EFFECTS OF REWARDS ON EMPLOYEE PERFORMANCE IN THE HOSPITALITY INDUSTRY: A CASE OF NAIROBI SERENA HOTEL

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

FALL 2016
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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Master of Science in Management and Organizational Development (MOD)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

FALL 2016
STUDENTS DECLARATION

I declare that this research project is my original work and has not been submitted to any other university or institution of higher learning for academic credit other than United States International University Africa

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Hellen Muchiri (ID 647026) Date

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

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Fred Newa Date

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Dean, Chandaria School of Business Date
ABSTRACT

The purpose of this study was to establish effects of rewards on employee performance. The first research question of the study examined intrinsic and employee performance; the second research question examined extrinsic rewards and employee performance, while the third research question examined other factors that influence employee performance.

This study adopted a descriptive survey design. The study had a population of 467, a target population of 100 and a sample size of 80. The Researcher used a stratified sampling technique, which yielded a response rate of 65%. Descriptive statistics were analyzed for frequencies and the mean, while inferential statistics were analyzed for correlations, and regressions. Data from the study findings is presented using tables and figures.

The first research question focused on intrinsic rewards and employee performance. The study found that there exists a significant relationship between intrinsic rewards and employee performance. Intrinsic rewards examined in this study included employee’s ability, trust, recognition, and achievement.

The second research question focused on extrinsic rewards and employee performance. The study found the existence of a significant relationship between extrinsic rewards and employee performance. Extrinsic rewards in this study included salaries and wages, paid vacations, paid leave, travel allowances and bonuses.

The third research question focused on other factors that influence employee performance. The study revealed the existence of a significant relationship between other factors and employee performance. Other factors that were examined by this study include employees work environment, management support, and the organizations leadership.

The study concludes that employees’ ability, managers’ trust in employees, recognition, and employees’ view of achievement significantly enhances employees’ performance. This is because intrinsic rewards address employees at the core of their needs, and as a result, form sufficient base that influences and motivates the employees to higher standards of performance. The study concluded that salaries and wages, paid vacations, paid leave, travel allowances and bonuses are essential components of extrinsic rewards that enhance employee performance. When managers take time to invest in extrinsic rewards, employees feel valued by their organization thus working extra hard to enhance their performance, so they can be rewarded even more. This study concludes that factors such as conducive work environment,
employee-managers’ relationship, organizational leadership, and supervisors’ guidance are critical components in enhancing employee performance.

This study recommends that management at Nairobi Serena Hotel should invest more into building employees’ professional capacity and capabilities, enhance and build trust in their employees’ ability to perform their duties, in addition to providing sufficient recognition towards employees for work well done. This will not only motivate the employees, but will also establish a sense of achievement that will further enhance performance. This study recommends that management at Nairobi Serena Hotel should enhance their extrinsic reward mechanisms by investing more in salaries and wages that show management commitment to rewarding work in an equitable manner; enhance paid vacations not only for managers, but also employees based on set performance criteria, and also invest in paid leave and bonuses as a way of motivation. This study recommends that Nairobi Serena Hotel should develop measures that render the work environment more conducive and train managers on how to develop and nurture relationship with employees as well. There is also need to train managers and supervisors on effective ways of coaching and mentoring employees for improved performance.
ACKNOWLEDGEMENT

I would like to sincerely thank my supervisor Dr. Fred Newa for insightful guidance throughout all the stages of writing this research project. I would also like to thank my family and friends for the support and encouragement they offered me throughout this process. Thank you.
DEDICATION
This research project is dedicated to my wonderful family and friends.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The dynamic state of global business greatly influences how organizations position themselves for performance and profitability. An organization’s success is highly dependent on the performance of its employees. Poor employee performance is detrimental to any organization while effective employee performance is a great source of organizational success.

In most organizations, rewards are directly linked to employee performance (Zaman, 2011). Dewhurst et al (2010), defines rewards as both financial and non-financial benefits that are given to employees for good performance at work, or for accomplishing assigned duties, as stipulated in an organizational structure, strategies, policies, and processes. Zaini, Nilufar, and Syed (2009) define employee rewards as tangible financial benefits and services, and other non-tangible benefits given to employees for playing their part in an organization. Richard, Ryan and Deci (2010) say that organizational rewards significantly influence employee performance in organizations.

Employee rewards have been used for decades to recognize, and appreciate employees as a way of enhancing their performance. In early studies of employee rewards, motivation and performance, Taylor (1911) conducted a study on motivation levels of employees who received a piece-rate-pay based on production hours and units. In his study, he concluded that employees are fully motivated by pay. Further, he concluded that employees are inspired to perform better, and produce higher number of production units, when they know the monetary rewards associated with the performance. However, Taylor’s conclusion was later criticized by Mayo (1940), who argued that monetary rewards are not sufficient to inspire performance since employees tend to get bored with job assignments that are routine, thus reducing performance regardless of monetary rewards.

