td>
<td>41%</td>
<td>100%</td>
</tr>
<tr>
<td>i) Communication is key performance indicator in employee evaluations.</td>
<td>7%</td>
<td>13%</td>
<td>22%</td>
<td>37%</td>
<td>43%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 4.3.13 Correlations of Factors that influence Employee Job Performance

Correlation is a statistical measure that indicates the extent to which two or more variables are related and how they affect employee job performance. As indicated in the
Table 4.9 correlation (r) is significant at the 0.01 level, thus all correlation (r) greater than 0.01 is noted as significant.

Table 4.9 shows strong positive relationship between training and employee job performance. The relationship is significant (r =-0.120, P< 0.01) thus, training greatly influenced employee job performance. There was a strong positive relationship between staff welfare and employees performance. The relationship is significant (r =-0.064, P< 0.01), thus staff welfare greatly influenced employee job performance. There was a strong positive relationship employee’s skills and employees performance. The relationship is significant (r =-0.165, P< 0.01), thus the employees skills greatly influenced employee job performance.

Table 4.9 Correlations of employees’ skills, training and staff welfare with employee job performance.

<table>
<thead>
<tr>
<th>Employee Job Performance</th>
<th>Employee skills</th>
<th>Training</th>
<th>Staff welfare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.165</td>
<td>.120</td>
<td>.064</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.273</td>
<td>.428</td>
<td>.672</td>
</tr>
<tr>
<td>N</td>
<td>46</td>
<td>46</td>
<td>46</td>
</tr>
</tbody>
</table>
| **. Correlation is significant at the 0.01 level (2-tailed).**

This section reports on the findings of various factors that influence employee job performance at AAR Insurance Kenya. Majority of the respondents at 87 percent agreed that job performance is an important criterion for organisational outcomes. The majority at 82 percent felt that employee’s skills affect job performance. A majority at 83 percent agreed that productivity improves performance. The majority 78 percent agreed that training employees continuously improves job performance, the majority 78 percent agreed that dedication helps employees accomplish organisational goals and at 65 percent the majority agree that staff welfare improves employee job performance.
The majority at 65 percent agreed that rewarding employees improved communication in organisations. The majority 65 percent agreed that effective internal communication keeps employees engaged in the business, while a majority at 87 percent agreed that motivation improves work habits. The majority 65 percent agreed that connecting recognition and a specific behaviour helps drive future performance. The majority at 86 percent agreed that recognition programs should be set up for both teams and individuals. The majority at 80 percent agreed that communication is a key performance indicator in employee evaluations.

The next section presents findings on the variable of monetary rewards and how it influences employee job performance.

4.4 Monetary Rewards and Employee Job Performance

Monetary rewards are given for excellent job performance. Monetary incentives include profit sharing, bonuses, contests, stock options and warrants, piece rates and pay rise. Traditionally, these have helped maintain a positive motivational environment for employees (Kepner, 2001). Akintoye (2000) asserts that money remains the most significant motivational strategy. This study sought to find out how monetary rewards influenced employee to perform their best, if bonuses were as a result of good performance, if bonuses reflected the level of employee responsibility and who earned them, if profit sharing was the best way of rewarding employees, how raises were earned and if gain sharing was based on employee performance.

4.4.1 Monetary Rewards Motivate Employees to Achieve Goals

This study aimed to establish the respondents’ opinion on whether monetary rewards motivate employees to perform at their best to achieve goals. Most respondents who were 41 percent strongly agreed, 39 percent agreed, 8 percent neutral, 10 percent disagreed and 2 percent strongly disagreed. This showed that monetary rewards was an important motivator for employees to achieve their goals with 80 % agreeing.

4.4.2 Bonuses are a reward of good performance

This study aimed to establish the respondents’ opinion on whether bonuses are given to employees for doing a good job and if this affected employee job performance. Most respondents who were at 39 percent strongly agreed, 37 percent agreed, 14 percent
neutral, 6 percent disagreed and 4 percent strongly disagreed. This showed that bonus was an effective way of rewarding employees who do a good job with 76 percent agreeing.

4.4.3 Bonuses Reflect the Level of Employee Responsibility

This study aimed to establish the respondents’ opinion on whether bonuses reflect the level of employee responsibility in the organization and if they improved employee job performance. Most respondents who were 26 percent strongly agreed, 30 percent agreed, 35 percent neutral, 5 percent disagreed and 4 percent strongly disagreed. This showed that bonuses reflect the level of employee responsibility in the organization with 56 percent agreeing. However a neutral respondent rate of 35 percent was significantly high this showed that bonuses were not a sole reflection of employee responsibility in the organization but other factors also affected.

4.4.4 Sales or Production Contests as Forms of Monetary Rewards

This study aimed to establish the respondents’ opinion on whether sales or production contests are another way to offer monetary rewards and if they increased employee performance. Most respondents who were 46 percent agreed, 32 percent strongly agreed, 11 percent neutral, and 7 percent disagreed and 4 percent strongly disagreed. This showed that sales or production contests are another way to offer monetary rewards with 78 percent agreeing.

4.4.5 Profit Sharing and Employee Rewards

This study aimed to establish the respondents’ opinion on whether profit sharing with employees is an excellent way to reward them. Most respondents who were 35 percent agreed, 33 percent strongly agreed, 28 percent neutral, 2 percent disagreed and 2 percent strongly disagreed. This showed that profit sharing with employees was an good way to reward employees with 68 percent agreeing. Also to note is the 28 percent neutral respondents. This showed that some of the managers felt that other factors should be considered together with profit sharing when rewarding employees.

4.4.6 Piece Rate Encourages Better Employee Performance

This study aimed to establish the respondents’ opinion on whether piece rate encourages employees to work quickly to receive the highest rate of pay and if it improved employee performance. Most respondents who were 39 percent agreed, 37 percent strongly agreed,
14 percent were neutral, 6 percent disagreed and 4 percent strongly disagreed. This showed that piece rates at 76 percent were important in encouraging employees work quickly to receive the highest rate of pay.

### 4.4.7 Companies Reward Reaching Certain Production Levels

This study aimed to establish the respondents’ opinion on whether companies can also offer pay raises for reaching certain production levels and how this affected employee performance. Table 4.10 below shows that most respondents who were 48 percent strongly agreed, 33 percent agreed, 11 percent neutral, 6 percent disagreed and 2 percent strongly disagreed. This showed that pay rises at 81 percent are used to reward employees who reach certain production levels.

### 4.4.8 Raises Based on Time Spent With the Company De motivate Employees

This study aimed to establish the respondents’ opinion on whether raises are purely on time spent with the company can be a disincentive for employees to improve as this did not recognize good performance. Most respondents who were 37 percent were neutral, 28 percent agreed, 21 percent strongly agreed, 7 percent disagreed and 7 percent strongly disagreed with this statement. With a neutral respondent feedback of 37 percent this showed that raises based purely on time spent with the company did not necessarily improve employee performance.

### 4.4.9 Bonuses and Employee Reward Programs

This study aimed to establish the respondents’ opinion on whether Bonuses are used as part of employee recognition and rewards programs and if they affected employee job performance. Most respondents who were 41 percent strongly agreed, 38 percent agreed, 7 percent strongly agreed, 7 percent disagreed and 7 percent strongly disagreed with this statement. This showed that bonuses are effective way of recognizing and rewarding employees with 79 percent agreeing.

### 4.4.10 AAR Insurance Rewards Good Performers

This study aimed to establish the respondents’ opinion on whether AAR insurance pays performance bonuses to employees who achieve their goals and if this improved employee job performance. Most respondents who were 50 percent strongly agreed, 37 percent agreed, 4 percent strongly agreed, 5 percent disagreed and 4 percent strongly
disagreed. This showed that AAR insurance pays performance bonuses to employees who achieve satisfactory results with 87 percent agreeing with this statement.

### 4.4.11 Contests and Competition in the Work Place

This study aimed to establish the respondents` opinion on whether contests improve competition in the work place and if this in turn improved performance. Most respondents who were 50 percent strongly agreed, 37 percent agreed, 4 percent strongly agreed, 5 percent disagreed and 4 percent strongly disagreed. This showed that contests improved competition in work place with 87 percent agreeing with this statement.

### 4.4.12 Gain Sharing as a Reward for Work Units

This study aimed to establish the respondents` opinion on whether gain sharing offers workers payments based on the performance of their work units and how this affected employee performance. Most respondents who were 43 percent agreed, 37 percent strongly agreed, 7 percent strongly agreed, 7 percent disagreed and 6 percent strongly disagreed. This showed that gain sharing at 80 percent offers workers payments based on the performance of their work units.

Majority of respondents indicated that monetary rewards should be equal for all staff and pay rise should be paid to employees who have reached certain production levels. The above findings are presented in Table 4.10.
Table 4.10 Monetary Rewards and Employee Job Performance

<table>
<thead>
<tr>
<th>(a) Monetary rewards motivate employees to perform at their best to achieve goals</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2%</td>
<td>10%</td>
<td>8%</td>
<td>39%</td>
<td>41%</td>
</tr>
<tr>
<td>b) Bonuses are given to employees for doing a good job</td>
<td>4%</td>
<td>6%</td>
<td>14%</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>c) Bonuses reflect level of employee responsibility in the organization</td>
<td>4%</td>
<td>5%</td>
<td>35%</td>
<td>30%</td>
<td>26%</td>
</tr>
<tr>
<td>d) Sales or production contests are another way to offer monetary rewards</td>
<td>4%</td>
<td>7%</td>
<td>11%</td>
<td>46%</td>
<td>32%</td>
</tr>
<tr>
<td>e) Profit sharing with employees is an excellent way to reward employees.</td>
<td>2%</td>
<td>2%</td>
<td>28%</td>
<td>35%</td>
<td>33%</td>
</tr>
<tr>
<td>f) Piece rates encourage employees to work quickly to receive the highest rate of pay</td>
<td>4%</td>
<td>6%</td>
<td>14%</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>g) Companies can also offer pay raises for reaching certain production levels</td>
<td>2%</td>
<td>6%</td>
<td>11%</td>
<td>33%</td>
<td>48%</td>
</tr>
<tr>
<td>h) Raises based purely on time spent with the company can be a disincentive for employees to improve</td>
<td>7%</td>
<td>7%</td>
<td>37%</td>
<td>28%</td>
<td>21%</td>
</tr>
<tr>
<td>i) Bonuses are used as part of employee recognition and rewards programs</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>J) AAR insurance pays performance bonuses to employees who achieve satisfactory</td>
<td>4%</td>
<td>5%</td>
<td>4%</td>
<td>37%</td>
<td>50%</td>
</tr>
<tr>
<td>k) Contests improves competition in work place</td>
<td>4%</td>
<td>5%</td>
<td>4%</td>
<td>37%</td>
<td>50%</td>
</tr>
<tr>
<td>l) Gain sharing offers workers payments based on the performance of their work units</td>
<td>6%</td>
<td>7%</td>
<td>7%</td>
<td>43%</td>
<td>37%</td>
</tr>
</tbody>
</table>

4.4.13 Correlations on Monetary Rewards and Employee Job Performance

Table 4.11 below has findings of the correlation between monetary rewards with employee job performance. As indicated on the table 4.12 correlation (r) is significant at the 0.01 level, thus all correlation (r) greater than 0.01 is noted as significant. The correlation had a strong positive relationship between monetary rewards and employee job performance. The relationship is significant (r = -0.089, P < 0.01) thus there monetary rewards greatly influenced employee job performance.
Table 4.11 Correlations

<table>
<thead>
<tr>
<th></th>
<th>Monetary rewards</th>
<th>Employee Job Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary rewards</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.557</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
</tr>
<tr>
<td>Employee Job Performance</td>
<td>Pearson Correlation</td>
<td>.089</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.557</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

This section reported the findings of how monetary rewards influence employee job performance. The majority 80 percent agreed that monetary rewards motivated employees to perform at their best to achieve goals. The majority 76 percent agreed that bonuses are given to employees for doing a good job. The majority at 35 percent are neutral, they neither agree nor disagree that bonuses reflect the level of employee responsibility in the organisation. The majority 78 percent agreed that sales or production contests are another way to offer monetary rewards. The majority 68 percent greed that profit sharing with employees is an excellent way to reward employees.

The majority 76 percent agreed that piece rates encourages employees to work quickly to receive the highest rate of pay. The majority at 81 percent agreed that companies can also offer pay raises for reaching certain production levels. The majority at 37 percent was neutral and did not agree nor disagree that raises based purely on time spent with the company can be a disincentive for employees to improve. The majority at 79 percent agreed that bonuses are used as part of employee recognition and rewards programs. The majority 87 percent agreed that AAR insurance pays performance bonuses to employees who achieve satisfactory results. The majority 87 percent agreed that Contests improves competition in work place. The majority at 80 percent agreed that Gain sharing offers workers rewards based on the performance of their work units.

The correlation finding between monetary rewards and employee job performance, showed a strong positive relationship between monetary rewards and employee job performance. The relationship is significant ($r = -0.089, P < 0.01$) thus there monetary rewards greatly influenced employee job performance.
The next section presents findings on the variable intrinsic rewards and how they influence employee job performance.

4.5 Intrinsic Rewards and Employee Job Performance

Intrinsic motivations are those rewards that can be termed as “psychological motivations and examples are opportunity to use one’s ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. An intrinsically motivated individual, according to Ajila (1997) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. The study sought to find out how intrinsic rewards influences employee job performance. The study sought to find out if intrinsic motivation stems from the job itself, if employee involvement encourages commitment, if non financial rewards achieve job satisfaction, if employee training is a reward, if performance management links corporate aims to employee performance, and lastly if personal achievement and career development ensures improved employee performance.

4.5.1 Intrinsic Rewards and Employee Motivation

This study aimed to establish the respondents’ opinion on whether intrinsic rewards are much stronger than financial rewards in increasing employee motivation and if they were an important factor to consider in improving employee job performance. Most respondents who were 54 percent strongly agreed, 30 percent agreed, 7 percent strongly agreed, 7 percent disagreed and 2 percent strongly disagreed with the statement. This showed that employees valued intrinsic rewards much more than financial rewards in increasing employee motivation with 84 percent agreeing.

4.5.2 Intrinsic Motivation Stems from the Job Itself

This study aimed to establish the respondents’ opinion on whether intrinsic motivation stems from motivations that are inherent in the job itself and if this affected employee job performance. Most respondents who were 41 percent agreed, 32 percent strongly agreed, 13 percent neutral, 7 percent disagreed and 7 percent strongly disagreed .This showed that intrinsic motivation stems from motivations that are inherent in the job itself with 73 percent agreeing.
4.5.3 Employee Involvement and Organizational Success

This study aimed to establish the respondents` opinion on whether employee involvement encourages employee commitment to organizational success and if it improves employee job performance. Most respondents who were 36 percent were neutral, 30 percent strongly agreed, 30 percent agreed, 2 percent disagreed and 2 percent strongly disagreed. This showed that employee involvement encourages employee commitment to organizational success with 60 percent agreeing with this statement. However, with 36 percent neutral the findings showed that is not the only factor that affects organizational success.

4.5.4 Non-Financial Rewards and Prediction of Job Satisfaction

This study aimed to establish the respondents` opinion on whether non-financial rewards are the most powerful predictors of job satisfaction and its effect on employee job performance. Most respondents who were 35 percent agreed, 33 percent strongly agreed, 20 percent neutral, and 7 percent disagreed and 5 percent strongly disagreed. The findings showed that employees were more satisfied with non-financial rewards with 65 percent agreeing with the statement.

4.5.5 Employee Training Increases Productivity

This study aimed to establish the respondents` opinion on whether employee training provides big payoffs for the organization in increased productivity. This in turn improves employee job performance. Most respondents who were 37 percent strongly agreed, 35 percent agreed, 13 percent were neutral, 6 percent disagreed and 9 percent strongly disagreed. This showed that training was an effective way of improving employee’s performance with 72 percent agreeing.

4.5.6 Neglecting to Motivate Employees Lowers Productivity

This study aimed to establish the respondents` opinion on whether neglecting to motivate employees can result in workers dissatisfaction, which lowers productivity thus reducing employee job performance. Most respondents who were 43 percent strongly agreed, 43 percent agreed, 6 percent were neutral, 4 percent disagreed and 4 percent strongly disagreed. This showed that motivation should be continuous as the key to improving employees’ productivity with 86 percent agreeing.
4.5.7 Performance Management Links Corporate Objectives to Individual Performance

This study aimed to establish the respondents’ opinion on whether performance management provides a framework to link the corporate aims and objectives to performance of individuals and to find out if it affects employee job performance. Most respondents who were 39 percent agreed, 30 percent were neutral, 26 percent strongly agree, 2 percent disagreed and 3 percent strongly disagreed. This showed that performance management provides a framework to link the corporate aims and objectives to performance of individuals with 65 percent agreeing with the statement. However, important to note also is the high neutral of 30 percent. This showed that performance management is not the only factor that links corporate objectives to individual performance.