In Europe and America, reward systems started as early as 1950’s with Skinner’s (1953) reinforcement theory that argued that employees’ performance tends to increase with positive performance. In other words, when employees are rewarded well for their work, they tend to reinforce the positive performance that elicited the rewards. Maslow (1943) developed
Maslow’s hierarchy of needs that postulated that employees’ performance is enhanced when their needs are met. One of the ways to meet employees’ needs is through rewards systems. When employees’ feel sufficiently motivated through rewards, they tend to perform much better than those who are not.

In Asian countries, rewards have been used for decades to enhance employee performance (Thomas, 2009). Long before multinationals started venturing in Asia, countries like Malaysia, Japan, and Singapore were using reward systems to enhance employee performance. A study conducted by Ali, and Ahmad (2009) on effects of rewards on employee performance in Malaysian hospitality industry established the existence of a relationship between rewards, motivation, job satisfaction, and performance. The study found that financial rewards were directly related to employee performance as well. Further, they noted that organizations in the hospitality sector should design evaluation systems for rewards that are able to uncover employees’ weaknesses and strengths in a specific job, and reward factors that motivate employees towards enhanced performance.

Africa as a continent has used rewards systems from pre-colonial days. However, Africa’s pre-colonial employee rewards were not as advanced as the monetary extrinsic systems used in Europe (Dewhurst, Guthridge & Mohr, 2010). Employees who worked in farms received higher rewards when the harvest was bountiful as a way of showing appreciation and recognition. In the Hospitality industry context, since the early 1950’s multinational hotels like Hilton started establishing foot on the African continent and since then as established by Ali, and Ahmad (2009), rewards have been used in the African hospitality industry as a way of enhancing employee performance, and organizational competitive advantage. A study conducted in South Africa on the hospitality industry revealed that employee reward systems have been one of the key contributors to sustained employee performance in the sector. Rewards offered in South Africa were both financial and non-financial. Most organizations in the hospitality sector in South Africa have performance goals and objectives that are used to measure employees’ performance and determine the corresponding rewards.

In East Africa, Kenyan companies have been at the leading front in developing employee reward systems for enhancing employee performance (Kabaka et al, 2014). Kenya has a robust hospitality sector that is fed mostly through the tourism sector. Hotels have to compete to ensure that their reward systems are not only competitive, but also enhance employee performance that feeds into organizational performance. According to Heywood (2009), just
like in South Africa, organizations in the hospitality sector in Kenya use both financial and non-financial rewards as a way of enhancing employee performance. Most organizations in the hospitality sector in Kenya like other countries in Africa, set goals and objectives that are the basis upon which employees are rewarded.

Kenya's hospitality industry boasts of more than 500 decent hotels that contribute significantly to the nation's economic growth. In 2011, the sector contributed Kshs. 97.9 Billion to the annual Gross Domestic Product (GDP). Tourism Promotion Services, just like other hospitality organizations in Kenya, utilizes rewards to enhance employee performance (Heywood, 2009).

The Serena Hotels Group is one of 96 companies that make up the Aga Khan Fund for Economic Development (AKFED), the for-profit arm of the Aga Khan Development Network (AKDN). It is run under the umbrella of Tourism Promotion Services (TPS) and is headquartered in Nairobi at Williamson House, 4th Ngong Avenue, Nairobi. It first established hotel ventures in the 1970s in Kenya, where Serena Hotels and safari lodges are recognized as leaders for the quality of their services, architecture and ecological responsibility. Tourism Promotion Services runs 35 town hotels, beach resorts and safari lodges located in Africa (Kenya, Tanzania, Rwanda, Uganda and Mozambique) and Southern Asia (Pakistan, Afghanistan and Tajikistan). The East African hotels are run under Tourism Promotion Services (EA) Ltd. The company is listed in the Nairobi Securities Exchange (NSE), where it trades under the name TPS Eastern Africa Limited. As of March 2015, the company had more than 2,274 employees (TPS Eastern Africa Limited, 2015).

Tourism Promotion Services (EA) Ltd has a commanding presence in the tourism and hospitality industry in the East African region and contributes significantly to the region’s economic growth. In the year 2015, it recorded a turnover of Kshs 6.19 billion compared to Kshs 6.34 billion earned in 2014. Together with its subsidiaries, it contributed significantly to the revenues of the governments of Kenya, Tanzania, Rwanda and Uganda in 2015, as in previous years. Tourism Promotion Services (EA) limited paid the equivalent of Kshs 1.505 billion and Kshs.1.471 billion in direct and indirect taxes in the years 2015 and 2014 respectively (TPS Eastern Africa Limited, 2015). Nairobi Serena Hotel was established in February 1970. It has a total of 183 guest rooms. Its facilities include six conference rooms, a regular restaurant, a fine dining restaurant, two bars and a health club (TPS Eastern Africa Limited, 2015).
1.2 Statement of the Problem

In hospitality industry and specifically hotels, it is very important for organizations to stay focused on employee performance and seek ways to enhance it. While employees are assets in any organization, the importance of an employee in hospitality industry is more significant because the industry is by nature manpower intensive. Most of the employee activity and behavior in the hospitality industry involves direct contact with guests. Performance is a major multi-dimensional construct aimed at achieving results. It has strong links to an organization’s strategic goals. Employee performance encompasses the activities related to a job and how well these activities are executed by employees. Every employee behavior or activity does not result in performance. If the activities or behavior have nothing to do with the organization’s objective such as increasing the sales of the organization and making profit, it is unlikely to contribute to the organization’s performance (Mwita, 2002).