4.5.8 Employee Engagement and Organizational Performance

This study aimed to establish the respondents’ opinion on whether employee engagement is a stronger predictor of positive organizational performance and how it affected employee job performance. Most respondents who were 35 percent neutral, 33 percent agreed, 20 percent strongly agree, 7 percent disagreed and 5 percent strongly disagreed. With a high neutral of 35 percent this showed that employee did not feel that employee engagement is the only factor that predicts positive organizational performance.

4.5.9 Engaged Employees Attachment to their Organization

This study aimed to establish the respondents’ opinion on whether engaged employees are emotionally attached to their organization and if this affected job performance. Most respondents who were 39 percent agreed, 38 percent strongly agree, 9 percent neutral, 7 percent disagreed and 7 percent strongly disagreed. The findings showed that employee engagement was highly regarded with 77 percent agreeing that it made employees more attached to the organization.

4.5.10 Personal Achievement and Employees Performance

This study aimed to establish the respondents’ opinion on whether personal achievement motivates employees to improve job performance. Most respondents who were 39 percent agreed, 39 percent strongly agree, 9 percent neutral, 6 percent disagreed and 7 percent
strongly disagreed. The findings showed that personal achievement motivates employees to improve performance with 78 percent agreeing with the statement.

4.5.11 Career Development and Organizations Right Staff

This study aimed to establish the respondents’ opinion on whether an effective career development process ensures that organizations have the right people and how it affected employee job performance. Most respondents who were 48 percent strongly agreed, 39 percent agreed, 4 percent were neutral, 4 percent disagreed and 4 percent strongly disagreed. This showed that an effective career development process ensures that organizations have the right people with 87 percent agreeing with the statement.

4.5.12 Career Development Opportunity Motivates Employees

This study aimed to establish the respondents’ opinion on whether career development opportunity motivates employees to meet productivity standards and its effects on employee job performance. Most respondents who were 43 percent strongly agreed, 41 percent agreed, 7 percent neutral, 5 percent disagreed and 4 percent strongly disagreed. These findings showed that career development opportunity motivates employees to meet productivity standards with 84 percent agreeing.

Most respondents were of the opinion that the organization should improve intrinsic rewards by assisting people to further their skills through training and sponsorship.
Table 4.12 Intrinsic Rewards and Employee Job Performance

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Intrinsic rewards are much stronger than financial rewards in increasing employee motivation</td>
<td>2%</td>
<td>7%</td>
<td>7%</td>
<td>30%</td>
<td>54%</td>
<td>100%</td>
</tr>
<tr>
<td>b) Intrinsic motivation stems from motivations that are inherent in the job itself</td>
<td>7%</td>
<td>7%</td>
<td>13%</td>
<td>44%</td>
<td>32%</td>
<td>100%</td>
</tr>
<tr>
<td>c) Employee involvement encourages employee commitment to organizational success.</td>
<td>2%</td>
<td>2%</td>
<td>36%</td>
<td>30%</td>
<td>305</td>
<td>100%</td>
</tr>
<tr>
<td>d) Non-financial rewards are the most powerful predictors of job satisfaction</td>
<td>5%</td>
<td>7%</td>
<td>20%</td>
<td>35%</td>
<td>33%</td>
<td>100%</td>
</tr>
<tr>
<td>e) Employees training provides big payoffs for the organization in increase productivity</td>
<td>9%</td>
<td>6%</td>
<td>13%</td>
<td>35%</td>
<td>37%</td>
<td>100%</td>
</tr>
<tr>
<td>f) Neglecting to motivate employees results in dissatisfied workers, which lowers productivity</td>
<td>4%</td>
<td>4%</td>
<td>6%</td>
<td>43%</td>
<td>43%</td>
<td>100%</td>
</tr>
<tr>
<td>g) Performance management provides a framework to link the corporate aims and objectives to performance of individuals</td>
<td>2%</td>
<td>3%</td>
<td>30%</td>
<td>39%</td>
<td>26%</td>
<td>100%</td>
</tr>
<tr>
<td>h) Employee engagement is a stronger predictor of positive organizational performance</td>
<td>7%</td>
<td>7%</td>
<td>35%</td>
<td>33%</td>
<td>20%</td>
<td>100%</td>
</tr>
<tr>
<td>i) Engaged employees are emotionally attached to their organization</td>
<td>7%</td>
<td>7%</td>
<td>9%</td>
<td>39%</td>
<td>39%</td>
<td>100%</td>
</tr>
<tr>
<td>j) Personal achievement motivates employees to improve performance</td>
<td>7%</td>
<td>6%</td>
<td>9%</td>
<td>39%</td>
<td>39%</td>
<td>100%</td>
</tr>
<tr>
<td>k) An effective career development process ensures that organizations have the right people</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
<td>39%</td>
<td>48%</td>
<td>100%</td>
</tr>
<tr>
<td>l) Career development opportunity motivates employees to meet productivity standards</td>
<td>4%t</td>
<td>5%</td>
<td>7%</td>
<td>41%</td>
<td>43%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5.1 Correlations of Intrinsic Rewards and Employee Job Performance

Table 4.13 shows strong and positive relationships between intrinsic job rewards and employees job performance. The relationship was significant at \( r = 0.312, P< 0.01 \), thus the intrinsic rewards greatly influenced employee job performance. Any correlation above the level 0.05 is considered as significant.
Table 4.13 Correlations

<table>
<thead>
<tr>
<th></th>
<th>Intrinsic Rewards</th>
<th>Employee Job Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic Rewards</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.312*</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
</tr>
<tr>
<td>Employee Job Performance</td>
<td>Pearson Correlation</td>
<td>.312*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.035</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
</tr>
</tbody>
</table>

. Correlation is significant at the 0.05 level (2-tailed).

This section reported on the findings of how intrinsic rewards influence employee job performance. The majority 84 percent agree that intrinsic rewards are much stronger than financial rewards in increasing employee motivation. The majority 77 percent agree that intrinsic motivation stems from motivations that are inherent in the job itself. Majority 60 percent agreed that employee involvement encourages employee commitment to organizational success. The majority 68 percent agreed that non-financial rewards are the most powerful predictors of job satisfaction. The majority at 72 percent agreed that employees’ training provides big payoffs for the organization in increase productivity.

The majority 86 percent agree that neglecting to motivate employees resulted in dissatisfaction of workers and low productivity. The majority 53 percent agreed that engaged employees are emotionally attached to their organization. The majority 78 percent agreed that personal achievement motivates employees to improve performance. The majority 87 percent agreed that an effective career development process ensures that organizations have the right people. The majority 84 percent agreed that career development opportunity motivates employees to meet productivity standards.

The next section presents findings on the variable of extrinsic rewards and how they influence employee job performance.

4.6 Extrinsic Rewards and Employee Job Performance

Extrinsic motivation is based on tangible rewards. Unlike intrinsic motivation that is self-administered, extrinsic motivation is external to the individual and is typically offered by a supervisor or manager who holds all the power in relation to when extrinsic rewards are offered and in what amount (Cooper and Schindler, 2008). Extrinsic rewards are usually financial in nature, such as a raise in salary, a bonus for reaching some quota or paid time
off. However, extrinsic rewards can also be as simple as getting the better office, verbal praise, public recognition or awards, promotions and additional responsibility (Collins and Hussey, 2006). This study sought to find out how extrinsic rewards influences employee job performance. The information sought in this section was if extrinsic rewards are usually in monetary form, the effect of praise and recognition on an employee performance, leadership styles and how they affect employee performance, positive psychology and promotion, time offs as factors that affect employee job performance.

4.6.1 Extrinsic Rewards are usually financial in Nature

This study aimed to establish the respondents’ opinion on whether extrinsic rewards are usually financial in nature and how they affected employee job performance. Most respondents who were 46 percent strongly agreed, 35 percent agreed, 5 percent neutral, 7 percent disagreed and 7 percent strongly disagreed. The findings showed that most extrinsic rewards in the organization are usually financial in nature with 81% agreeing.

4.6.2 Praise and Recognition Effects on Employee Satisfaction

This study aimed to establish the respondents` opinion on whether praise and recognition have a greater positive effect on raising employee satisfaction and how this affected employee job performance. Most respondents who were 39 percent agreed, 37 percent strongly agreed, 7 percent were neutral, 7 percent disagreed and 7 percent strongly disagreed. This showed praise and recognition have a greater positive effect on raising employee satisfaction with 76 percent agreeing with the statement.

4.6.3 Leadership Styles and Extrinsic Rewards

This study aimed to establish the respondents` opinion on whether leadership styles play an important part of extrinsic rewards and its effects on employee job performance. Most respondents who were 52 percent strongly agreed, 35 percent agreed, 7 percent neutral, 4 percent disagreed and 2 percent strongly disagreed. These findings showed that leadership styles play an important part of extrinsic rewards with 87 percent agreeing with the statement.

4.6.4 Positive Psychology Improves Job Satisfaction

This study aimed to establish the respondents` opinion on whether positive psychology improves job satisfaction and how this in turn affected employee performance. Most
respondents who were 30 percent neutral, 22 percent disagreed, 17 percent agree, 17 percent strongly disagreed and 13 percent strongly agreed. This showed that positive psychology has little effect on job satisfaction with 39 percent agreeing with the statement. It also implied that positive psychology is not the only factor that affected job satisfaction but that there were other factors involved.

4.6.5 Promotion and Good Performance

This study aimed to establish the respondents’ opinion on whether promotion is an employee's reward for good performance and how it affected employee job performance. Most respondents who were 50 percent strongly agreed, 37 percent agreed, 9 percent were neutral, 2 percent disagreed and 2 percent strongly agreed. The findings with a majority agreeing at 87 percent showed that promotion was an effective way of rewarding employees for good performance.

4.6.6 Promotion as a Motivating Factor

This study aimed to establish the respondents’ opinion on whether promotion is the ultimate motivating factor for any employee and if it positively affected job performance. Most respondents who were 52 percent strongly agreed, 33 percent agreed, 7 percent neutral, 6 were percent disagreed and 2 percent strongly disagreed. These findings showed that promotion was the ultimate motivating factor for any employee with 85 percent agreeing with the statement.

4.6.7 Time-Offs as a Reward

This study aimed to establish the respondents’ opinion on whether time-offs is an effective way to motivate and reward employees and how it affected employee job performance. Most respondents who were 30 percent neutral, 21 percent disagreed, 19 percent strongly disagree, 15 percent agreed and 15 percent strongly agreed. These findings showed that time-offs is not the only effective way to motivate and reward employees with a high 30 percent neutral respondents. Thus, the company needed to get other ways of motivating employees and do away with time off as the majority 40 percent disagreed with the statement.
4.6.8 Time-Offs Enables AAR Insurance Have Access to a Reliable Workforce

This study aimed to establish the respondents` opinion on whether time-offs enables AAR Insurance have access to a reliable workforce. Most respondents who were 39 percent neutral, 26 percent disagreed, 22 percent strongly disagree, 9 percent agreed and 4 percent strongly agreed. These findings at 48 percent disagreeing with the statement showed that time-offs was not an effective way for AAR Insurance have to access to a reliable workforce. The findings 39 percent neutral also showed that time off is not the only factor that contributes to a reliable work force.

4.6.9 Positive Work Outlook Improves Employee Performance

This study aimed to establish the respondents` opinion on whether positive work outlook improves employee job performance. Most respondents who were 33 percent neutral, 22 percent disagreed, 20 percent strongly disagree, 17 percent agreed and 17 percent strongly agreed. The findings showed that positive work outlook at 42 percent disagreeing with the statement, did not do much to improve employee performance.

4.6.10 Positive Psychology and Employee Job Performance

This study aimed to establish the respondents` opinion on whether Positive psychology creates an encouraging working environment and if it improves employee job performance. Most respondents who were 30 percent strongly agree, 30 percent agreed, 22 percent neutral, 9 percent disagreed and 9 percent strongly disagreed. This showed that positive psychology creates an encouraging working environment with 60 percent agreeing with the statement.

4.6.11 Praise and Recognition and Employee Motivation

This study aimed to establish the respondents` opinion on whether praise and recognition have a greater positive effect on increasing motivation and how it affected employee job performance. Most respondents who were 41 percent strongly agree, 39 percent agreed, 6 percent neutral, 7 percent disagreed and 7 percent strongly disagreed. The findings showed that praise and recognition were important motivating factors with 80 percent agreeing with the statement.
4.6.12 AAR Insurance Gives Promotions Based on Job Performance

This study aimed to establish the respondents’ opinion on whether AAR insurance gives promotions based on job performance and how this affected employee job performance. Table 4.14 below shows that most respondents who were 43 percent strongly agree, 35 percent agreed, 9 percent neutral, 4 percent disagreed and 9 percent strongly disagreed. The findings showed that AAR insurance gave promotions based on job performance with 78 percent agreeing with the statement. The majority percent of respondents indicated that the organization should improve extrinsic rewards through creating time-offs for employees through regular leaves to allow good rest.

Table 4.14 Extrinsic Rewards and Employee Job Performance

<table>
<thead>
<tr>
<th>Reward Type</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Extrinsic rewards are usually financial in nature</td>
<td>7%</td>
<td>7%</td>
<td>5%</td>
<td>35%</td>
<td>46%</td>
<td>100%</td>
</tr>
<tr>
<td>b) Praise and recognition have a greater positive effect on raising employee satisfaction</td>
<td>4%</td>
<td>9%</td>
<td>11%</td>
<td>39%</td>
<td>37%</td>
<td>100%</td>
</tr>
<tr>
<td>c) Leadership styles play an important part of extrinsic rewards.</td>
<td>2%</td>
<td>4%</td>
<td>7%</td>
<td>35%</td>
<td>52%</td>
<td>100%</td>
</tr>
<tr>
<td>d) Positive psychology improves job satisfaction</td>
<td>17%</td>
<td>22%</td>
<td>30%</td>
<td>17%</td>
<td>13%</td>
<td>100%</td>
</tr>
<tr>
<td>e) Promotion is an employee's reward for good performance</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
<td>37%</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>f) Promotion is the ultimate motivating factor for any employee</td>
<td>2%</td>
<td>6%</td>
<td>7%</td>
<td>33%</td>
<td>52%</td>
<td>100%</td>
</tr>
<tr>
<td>g) Time-offs is an effective way to motivate and reward employees</td>
<td>19%</td>
<td>21%</td>
<td>30%</td>
<td>15%</td>
<td>15%</td>
<td>100%</td>
</tr>
<tr>
<td>h) Time-offs enables AAR Insurance have access to a reliable workforce</td>
<td>22%</td>
<td>26%</td>
<td>39%</td>
<td>9%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>i) Positive work outlook improves employee performance</td>
<td>20%</td>
<td>22%</td>
<td>33%</td>
<td>17%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>j) Positive psychology creates an encouraging working environment</td>
<td>9%</td>
<td>9%</td>
<td>22%</td>
<td>30%</td>
<td>30%</td>
<td>100%</td>
</tr>
<tr>
<td>k) Praise and recognition have a greater positive effect on increasing motivation</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
<td>39%</td>
<td>41%</td>
<td>100%</td>
</tr>
<tr>
<td>l) AAR insurance gives promotions based on job performance</td>
<td>9%</td>
<td>4%</td>
<td>9%</td>
<td>35%</td>
<td>43%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.6.1 Correlations Extrinsic Rewards and Employee Job Performance

A correlation of extrinsic rewards and employee job performance was carried out to find out if any relationship existed between the two variables and the strength of the relationship. The level of 0.01 and above of the correlation results was acceptable as considered significant. The table 4.15 shows a strong relationship between extrinsic rewards and employee job performance. The relationship is significant at (r = -0.382, P< 0.01), thus extrinsic rewards like time-offs, praise and recognitions influenced how employees performed.

**Table 1** Table 4.15 Correlations

<table>
<thead>
<tr>
<th></th>
<th>Extrinsic Rewards</th>
<th>Employee Job Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extrinsic Rewards</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
</tr>
<tr>
<td>Employee Job Performance</td>
<td>Pearson Correlation</td>
<td>.382**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.009</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>46</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

This section reported on the findings on how extrinsic rewards influenced employee job performance. The majority 81 percent agreed that extrinsic rewards were usually financial in nature. The majority 76 percent agreed praise and recognition had a greater positive effect on raising employee satisfaction. The majority 87 percent agreed that leadership styles played an important part of extrinsic rewards. The majority 41 percent disagreed that positive psychology improves job satisfaction. The majority 87 percent agreed that promotion was an employee's reward for good performance.