There are two dimensions of employee behavior and activities in employee performance, task performance and contextual performance (Kahya, 2009). Task performance is employee behaviour and activities that directly involve the transformation of raw materials to goods and services which are specific to the job or the core technical skill. Contextual performance concerns aspects of an individual’s performance which maintains and enhances an organisation’s social network and the psychological climate that supports technical tasks. Task performance is further split into two. On the one hand we have activities that transform raw materials into the goods and services. Examples of such activities include operating a production machine in a manufacturing plant or selling merchandise in a retail store. On the other hand, we have activities that service and maintain the organization’s technical core by replenishing its supply of raw materials or distributing its finished products (Kahya, 2009).

Over the last four years, the hospitality sector in Kenya has experienced an array of challenges. Some of these challenges have been brought about by the credit crunch that happened in Europe and America in 2008 that affected the influx of tourism into the sector (Okech, 2010). As a result, several hotels were severely affected and were forced to cut employees’ benefits to mitigate financial challenges occasioned by lack of foreign clients. Worse still, the Kenyan hospitality sector was dealt a further blow when Al-Shabab launched a series of attacks at the coastal region affecting even domestic vacationing that contributed to the performance of the hospitality sector (Ikiara, 2001).
In response to the challenges facing the hospitality sector, Nairobi Serena Hotel has had to cut on payroll expenses. One way has been the withdrawal of some of the staff benefits. This has had some adverse effect on employees’ morale, and consequently, performance. There has also been increased expression of job dissatisfaction significantly impacting employee performance.

A study conducted by Beardwell and Claydon, (2010) indicated that numerous other factors besides rewards influence employee performance. These include employee working conditions, employees’ relationships with their employer, job security, training and development, and the policies that guide rewards for employees. Various researchers such as Pratheepkanth, (2011); Qureshi et al, (2010); and Armstrong, Reilly and Brown, (2011) all argue that organizations’ reward systems have both positive and negative effects on employee performance. However, these studies were not conducted in the hospitality sector.

A study by Asudi, (2013) looked at challenges in the tourism sector, but did not focus on effects of rewards on performance from the hospitality industry perspective. Therefore, this study will establish the effects of rewards on employee performance in the hospitality industry, by examining the extent to which intrinsic rewards influence employee performance, the extent to which extrinsic rewards influence employee performance and the extent to which rewards are aligned to employee performance.

1.3 Purpose of the Study

The purpose of this study was to establish effects of rewards on employee performance in the hospitality industry.

1.4 Research Questions

This research study was guided by the following research questions

1.4.1 To what extent do intrinsic rewards influence employee performance?
1.4.2 To what extent do extrinsic rewards influence employee performance?
1.4.3 To what extent do other factors influence employee performance?

1.5 Significance of the Study

This study is significant to the following stakeholders;

1.5.1 Nairobi Serena Hotel
The findings of this study will benefit Nairobi Serena Hotel because both management and staff will gain a clear understanding on how rewards affect employee performance. The recommendations of the study will provide management with mitigation measures for any adverse effects that can be attributed to presence or lack thereof of employee benefits.

1.5.2 Tourism Promotion Services (Trading as Serena Hotels)

The findings of this study will benefit Tourism Promotion Services by guiding the management on how to align rewards with employee performance based on recommendations provided at the end of this study.

1.5.3 The Hospitality Industry

This study will be of significance to the hospitality industry in Kenya by providing ideas on how to deal with the effects of rewards on employee performance.

1.5.4 Hospitality Industry Human Resources Practitioners

This study will be used by human resources practitioners to make decisions regarding reward options of reward systems that they should consider for their respective organizations.

1.5.5 The Government

The government of Kenya will benefit from this study because it will be a source of statistics that will help policy makers develop sector rewards policies that are in line not only with sector objectives, but that are also cognizant of the prevailing circumstances in the sector.

1.5.6 Other Researchers and Scholars

This study will add value and knowledge to the body of researchers and academicians. Researchers can utilize these findings as a basis for testing hypothesis, or conducting further research, while academicians can utilize it for literature review, conducting further studies, or confirming findings through study hypothesis on the same.

1.6 Scope of the Study

This study was conducted in Nairobi Serena Hotel. It focused on the population of the 467 employees who are stationed at the hotel. The researcher collected data from both management staff and staff under the union umbrella. The researcher made an effort of gathering information from employees from all major sections which include front office, kitchen, laundry, housekeeping, food and beverage service and administration. The study
took place over a period of four months between September and December 2016. The study was limited to Serena Head office in Nairobi. The head office presents a reflection of what happens in all Serena Hotels in Kenya, therefore the findings are representative.

1.7 Definition of Terms

1.7.1 Employee Performance
Employee performance is defined as the successful completion of tasks, responsibilities or assignments by a selected employee or group of employees based on set performance objectives and indicators of efficiency and effective utilization of available resources (Dewhurst et al., 2010).

1.7.2 Intrinsic Rewards
Richard, Ryan and Deci (2010) define intrinsic rewards are those rewards that are inherent within a job and are available in job for example employees’ ability, receiving appreciation, recognition, challenges and achievement, and behavior that shows understanding and concern as to enhance awareness, ability and confidence in the person being mentored.

1.7.3 Extrinsic Rewards
Farooqui and Nagendra (2014) define extrinsic rewards as the fringe and pay advantages employees get from an organization. This includes promotion opportunity, career advancement and conducive workplace environment.

1.7.4 Performance Evaluation
Kumari and Malhotra (2012) define performance evaluation as the appraisal of an employee’s work against the expected deliverables within a given timeframe. This is done by examining actual performance versus set key performance indicators of tasks, effort and quality with specification.

1.8 Chapter Summary
This chapter presents the background of the study on effects of rewards on employee performance. The statement of the problem that articulates the gap and need for this study is also presented. This chapter has also presented the purpose of the study, research questions, the significance of the study and the definition of terms that have been used in the study.
Literature review is presented in chapter two; research methodology in chapter three; results and findings in chapter four, while the study discussion, recommendations and conclusions are presented in chapter five.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents existing literature based on the objectives of this study. Literature on effects of intrinsic rewards on employee performance is presented first, followed by literature review on extrinsic rewards that influence employee performance, and finally the extent to which other factors influence employee performance.

2.2 Intrinsic Rewards and Employee Performance

2.2.1 Employee Performance

Employee performance is defined as the employees’ outcome or contribution in reference to the attainment of set goals (Herbert, John & Lee 2000). Performance may be used to describe what an organisation’s accomplishments in reference to processes, relevance, results, and success Uganda National Development Program (1995). Employee performance is also defined as the achievement of set standards in terms of accuracy, and completeness over a specified period of time (Afshan et al., 2012). The level of employees’ performance is dependent not just on their actual skills but also on the level of motivation exhibited by the individuals. Motivation is an inner drive or an external inducement to behave in a particular way. In typical situations, this is a way that will lead to rewards (Barney, 1991). Overachieving and talented employees are the driving force of all organizations so it is essential that, organizations strive to motivate and hold on to the best employees. The quality of human resources management is a critical influence on the performance of the institution (Dessler, 2003).

Effective employees use their knowledge and skills to do their jobs in the correct way. All the activities performed by employees in an organization regardless of their departments are interrelated and affect the overall performance of the organization. It is important therefore, that all section heads understand that the ineffectiveness of employees under their supervision adversely affects the performance of the organization as a whole. This poor performance lowers the organization’s competitive advantage in the market (Chei et al, 2014).
2.2.2 Intrinsic Rewards
Richard, Ryan and Deci (2010) define intrinsic rewards as those rewards that are inherent within an employee, or within job itself. Intrinsic rewards include employees’ ability, recognition, trust and achievement (Farooqui & Nagendra, 2014). Literature on intrinsic rewards is reviewed in the following sections.

2.2.3 Employee’s Ability
Rukhmani, Ramesh and Jayakrishnan (2010) in a study conducted in Pakistan on the effect of intrinsic rewards on employee’s performance, established that an employee’s ability is significantly related to their performance. In the study, the employees’ performance appraisal score was evaluated against their belief that they had the ability to perform their duties. Employees, who indicated that they had confidence in their ability to perform, actually did well in the performance appraisal compared to those who did not have confidence in their ability. Leadership is a key factor that influences the perceptions employees have about themselves. Effective leaders know the importance of modelling the way for employees so as to build their confidence in their ability to perform their duties.

In a study conducted in the hotel industry by Possenried and Plantenga (2011) in the UK on effects of rewards on employee performance, it was established that there exists a significant relationship between employees’ ability and employee’s overall performance. Further, the study concluded that in hotels where managers had established mechanisms for enhancing employee’s ability, performance had increased significantly.

To a large extent, most employees’ performance suffers when their supervisors fail to show confidence in the employee’s ability to perform (Tippet & Kluvers, 2010). Managers therefore, have the ability to enhance or diminish employees’ ability to perform. Organizations that have established training and other capacity building programs exhibit a higher level of employees’ ability to perform and the resultant effect on overall organizational performance is positive (Rukhmani et al., 2010).

Njambi (2014) in a study seeking to identify the factors that influence employee motivation in Amref Health Africa in Kenya found that when an employee has confidence in their ability to deliver at work, their performance is assured. However, when an employee lacks confidence in their ability to perform duties as articulated in their job description, their performance suffers. This is because employees mirror performance expectations from their
managers. She suggests that organizations that seeking to enhance performance should first enhance employees’ abilities in skills, knowledge and experience.

2.2.4 Trust

Deutsch-Salamon and Robinson (2011) define trust as the manager’s ability, or organization’s ability and willingness to be vulnerable by placing positive expectations on an employee’s good intentions to perform and achieve organizational objectives. Zhou, Zhang, and Montoro-Sánchez, (2011) posit that collective trust is more important to employee performance than individual trust. They further argue that a similar mind-set ensures that employees are working together towards a common goal, and as a result, enhances performance. Employees, who feel that they are trusted by their organization, are more willing to accept responsibility, and go an extra mile in ensuring that they meet organizational performance objectives (Tippet & Kluvers, 2010).