The majority 85 percent agreed that promotion was the ultimate motivating factor for any employee. The majority 40 percent disagreed that time-offs was an effective way to motivate and reward employees. The majority 48 percent disagreed that time-offs enabled AAR Insurance have access to a reliable workforce. The majority 42 percent disagreed that a positive work outlook improved employee performance. The majority 60 percent
agreed that positive psychology created an encouraging working environment. The majority 80 percent agreed that praise and recognition had a greater positive effect on increasing motivation. The majority 78 percent agreed that AAR insurance gave promotions based on job performance.

The correlation showed a strong relationship between extrinsic rewards and employee job performance. The relationship was significant at \( r = -0.382, P < 0.01 \), thus extrinsic rewards like time-offs, praise and recognitions influenced how employees performed. The level of 0.01 and above of the correlation results was acceptable as considered significant.

4.7 Chapter Summary

The chapter discussed the findings on the general information of the respondents at AAR Insurance Kenya. The majority of the respondents were male at 57 percent. The majority of the respondent age bracket fell between 20-25 years at 37 percent. Majority of the respondents were married at 43 percent and holders of university degrees with a majority at 48 percent. The work experience of the majority of the respondents was at 6-10 years and the department that had majority of the respondents was the human resource with 28 percent.

A correlation of age, monetary rewards and job performance showed a positive significance relationship between monetary rewards and age and also had a positive impact on job performance. A correlation of intrinsic rewards, the level of education and job performance showed a strong positive significant relationship between intrinsic rewards and highest level of education and also with job performance.

This section also reported on the findings of various factors that influence employee job performance at AAR Insurance Kenya. Majority of the respondents at 87 percent agreed that job performance is an important criterion for organisational outcomes. The majority at 82 percent felt that employee’s skills affect job performance. A majority at 83 percent agreed that productivity improves performance. The majority 78 percent agreed that training employees continuously improves job performance, the majority 78 percent agreed that dedication helps employees accomplish organisational goals and at 65 percent the majority agree that staff welfare improves employee job performance.
The majority at 65 percent agreed that rewarding employees improved communication in organisations. The majority 65 percent agreed that effective internal communication keeps employees engaged in the business, while a majority at 87 percent agreed that motivation improves work habits. The majority at 65 percent agreed that connecting recognition and a specific behaviour helps drive future performance. The majority at 86 percent agreed that recognition programs should be set up for both individuals and team’s. The majority at 80 percent agreed that communication is a key performance indicator in employee evaluations.

This summary of the findings of how monetary rewards influence employee job performance were reported as follows. The majority at 80 percent agreed that monetary rewards motivated employees to perform at their best to achieve goals. The majority 76 percent agreed that bonuses are given to employees for doing a good job. The majority at 35 percent were neutral, they neither agree nor disagree that bonuses reflect the level of employee responsibility in the organisation. The majority 78 percent agreed that sales or production contests are another way to offer monetary rewards. The majority 68 percent greed that profit sharing with employees is an excellent way to reward employees.

The majority 76 percent agreed that piece rates encourages employees to work quickly to receive the highest rate of pay. The majority at 81 percent agreed that companies can also offer pay raises for reaching certain production levels. The majority at 37 percent was neutral and did not agree nor disagree that raises based purely on time spent with the company can be a disincentive for employees to improve. The majority at 79 percent agreed that bonuses are used as part of employee recognition and rewards programs. The majority 87 percent agreed that AAR insurance pays performance bonuses to employees who achieve satisfactory results. The majority 87 percent agreed that contests improves competition in work place. The majority at 80 percent agreed that gain sharing offers workers rewards based on the performance of their work units.

The correlation findings between monetary rewards and employee job performance, showed a strong positive relationship between monetary rewards and employee job performance. The relationship is significant ($r = -0.089, P < 0.01$) thus there monetary rewards greatly influenced employee job performance.
This section reported on the findings of how intrinsic rewards influence employee job performance. The majority 84 percent agree that intrinsic rewards are much stronger than financial rewards in increasing employee motivation. The majority 77 percent agreed that intrinsic motivation stems from motivations that are inherent in the job itself. Majority 60 percent agreed that employee involvement encourages employee commitment to organizational success. The majority 68 percent agreed that non-financial rewards are the most powerful predictors of job satisfaction. The majority at 72 percent agreed that employees’ training provides big payoffs for the organization in increase productivity.

The majority 86 percent agree that neglecting to motivate employees resulted in dissatisfaction of workers and low productivity. The majority 53 percent agreed that engaged employees are emotionally attached to their organization. The majority 78 percent agreed that personal achievement motivates employees to improve performance. The majority 87 percent agreed that an effective career development process ensures that organizations have the right people. The majority 84 percent agreed that career development opportunity motivates employees to meet productivity standards.

Lastly this section reported on the findings on how extrinsic rewards influenced employee job performance. The majority 81 percent agreed that extrinsic rewards were usually financial in nature. The majority 76 percent agreed praise and recognition had a greater positive effect on raising employee satisfaction. The majority 87 percent agreed that leadership styles played an important part of extrinsic rewards. The majority 41 percent disagreed that positive psychology improves job satisfaction. The majority 87 percent agreed that promotion was an employee's reward for good performance.

The majority 85 percent agreed that promotion was the ultimate motivating factor for any employee. The majority 40 percent disagreed that time-offs was an effective way to motivate and reward employees. The majority 48 percent disagreed that time-offs enabled AAR Insurance have access to a reliable workforce. The majority 42 percent disagreed that a positive work outlook improved employee performance. The majority 60 percent agreed that positive psychology created an encouraging working environment. The majority 80 percent agreed that praise and recognition had a greater positive effect on increasing motivation. The majority 78 percent agreed that AAR insurance gave promotions based on job performance.
The correlation showed a strong relationship between extrinsic rewards and employee job performance. The relationship was significant at \( r = -0.382, P< 0.01 \), thus extrinsic rewards like time-offs, praise and recognitions influenced how employees performed. The level of 0.01 and above of the correlation results was acceptable as considered significant.

Chapter five will provide discussions and conclusion of the findings discussed in this chapter.
CHAPTER FIVE

5.0 DISCUSSION; CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings, discussions and conclusions and recommendations drawn from the study findings. The chapter is presented in line with the objectives of the study which were to determine the relationship between monetary rewards and employee job performance at AAR insurance, to determine the relationship between extrinsic rewards and employee job performance and to examine how intrinsic rewards enhance employee job performance at AAR insurance.

This study applied a causal research design. The design enabled examination of the effect of using the reward system on employee job performance at AAR Insurance and observing how the relationship between the variables works (i.e. rewarded staff feel motivated to work, resulting in improved employee job performance). Study population was the 200 managers at AAR insurance. A sample size of 67 respondents was drawn using simple random sampling technique. Data was collected using questionnaires that were distributed among AAR insurance managers attending two training workshops. Data collected was qualitative and quantitative in nature and was analyzed using the mean, frequencies and percentages and tabulated in form of figures and tables. SPSS was used in data analysis mostly on correlation and regression analysis to determine the relationship between the variables.

5.2 Summary of Findings

5.2.1 AAR Insurance Managers Demographics

The majority of the respondents 57% were male; for majority of the respondents at 37% were aged between 20-25 years. Further, majority of the respondents at 43% were married. On education level, majority of the respondents at 48% were holders of university degrees. The work experience of the majority of the respondents was at 6-10 years and the department that had majority of the respondents was the human resource with 28 percent.

The next section presents the summary of findings of factors affecting employee job performance.
5.2.2 Employee Job Performance

Majority of respondents at 87% agreed that job performance was an important criterion for organizational outcomes. Employee’s skill was found to affect job performance as indicated by majority of the respondents at 82%. Reward was found to improve productivity as indicated by 83% of the respondents. Training employees was indicted by (78%) to continuously improve job performance. Dedication was indicated by (78%) to help employees accomplish organization goals. Staff welfare was indicated to have improved employee job performance by (65%). The majority of respondents (50%) indicated that rewarding employees improved communication in the organization. Effective internal communications was indicated by (65%) to help to keep employees engaged in the business. Most respondents (87%) indicated that motivation improved work habits of employees. Connecting the recognition and a specific behavior was indicated by (65%) of the respondents to help drive future employee performance. Most respondents (86%) were of the opinion that recognition programs should be set up for both individuals and teams. Majority of respondents (80%) indicated that communication was a key performance indicator in employee evaluations.

Correlation results indicated a strong positive relationship between training and employee job performance. The relationship was significant at 90% confidence level (r = -0.120, P< 0.01). Staff welfare and employees performance were found to have significant, strong positive relationship (r = -0.064, P< 0.01). Further, the relationship between employee skills and employee performance was also significant, strong and positive (r = -0.165, P< 0.01).

The next section presents the summary of findings of monetary rewards and employee job performance.

5.2.3 Monetary Rewards and Employee Job Performance

Majority (80%) of the respondents indicated that monetary rewards motivated employees to perform at their best to achieve their goals; bonuses were given to employees for doing a good job at (76%). The bonuses reflected the level of employee responsibility in the organization had a majority being neutral at (35%). Sales or production as a contest was indicated by (78%) as another way to offer monetary rewards. Profit sharing with employees was indicated by (68%) of the respondents as an excellent way to reward employees. Piece rates at (76%) were indicated to encourage employees to work quickly
to receive the highest rate of pay. Companies also offered pay raise as reward for reaching certain production levels which was indicated by (81%) of the respondents. Raises based purely on time spent with the company can be a disincentive for employees to improve as indicated by (37%) of the respondents being neutral. Bonuses were used as part of employee recognition and rewards programs at (79%) as AAR insurance pays performance bonuses to employees who achieve satisfactory which was indicated by (87%) of the respondents. Contests improved competition in work place at (87%). Gain sharing offers workers payments based on the performance of their work units at (80%).

There was strong positive relationship between monetary rewards and employee job performance. The relationship is significant (r = -0.089, P< 0.01). The findings presented showed that taking all other independent variables at 0.3469, a unit increase in monetary rewards would lead to a 0.003 increase in employee’s job performance.

The next section presents the summary of findings of intrinsic rewards and employee job performance.

5.2.4 Intrinsic Rewards and Employee Job Performance

Intrinsic rewards were found to be much stronger than financial rewards in increasing employee motivation by (84%). The majority of respondents (77%) indicated that intrinsic motivation stems from motivations that are inherent in the job itself. Employee involvement was indicated by most respondents (60%) to encourage employee commitment to organizational success. Further, non-financial rewards were the most powerful predictors of job satisfaction as indicated by majority of the respondents (68%) of the respondents. Employees training provided big payoffs for the organization in increasing productivity as indicated by (72%) of the respondents. Neglecting to motivate employees’ results to dissatisfied workers which were indicated by (86%) to lower productivity. Performance management was indicated by (53%) of respondents to provide a framework to link the corporate aims and objectives to performance of individuals. Most respondents indicated that engaged employees were emotionally attached to their organization at (77%). Personal achievement was indicated by (78%) of the respondents to motivate employees to improve performance. Effective career development process ensured that organizations have the right people at (87%). Career development opportunity motivates employees to meet productivity standards as indicated by (84%) of the respondents.
Intrinsic rewards and employee job performance was found to have significant strong and positive relationship (r = 0.312, P< 0.01). This meant that increase in intrinsic reward leads to improved job performance. Hence, to boost performance, AAR insurance will require improvement on intrinsic reward mechanisms.

The next section presents the summary of findings of extrinsic rewards and employee job performance

5.2.5 Extrinsic Rewards and Employee Job Performance

Majority of respondents (81%) agreed that extrinsic rewards are usually financial in nature. Praise and recognition have a greater positive effect on raising employee satisfaction at (76%). Leadership styles played an important part of extrinsic rewards (84%). Positive psychology does not improve job satisfaction as indicated by (41%) of the respondents. Most respondents (87%) indicated that promotion was an employee's reward for good performance and hence ultimate motivating factor for any employee. On the other hand, time-offs was found not to be an effective way to motivate and reward employees as indicated by majority of the respondents (40%). Time-offs did not to enable AAR insurance to have access to a reliable workforce as indicated by majority of the respondents (48%). Positive work outlook was found not to improve employee performance (42%); positive psychology was indicated to create an encouraging working environment (60%) and praise and recognition was indicated by majority of the respondents (80%) to have a greater positive effect on increasing motivation. Further, majority respondents (78%) indicated that AAR insurance gave promotions based on job performance.

Extrinsic rewards and employee job performance were found to have negative relationship. The relationship was significant at 90% confidence level (r =-0.382, P< 0.01). The findings obtained indicated that taking all other independent variables at 0.3469, a unit increase in extrinsic rewards would lead to a 0.243 increase in employee’s performance.

The next section provides the discussion, conclusions and recommendations.
5.3 Discussions

5.3.1 Monetary Rewards and Employee Job Performance
The findings of the study have it that monetary rewards motivate managers at AAR Insurance to perform better to achieve their goals as indicated by 80% of the respondents. These findings agrees with those by Kepner (2001) who argued that monetary incentives which include profit sharing, bonuses, contests, stock options and warrants, piece rates and pay rise lead to higher employee performance. Traditionally, these monetary rewards have helped maintain a positive motivational environment for employees. Bonuses given to employees for doing a good job improve employee motivation as indicated by the findings of (76%). The findings agrees with Collins and Hussey (2006) who argued that one common way to reward employees is to offer bonuses. Sales or production contests was another way to offer monetary rewards as indicated by majority (78%) of the respondents. This agrees with Churchill and Brown (2007) who argued that sales or production contests are another way to offer monetary rewards. This can be accomplished by offering an additional bonus or prizes to the person or team with the highest level of production.

Additionally, profit sharing with employees is an excellent way to reward employees as indicated by majority of the respondents (68%). This finding supports that of Taljaard (2012) who argued that profit sharing with employees was an excellent way to reward employees. In profit sharing scheme, employees receive a portion of the profit based on their position and time worked with the company. This gives employees a sense of ownership in the success of the company and encourages high levels of performance. Further, the study found that piece rates encouraged employees to work quickly to receive the highest rate of pay as indicated by majority of the respondents (76%). This agrees with Pratheepkanth (2011), who argued that companies can offer piece rates as a monetary reward. The employee will receive a certain amount of money for each piece he produces. This encourages employees to work quickly to receive the highest rate of pay, but the company must make sure that quality is not compromised. The findings also indicated that companies offer pay raises for reaching certain production levels (indicated by 81% of respondents). This finding compared with Robbins and De Cenzo (2008) who argued that companies can also offer pay raises for reaching certain production levels, completing training programs or for staying with the company for a certain period of
time. These raises can help motivate employees to improve their performance levels and skills. They also reward loyalty to the company.

Next we discuss about intrinsic rewards and employee job performance.

**5.3.2 Intrinsic Rewards and Employee Job Performance**

Intrinsic rewards are much stronger than financial rewards in increasing employee motivation which agrees with Frederick Herzberg (1987) who argued that intrinsic rewards were much stronger than financial rewards in increasing employee motivation. Intrinsic motivation stems from motivations that are inherent in the job itself as indicated by majority of the respondents (84%). This agreed with Luthans (1998) who argued that intrinsic motivation stems from motivations that are inherent in the job itself and which the individual enjoys as a result of successfully completing the task or attaining his goals.

The findings indicated that employee involvement encourage employee commitment to organizational success as highlighted by majority of respondents (77%). This agreed with Cascio (2010) who argued that employee engagement goes further than simple compliance or surface behavior; it is an emotional attachment to the organization that brings the employee to go the extra mile because they feel valued and have a passion for their work, which in turn increases performance. The findings (indicated by 72% majority) indicated that employees training provided big payoffs for the organization in increase productivity. This agreed with Mintzberg (2010) who argued that training programs within an organization are more valuable than a higher base salary because an employee feels the learning opportunity will benefit his career.

Effective career development process ensured that organizations have the right person as indicated by the majority of the respondents (87%). This concurred with Obon’go (2008) who argued that an effective career development process ensures that organizations have the right people with the right skills to get the job done and meet organizational objectives. It means building a talent pool to be able to meet current and future needs. Fortunately, for most companies, the effort doesn’t require starting from scratch. Often, it means taking existing resources and figuring out how best to align them to the organization’s strategy.
5.3.3 Extrinsic Rewards and Employee Job Performance

Extrinsic rewards are usually financial in nature as indicated by findings at (81%) This concurred with Collins and Hussey, (2006) who argued that extrinsic rewards are usually financial in nature, such as a raise in salary, a bonus for reaching some quota or paid time off. However, extrinsic rewards can also be as simple as getting the better office, verbal praise, public recognition or awards, promotions and additional responsibility. Praise and recognition have a greater positive effect on raising employee satisfaction as indicated by findings (76%). This agreed with Lienert (2003) who argued that praise and recognition are essential to an outstanding workplace. People want to be respected and valued for their contribution. Everyone feels the need to be recognized as an individual or member of a group and to feel a sense of achievement for work well done or even for a valiant effort.