Deutsch-Salamon and Robinson (2011) conducted a study on the impact of trust on organisational performance and established that trust among the employees led to development of high levels of responsibility and the willingness of employees to be accountable for their own performance as well as the performance of their organization. There exists a significant relationship between employee trust in management and organizational performance (Zare, 2012). In another study conducted by Richard, Ryan and Deci (2010) in Canada on the impact of trust on employee performance, they found the existence of significant relationship; r (0.762); p ≤ 0.05. The study was conducted on 20 independently operated hospitality firms, mainly in hotel business. The main objective was to examine whether the trust employees felt from their managers was the reason for improved organizational performance. It established that when employees perceived trust from their managers, they worked extra to enhance and validate the belief managers had placed in them, and consequently, there was enhanced performance.

In cases where employees feel that they are not trusted by their managers or supervisors, there is lack of motivation to perform. In such cases, most employees give bare minimum to satisfy their job descriptions (Hafiza et al., 2011). Employees’ trust in their managers or their supervisors is a game of reciprocity (Zaini, Nilufar & Syed, 2009). For employees to give more to an organization, they must believe that they will receive more from the organization. Managers that receive trust from their employees usually trust their employees’ more.
Organizations that encourage a culture of trust have good internal communication and coordination which are significant for internal operations and employee performance (Markova, & Ford, 2011).

2.2.5 Recognition

Rukhamani et al. (2010), define recognition as the ability to identify and acknowledge an employee, usually by a senior manager or supervisor, for a positive thing done in the course of their work. It is important that management identifies and recognises their employees for their exemplary performance. Wang (2014) argues that recognition is an intrinsic motivation that is essential in driving employees to feel valued. Hafiza et al. (2011), in a study conducted in the Singapore hospitality industry found the existence of a direct relationship between employee recognition and employee performance; \( r \) (0.644); \( p \leq 0.05 \). The study was conducted on 400 employees, and it indicated that in cases where managers gave employees recognition for work well done in timely manner, there was a significant increase in performance. Employees were asked to indicate the reasons as to why there was an increase in their performance due to recognition by their managers. Majority of the respondents (72%) indicated that they felt valued by their managers, and felt their work mattered. Hafiza et al. (2011) concluded that managers in the hospitality sector should constantly affirm and recognize their employees as a way of enhancing their performance.

Some of the ways in which organizations can offer recognition to their employees’ include acknowledging the employee performance publicly, providing employees with a day off, and providing them with good office working space (Njambi, 2014). Tremblay et al (2010) who studied the motivational needs of employees and performance found that recognition from managers to employees was a significant driver of performance in the hospitality industry in South Africa. Recognition therefore is a significant motivator to performance since it not only enhances employee’s impetus to good performance, but also enhances employee management relationship (Hafiza et al., 2011).

Tumwet (2011) in her study on effects of employees’ incentive on performance in Private Universities in Kenya focusing on Kabarak University found that the use of social recognition such as compliments results in enhanced performance. This is even more effective if done consistently and equitably.
2.2.6 Achievement

Ziegler, Atzert, Bühner and Krumm (2009) argue that the need for achievement is one of the greatest motivators for employee performance. Zhou, (2011) defines achievement as the ability to obtain results based on set objectives or goals. Employees’ achievements fall under different categories: confidence in success, persistence, goal setting, and commitment (Tremblay et al., 2010) are of the view that employees’ confidence in success propels their need for achievement. When success seems feasible, employees’ need for achievement abounds; and conversely, when success does not seem feasible employees performance falls to average or even below average.

Ziegler et al (2009) contend that persistence is one of the key contributors to employee achievement. The ability of an employee to be tenacious, and continue to work hard to improve both personal and organizational objectives enhances their ability to perform. Employees who set performance goals and work to ensure that these goals are fulfilled have a higher level of intrinsic motivation to achieve, compared to those who do not. One of the reasons given by Rukhman, (2010) for this is that achievement is an inert individual desire that cannot be forced upon an employee; rather, it can be enhanced particularly for those who are already self-motivated. Therefore, managers seeking to enhance employee performance should establish internal organizational mechanisms that will enable employees plan effectively, and follow through their performance objectives (Zare, 2012).

2.3 Extrinsic Rewards and Employee Performance

Farooqui and Nagendra (2014) define extrinsic rewards as employee compensation or rewards in form of fringe benefits, payments and other tangible benefits employees’ get from an organization for achieving set objectives, or just for being part of the organization. In most hospitality organizations, extrinsic rewards take the form of salary and wages, annual leave payment, vacation payment as well as annual bonuses (Siti-Nabiha et al., 2012). The hospitality sector is highly competitive and requires that employers formulate rewards that are attractive to current and potential employees. Burton (2012) argues that extrinsic rewards are important since they play a critical role in motivating employees to performance.

Extrinsic reward systems are designed on the basis of the organizational process of performance structures that determine the level of compensation for employees. Therefore, it is necessary that the reward systems be viewed as fair to all employees in terms of processes, rules, regulations, and award mechanisms (Pratheepkanth (2011); Lotta (2012). Burton
(2012) posits that management decisions in awarding employees’ compensation should be rational and above board. When employees feel that their organization is fair in giving extrinsic rewards, they commit themselves to organizational performance and sustainable development.

2.3.1 Salaries and Wages

Wages and salaries are defined as the monthly payments that employers pay their employees for services rendered based on contractual agreements (Boselie, Dietz & Boon, 2015). The terms salaries and wages are often used interchangeably in reference to financial rewards given to employees by employers. However, salaries and wages are not one and the same. Salaries are payments or compensation to permanent employees, or long serving contractual employees, while wages are payments to casual or short term contractual employees (Pratheepkanth, 2011). In the hospitality sector, salaries and wages are sometimes used to enhance organizational competitiveness, equity and motivation for employee performance.

Corby, White and Stanworth (2015) argue that while salaries and wages are used by hospitality sector firms to enhance equity and fairness in compensation of their employees, they are not strong enough as factors to enhance employee motivation towards enhanced performance. Pratheepkanth (2011) equally argues that salaries and wages can only enhance employee performance to a certain threshold. Once the threshold has been reached for individual employees, salaries and wages are no longer perceived as motivational, or having capability to enhance performance. Advancing similar thoughts on the inadequacy of salaries and wages, Dobre (2013) notes that salaries only enhance employee performance when they still have need security and financial stability. However, at the point when an employee feels financially stable and secure, salaries or wages are no longer a factor that motivates or enhances their level of commitment or performance.

Boselie et al., (2015) argue that salaries and wages have the capability to place an organization at a competitive level if the level of salaries and wages offered by the organization are more competitive compared to what is being offered by other hostility sector firms. To attract and retain highly qualified employees who have the ability and skills to enhance organizational performance, it is necessary that hospitality firms offer competitive salary and wage packages (Naithani, 2010). According to Akanbi (2010) hospitality firms,
just like other sector firms, have used salaries over many decades to reward not only employee performance, but skills, knowledge, and ability.

Contrary to Corby et al., (2015) assertions that salaries and wages do not enhance employee performance, Rukhman, (2010) and Zare, (2012) argue that salary payment in the hospitality sector is significant to employee performance. They go on to say that if hotels within the hospitality sector do not pay their employees well; they become demotivated, resulting not only in poor performance, but also high turnover. Burton (2012) argues that although salaries and wages significantly enhance employee performance, the effect is usually measured on low cadre employees and rarely on mid-level to top level management to whom salaries are no longer a motivator for performance. They are motivated more by other benefits like vacation, insurance, and mortgage.

2.3.2 Paid Vacations

One of the extrinsic rewards offered by employers is paid vacations that firms in hospitality sector extend to their employees as a way of motivating them towards performance (Tippet & Kluvers, 2010). Burton (2012) defines paid vacation as incentives employers give to employees in form of a fully paid for vacation intended to make them take rest from work. Lotta (2012) conducted a study in the United State of America on effects of paid vacation on top managers in hotel sector. The study covered four five star hotels (Marriott, Hyatt Regency, Sheraton, Holiday Inn, and Hilton). It established the existence of a positive relationship between paid vacations and top managers’ performance. The study did not cover the entire employee population, and hence was criticized by Boselie et al., (2015) who argued that top level managers’ experiences and views do not necessarily reflect the feelings of majority of employees in the hospitality sector, who often work in supervisory to lower level jobs.

In the recent times, firms in the hospitality sector have realized the importance of paid vacations for employees. As such, most hotels in the hospitality sector are offering their employees opportunities for fully paid for vacations in any of their affiliated hotels across their operational regions (Njambi, 2014). For instance, Tourism Promotion Services offers employees and their spouses a fully paid for vacation in any of the East African Serena Unit once a year (Asiamah, 2011). These services are available to every employee from the lower
cadre to top management. However, the extent to which these vacations enhance employee performance has not been determined by the hotel. Equally, a study has not been conducted to determine the uptake of these paid vacations by employees, making it difficult to quantify whether there exists any significant relationship between paid vacations at Tourism Promotion Services and employees’ performance (Njambi, 2014).

Most hospitality sector organizations have developed Key Performance Indicators (KPI’s) that have been tied to key extrinsic benefits (Burton, 2012). For instance, different levels of employee compensation including paid vacation are tied to how well an employee performs on various KPIs. Some organizations have developed specific thresholds for different benefits. Rukhman, (2010) and Zare, (2012) argue that the KPI system of determining the level of rewards is unfair since KPIs are subjective. The Evaluator’s relationship with the employee being evaluated can positively or negatively influence the outcome of the evaluation. Hence, though being a positive thing, KPIs can end up demoralizing employees and their performance, if not done well (Burton, 2012).