The findings indicated that positive psychology did not improve job satisfaction (majority at 41%). This clearly showed that positive psychology alone is not an adequate reward mechanism. This agreed with Burns and Bush (2010) who argued that positive psychology enhances satisfaction, motivation, and productivity in the workplace by looking at several items including leadership and management styles and their effects on motivation. Promotion is an employee's reward for good performance as indicated by majority of the respondents (87%). This agreed with Bryman (2008) who argued that promotion may be an employee's reward for good performance, i.e., positive appraisal (Before a company promotes an employee to a particular position it ensures that the person is able to handle the added responsibilities by screening the employee with interviews and tests and giving them training or on the job experience.

Time-offs was not an effective way to motivate and reward employees as indicated by majority (40%) of the respondents. This disagreed with Armstrong (2006) who argued that employees who take most or all of their vacation time each year perform better, are more productive and more satisfied in their jobs than those who do not, according to HR professionals. Thus further research should be conducted at AAR Insurance to find out why time offs was not achieving the expected results.
5.4 Conclusions

Based on the findings discussed, several conclusions were derived. The majority of the respondents who provided the required information on the relationship between reward systems and employee job performance at AAR were young people and married. Education level of most of the respondents were graduate, qualified in their respective job undertakings and hence they would clearly understand the relationship between reward systems and employee job performance. Most of the respondents had worked in the organization for a long time and hence they would clearly understand the relationship between reward systems and employee job performance. The study targeted the respondents from all the departments at AAR Insurance.

5.4.1 Employee Job Performance

According to the findings, job performance was important in evaluating organization outcomes. Similarly the study found that employee skills greatly affected employee job performance. Hence, employee job performance can determine if a company is successful and what skill set the employees need to acquire in order to perform at its best.

Further, this study shows that reward system was an important factor of improving employee productivity and that rewarding employees’ improved confidence on employee’s communication in the organization. With these findings AAR Insurance should continue rewarding employees as it is appreciated and encouraging to the staff.

According to the findings communications is key in keeping employees engaged in the business and it was also found to be a key performance indicator in employee evaluations. Hence, communication skills should be highly encouraged and those employees who lack the skills enrolled for continuous training to help improve job performance.

Given the findings, AAR Insurance has potential to be an organization of excellence especially through enhancement of employee reward systems to encourage good performance, training them, encouraging dedication and effective communication across employees within the organization. AAR Insurance has the right kind of workforce and thus, the HR department should enhance reward system and work hand in hand with the employees to improve on any challenges noted.
5.4.1 Monetary Rewards and Employee Job Performance

According to the findings, monetary rewards are important motivators for employees to achieve their goals. Bonus was found to be an effective way of rewarding employees who do a good job. The study thus concludes that monetary rewards were being better appreciated and accepted as a way of rewarding employees at AAR Insurance. In fact, bonuses are an effective way of recognizing and rewarding employees at AAR.

AAR insurance pays performance bonuses to employees who achieve satisfactory performance. From the results, the employees at AAR Insurance are young and appreciate monetary rewards. Hence, the study concludes that monetary rewards are effective in driving employees’ job performance.

5.4.2 Intrinsic Rewards and Employee Job Performance

The study also concludes that employees value intrinsic rewards much more than financial rewards in increasing employee motivation and that intrinsic motivation stems from motivations that are inherent in the job itself. This clearly showed that AAR Insurance staff happy and passionate about their work and this in turn brought good performance.

From the results employee involvement and engagement also featured as key factors that contributed to employee commitment to organizational success. Employees were more satisfied with non-financial rewards. The study therefore concludes AAR management should come up with ways of maintaining and sustaining employee engagement level in running of the organizations in order to create job satisfaction and improve performance.

From the results training was an effective way of improving employee’s performance and an effective career development process ensured that AAR Insurance have the right people. Career development opportunity motivates employees to meet productivity standards. Therefore, the study concludes that AAR Insurance is a caring partner to her employees’ well being and career growth was reached. Programs on career development should be continuous and the HR department should ensure that employees at all levels benefit.
5.4.3 Extrinsic Rewards and Employee Job Performance

The study concludes that extrinsic rewards in the organization are usually financial in nature as indicated by the findings. This was clearly brought out by the overwhelming support for monetary rewards e.g. bonus and profit sharing in the study.

Further, the findings indicated that promotion was an effective way of rewarding employees for good performance. Promotion was the ultimate motivating factor for any employee. Hence, AAR Insurance should use this reward prudently as it has shown that it improves and motivates employee job performance.

Time-offs is not an effective way to motivate and reward employees on its own and hence not an assurance for reliable workforce. Thus, the study concludes that for time off to be perceived as a reward, it is required to be used together with other reward mechanisms that needed to be identified in order to improve employee performance. Thus, the HR department needs to address this need to be able to give the employees the desired time off and at the same time achieve the desired effect of relaxation and rest leading to improved performance.

5.5 Recommendations

The following are the recommendations were made based on the findings and conclusions of the study.

5.5.1 Recommendations for Improvement

5.5.1.1 Monetary Rewards and Employee Job Performance

The human resource department should encourage and educate AAR Insurance employees continuously on use of other forms of rewards other than financial rewards, as a means of rewarding best performing employees. Bonus should only be offered when employees exceed the set performance target. The HR department can use pay rise as a reward of improved employee’s performance for a given period of time. This will ensure that the employees will strive to continuously exceed expectation in order to receive the pay rise.
The AAR Insurance board of directors can consider introducing other forms of long term monetary rewards for the staff for example scholarships to study for the best employee of the year or for a dependant for the older staff. This would motivate the staff and also ensure that AAR Insurance staff gets the best education to develop the business.

5.5.1.2 Intrinsic Rewards and Employee Job Performance

The organization heads of departments should focus on improving the skill of the employees which would help them perform better. This could be done by the teams identifying their training needs. The HR department should then plan for the same and ensure that each and every teams needs are addressed. This would benefit AAR Insurance to make sure that they do not waste fund on general trainings but instead focus on the employees needs to improve performance leading to improved organization outcomes.

The heads of each department should engage the employees more often in organizational activities which would help the employee feel part of the organization and give suggestions on ways of improving their job performance. This ownership of ideas would lead to the employees ensuring that they succeed and improve AAR Insurance overall performance.

The HR department should encourage individual career development programs for employees as a way of rewarding and motivation employees. Intrinsic rewards should be focused on employee’s personal growth which in turn will ensure the growth of AAR Insurance.

5.5.1.3 Extrinsic Rewards and Employee Job Performance

The managers of each team e.g. the marketing manager should praise and recognize the best performing employees in their team on a regular basis. This recognition will encourage continuous performance and on the other hand it will make other team members also want to improve and perform well in order to be recognized and praised to their peers or the organization.

The heads of department together with the HR team should ensure that promotions are awarded to employees who have exhibited persistence in performance for a given period of time. This will encourage continuous exceeding of performance and in turn improved outcomes for AAR Insurance.
The heads of each department at AAR Insurance should ensure that their leadership style is a motivation and encourages team performance. The HR department should organize for coaching and nurturing of leadership in each department. This will ensure that there is continuity in the running of day to day activities in each department without over reliance on one person and also gives the team accountability for their actions.

5.5.2 Recommendations for Further Studies

The study objective was to identify the relationship between reward systems and employee job performance at AAR. The study findings narrowed into the three rewards that influence the relation on job performance. There are other factors that influence the relationship between reward systems and employee job performance at AAR. Suggestion for further studies is therefore advisable to contribute towards identification of such factors.

Some of the recommendations for further studies at AAR Insurance from the study include research on factors which when used together with rewards would improve communication at AAR Insurance leading to improved job performance. The study also identified the need to research why at AAR Insurance time offs did not motivate the employees as expected and to find out what other factors could be used together with time offs to make it an enjoyable reward and to give AAR Insurance a reliable well rested work force. The study only covered AAR, therefore, further study is recommended to cover more insurance organizations in Kenya.
REFERENCES


Bouckaert, G., Verhoest, K. & De Corte, J. (2009), Public Sector Performance Contracting In Belgium and Flanders, Paris, Public Management Committee: OECD.