2.3.3 Paid Leave

Employee’s annual leave is essential to employees’ performance, and organizational performance. According to Naithani (2010), paid leave within the hospitality sector is determined by individual organization. In most cases, organizations define a set of rules and regulations on who qualifies for paid leave, and how the paid leave procedure should be implemented. Legally, organizations are required to grant their employees a minimum of 21 working days of paid annual leave, for a full year of work. However, it is the discretion of each organization to determine the number of days, over and above the legal requirement that they will extend to their employees as a way of appreciating their performance and as a way of motivation the employees (Harrington & Ladge, 2011).

Harrington and Ladge, (2011) suggest the existence of a relationship between paid leave and employee performance within the hospitality industry. Employees usually feel honoured and valued by their organization when they are offered a generous pay out during their annual leave. A study conducted by Akanbi (2010) in the hospitality industry in Nigeria revealed that most organizations in the sector extended paid leave to senior managers only. General employees were not paid any compensation over and above their annual salaries for the days
they were on leave. The study also indicated that it was difficult to determine whether paid vacations enhanced employee performance, since majority (72%) of the respondents in their study had not received paid leave over and above their salary. It is therefore essential that management within the hospitality industry develop and enhance mechanisms that will ensure that all employees within their organizations are treated with fairness (Tippet & Kluvers, 2010). Fairness enhances motivation and trust, and employees’ commitment to an organization. Various studies have indicated that motivated employees have a higher level of performance compared to employees that are not motivated (Akanbi, 2010; Zaini et al., 2009; Richard et al. 2010; Farooqui & Nagendra, 2014; Siti-Nabiha et al., 2012). Hafiza et al., (2011) argue that more studies need to be conducted to provide clarity on the extent to which paid leave influences employee performance in the African context. As it is, most studies as indicated above are conducted in the developed world and therefore generalization might not provide the actual realistic situation for most African employees working in the hospitality industry.

2.4 Other Factors that Influence Employee Performance

2.4.1 Conducive Work Environment

A study conducted by Tripathi and Agrawal (2014) in South Africa found that organizations that had developed conducive work environment had higher performance in the tourism sector compared to those firms that had not. The study indicated that physical office space, provided employees the comfort needed to focus and execute work responsibilities. Majority of the study respondents (68%) indicated that they liked their office work environment. Similarly, the study found that of those who indicated they liked their work environment, 90% had performance review score above 75%. The study concluded that management in the hospitality sector should ensure that employees have a good working environment to stimulate productivity.

According to Tripathi and Agrawal (2014) conducive working environment contributes significantly to employee performance. The physical attributes of a work environment are just as important as the emotional attributes of a work environment. Employees normally develop attachment to their work environment since they spend most of their time at work (Hafiza et al., 2011). The hospitality industry prides itself in providing relaxation and comfort for people seeking vacation, accommodation, meals, and other luxury services. It is therefore necessary and essential that the sense of hospitality granted to clients by the sector
be extended to employees by ensuring that their work environment is stress free, and conducive enough to carry out their daily responsibilities (Soderquist et al, 2010).

In another study conducted by Ozcelik and Ferman (2010) on impact of the working environment on employee performance, indicated that employees with a good working environment were highly motivated to get to work compared to those who indicated that they did not like their work environment. Respondents who indicated that they had good working environment exhibited high performance levels. This was attributed to the fact that good work environment made employees get to work early and leave late. As a result, they put in more compared to employees who did not like their work place and who came in late and left work early. Soderquist, et al., (2010) posits that a poor working environment, coupled with poor working relations can have a negative effect on the emotional well-being of the employees.

According to Siti-Nabiha et al. (2012), various factors influence the conditions of the work environment that employees are exposed to including air circulation, noise pollution, hygiene levels and office lighting. Meyer and Semark (2013) on the other hand suggests that when the environment has unbearable temperatures with poor air circulation, employees’ focus and concentration at work gets affected resulting in a slump in performance. Equally, when the work environment is noisy or lacks adequate lighting, employees take longer to finish simple assignments they would have done quicker in better conditions. It is the reserve of managers in the hospitality sector to ensure that their employees have properly structured physical office environments, in addition to offering emotional support as a way of enhancing employee performance (Hearn, Close, Smith & Southey, 2011).

2.4.2 Employee and Managers Relations

Good management and employee relations are an important motivator of employees’ performance. Within the hospitality industry, there is a higher level of performance exhibited by organisations that strive to develop and maintain good manager-employee relationships (Hearn et al., 2011). Alemu, Yosef, Lemma, and Beyene, (2011) argue that there exists a significant relationship between manager employee relations and employee performance. Their study looked at how manager employee relationships influence employee performance. The study found that when employees have good relationships with their managers, or perceive to have good relationships with their managers, they performed well at work. One of the reasons given by the respondents in their study was that in some cases, employees felt
compelled to impress their bosses and in others, employees felt that they did not want to disappoint their managers since their relationship was very important. Conversely, Daniels, Erickson and Dlik (2011) argue that whether employees have a positive relationship with managers or not, does not determine the competency and performance levels of employees. They further suggest that manager employee relations just enhance the existing performance state. For instance, if an employee is a good performer, good relations can enhance performance. However, if an employee is incompetent or unskilled, a good relationship with management will not elicit better performance from the employee.