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APPENDICES

APPENDIX I: COVER LETTER

Joan W Waiganjo

United States International University

P.O.BOX 1423-00900

Kiambu

Dear Respondent,

I am carrying out a research on Reward Systems and Employee Job Performance at AAR Insurance Kenya. This is in partial fulfillment of the requirements of the Executive Masters Of Science in Organizational Development degree program at the United States International University.

The study has identified AAR Insurance Kenya as the case study from which you have been selected as one of the respondents. The results of this study will provide the management with the necessary information on what factor they need to put in place to ensure that the organization reward system improves employee job performance and gives AAR insurance a competitive edge in the insurance industry.

This is academic research and confidentiality is strictly emphasized, your name will not appear anywhere in the report. Kindly spare sometime to complete the questionnaire attached.

Thank you in advance,

[Signature]

Joan Waiganjo (Research Student)
APPENDIX II: QUESTIONNAIRE FOR AAR INSURANCE MANAGERS

Please take a few minutes to complete this survey questionnaire. Your specific answers will be completely anonymous & confidential, but your views, in combination with those of others, are extremely important.

PART 1: GENERAL INFORMATION

Bio-data

This section, obtains information on the demographics for example age, educational level, years of service, work department and gender.

Please fill all the questions either by ticking (✓) in the boxes or writing in the spaces provided.

1. Gender?
   Male (    )  Female (     )

2. How old are you? (years)
   20-25 years □  26-30 years □  31-35 years □  36 years and over □

3. Marital status?
   Single □  Married □
   Divorced □  Others________________________________________

4. Indicate your highest level of education
   High school □  College/Technical school/polytechnic □
   University □  Others (specify) □

5. How long have you worked at AAR?
   Less than 3 years □  3-5 years □
   6-10 Years □  More than 10 years □

6. Which department are you currently working in at AAR insurance?
   Human resource □  Finance □
   Claims □  Client services □
   Business development □  Case management □
   Membership □  Underwriting □
PART II: EMPLOYEES JOB PERFORMANCE

Employee Performance is the quantity and quality of work which is expected from an employee. In this section, the questions are based on employee job performance and factors that affect it at AAR insurance Kenya.

6. Please tick (✓) in the box that corresponds to your personal opinion with regard to employee job performance (1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree)

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>a)</td>
<td>Job performance is an important criterion for organizational outcomes</td>
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<td>b)</td>
<td>Employee’s skills affect job performance</td>
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<tr>
<td>c)</td>
<td>Rewards improves productivity</td>
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<tr>
<td>d)</td>
<td>Training employees continuously improve job performance</td>
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<tr>
<td>e)</td>
<td>Dedication helps employees accomplish organization goals</td>
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<td>f)</td>
<td>Staff welfare improve employee job performance</td>
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<td>g)</td>
<td>Rewarding employees improves communication in the organization</td>
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<tr>
<td>h)</td>
<td>Effective internal communications can keep employees engaged in the business</td>
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<tr>
<td>i)</td>
<td>Motivation improves work habits</td>
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<td>j)</td>
<td>Connecting the recognition and a specific behavior helps drive future performance</td>
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<td>k)</td>
<td>Recognition programs should be set up for both individuals and teams</td>
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<td>l)</td>
<td>Communication is key performance indicator in employee evaluations.</td>
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</table>

Based on your opinion, how do organizations improve the reward system?

____________________________________________________________________________________
PART III: MONETARY REWARDS AND EMPLOYEE JOB PERFORMANCE

Monetary rewards are incentives that are money-based given when an employee meets or exceeds expectations. Monetary incentives can include cash bonuses, stock options and profit-sharing. This section obtains information regarding monetary rewards and how they influence employee job performance in AAR insurance Kenya. These questions are based on types of monetary rewards and how they are used to reward performance.

7. Please tick (√) in the box that corresponds to your opinion for each statement with regard to monetary rewards and employee job performance (1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>(a) Monetary rewards motivate employees to perform at their best to achieve goals</td>
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<td>b) Bonuses are given to employees for doing a good job</td>
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<td>c) Bonuses reflect level of employee responsibility in the organization</td>
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<td>d) Sales or production contests are another way to offer monetary rewards</td>
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<td>e) Profit sharing with employees is an excellent way to reward employees.</td>
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<td>f) Piece rates encourages employees to work quickly to receive the highest rate of pay</td>
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<tr>
<td>g) Companies can also offer pay raises for reaching certain production levels</td>
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<td>h) Raises based purely on time spent with the company can be a disincentive for employees to improve</td>
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<tr>
<td>i) Bonuses are used as part of employee recognition and rewards programs</td>
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<td>J) AAR insurance pays performance bonuses to employees who achieve satisfactory</td>
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<td>k) Contests improves competition in work place</td>
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<td>l) Gain sharing offers workers payments based on the performance of their work units</td>
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</tbody>
</table>

In your opinion how can the organization improve monetary rewards and improve employees performance?
PART IV: INTRINSIC REWARDS AND EMPLOYEE JOB PERFORMANCE

Intrinsic rewards are personally satisfying outcomes, which include feelings of achievement as well as personal growth. This section obtains information regarding intrinsic rewards and how they influence employee job performance in AAR insurance Kenya. These questions are based on types of intrinsic rewards and how they are used to reward performance.

8. Please tick (√) in the box that corresponds to your personal opinion with regard to intrinsic rewards and employee job performance (1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree)

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Great extent</th>
<th>Very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Intrinsic rewards are much stronger than financial rewards in increasing employee motivation</td>
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<td>b)</td>
<td>Intrinsic motivation stems from motivations that are inherent in the job itself</td>
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<td>c)</td>
<td>Employee involvement encourages employee commitment to organizational success.</td>
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<td>d)</td>
<td>Non-financial rewards are the most powerful predictors of job satisfaction</td>
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<td>e)</td>
<td>Employees training provides big payoffs for the organization in increase productivity</td>
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<td>f)</td>
<td>Neglecting to motivate employees results in dissatisfied workers, which lowers productivity</td>
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<td>g)</td>
<td>Performance management provides a framework to link the corporate aims and objectives to performance of individuals</td>
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<td>h)</td>
<td>Employee engagement is a stronger predictor of positive organizational performance</td>
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<tr>
<td>i)</td>
<td>Engaged employees are emotionally attached to their organization</td>
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<tr>
<td>k)</td>
<td>Personal achievement motivates employees to improve performance</td>
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<td>l)</td>
<td>An effective career development process ensures that organizations have the right people</td>
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<td>m)</td>
<td>Career development opportunity motivates employees to meet productivity standards</td>
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</tbody>
</table>

In your opinion what should be done to improve intrinsic rewards system?
PART V: EXTRINSIC REWARDS AND EMPLOYEE JOB PERFORMANCE

Extrinsic rewards are external rewards tied to certain employee behaviors, skills, time, or roles in an organization. They include salary, status, job security and fringe benefits. This section obtains information regarding extrinsic rewards and how they influence employee job performance in AAR insurance Kenya. These questions are based on types of extrinsic rewards and how they are used to reward performance.

9. Please tick (√) in the box that corresponds to your personal opinion on the relationship between extrinsic rewards and employee job performance *(1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree)*

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Great extent</th>
<th>Very great extent</th>
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</thead>
<tbody>
<tr>
<td>a) Extrinsic rewards are usually financial in nature</td>
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<tr>
<td>b) Praise and recognition have a greater positive effect on raising employee satisfaction</td>
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<td>c) Leadership styles play an important part of extrinsic rewards.</td>
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<td>d) Positive psychology improves job satisfaction</td>
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<td>e) Promotion is an employee's reward for good performance</td>
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<tr>
<td>f) Promotion is the ultimate motivating factor for any employee</td>
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<td>g) Time-offs is an effective way to motivate and reward employees</td>
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<td>h) Time-offs enables AAR Insurance have access to a reliable workforce</td>
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<td>i) Positive work outlook improves employee performance</td>
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<td>j) Positive psychology creates an encouraging working environment</td>
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<tr>
<td>k) praise and recognition have a greater positive effect on increasing motivation</td>
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<tr>
<td>l) AAR insurance gives promotions based on job performance</td>
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</tbody>
</table>

In your opinion what should be done to improve extrinsic rewards system?

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**Thank You for Your Honest Feedback**