Hearn et al., (2011) postulates that at minimum, managers have to seek to have good relations with employees, particularly in the hospitality sector, which thrives on providing hospitality services to its clients. Ultimately, the organization would benefit immensely if managers and employee have a good working relationship, which more often than not, translates into better performance for the organization. Good relationships between employees and managers also ensure that employees are able to receive constant feedback from their managers. They therefore improve in areas that need development or monitoring. This also ensures that feedback is not given post facto, when poor performance remedies might be too late to execute (Daniels et al., 2011).

Meyer and Semark (2013) and Alemu et al., (2011) argue that the high turnover in the hospitality sector is partly due to poor relationships between employees and managers. When firms go through high turnover, employees’ performance falls because the remaining employees are usually burdened with extra responsibilities covering for employees who leave the organization, until such a time when replacements are made. Therefore, it is the responsibility of managers within the hospitality sector to ensure that managers and employees have cordial working relations. This will not only enhance employee’s performance, but will lead to better functioning organizational systems (Njambi, 2014).

2.4.3 Organisational Leadership

Organizational leadership is essential in influencing the actions and perceptions employees at work (Rukhmani et al., 2010). Effective leadership means that leaders are able to model performance objectives, vision and organizational mission for employees. When a leader paints a clear picture of where the organization is supposed to go and what the organization is supposed to achieve, employees find it easier to plug in, since they understand what is expected of them (Daniels et al., 2011). Employee performance is a reflection of the kind of
leadership employees have. If organizational leaders are able to model the way, and lead by example in executing their performance objectives, employees are likely to follow suit (Alemu et al., 2011). Leaders who possess emotional intelligence have a higher level of employee performance. This was revealed in a study done by Richard et al., (2010) that indicated that organizations that have higher employee performance have leaders with higher emotional intelligence. This means that these leaders have the capability and skill that enables them to reach out to different employees at different levels, motivate them differently, and gain from them maximum output in terms of performance (Alemu et al., 2011).

Anyango (2015) in a study on the effects of leadership styles on employee performance done at Bank of Africa – Kenya concluded that transformational leadership has a positive effect on employee performance. A cross section descriptive survey research strategy was adopted in which a sample of 80 employees sampled conveniently from a study population was 600 employees in Nairobi 1, Nairobi 2, Western, Mt. Kenya and Coast Regions. Different staff cadres - Bank tellers, customer care staff, back office staff, credit officers, relationship officers, team leaders, supervisors and Branch managers of Bank of Africa-Kenya were surveyed.

Wanjala (2014) in a study of the influence of leadership styles on performance in the hospitality industry came to the conclusion that the style that influences performance positively is transformational leadership while autocratic leadership had the opposite effect. Rukhmani et al., (2010) argue that good leadership must be inspirational to employees and should act as a motivator for their performance. This should include a leader’s public display of enthusiasm and optimism in the work of the employees. Employees who work under an inspirational leader are highly stimulated into action, work easily in teams, possess inspired confidence in their own work and also perform adequately at work (Hearn et al., 2011).

According to Tripathi and Agrawal (2014) organizational leaders who offer individualized consideration to their employees often get higher levels of performance from them compared to leaders who do not give individualized consideration. It is therefore important for leaders within the hospitality sector to ensure that their employees get the attention and support they need for them to give their best at work (Levenson, Van der Stede and Cohen, 2010). Further, Hearn et al., (2011) argue that leaders within the hospitality sector should develop the art of listening to their employees, providing feedback as well as offering emotional and work
support. Equally, to enhance performance, leaders should learn to offer words of praise and learn how to reward good work, achievement and performance. Rukhmani et al., (2010) argue that words of affirmation from a leader go a long way in encouraging employees towards enhanced performance. Therefore, while employee performance is contingent upon many factors, the impact of effective leadership on employee’s performance cannot be discounted.

2.5 Chapter Summary

Literature review based on each research question is presented in this chapter. Literature on effects of intrinsic rewards on employee performance is presented first, followed by literature review on extrinsic rewards that influence employee performance, and finally literature on the extent to which other factors influence employee performance. The next chapter focuses on the study methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The focus of this chapter is the research methodology adopted in this study. The methodology consists of the research design, the study population, sampling design and the data collection methods. This chapter also presents research procedures adopted for the study, as well as the data analysis methods.

3.2 Research Design

Cooper and Schindler (2014) define research design as the blueprint that maps how research data will be collected, measured and analyzed. A research design is important to a study as it enables the researcher to effectively allocate limited resources where they are needed most. This study adopted a descriptive survey design. Cox and Hassard (2010) define descriptive survey as a research design that enables a researcher to collect data without manipulating or changing the study subject or environment. It also enables the researcher to describe the study findings using statistical methods such as mean, frequencies, and regression among others, justifying the researcher’s decision to adopt the study design.

3.3 Population and Sampling

3.3.1 Population

Saunders, Lewis and Thornhill (2012) define a research population as the total collection of subject or elements about which a researcher wishes to make inference and draw conclusions. The population for this study was 467 employees of Nairobi Serena Hotel; however, the study focused on 100 employees making that the target population. The study population is distributed as detailed in table 3.1.
Table 3.1: Population Table

<table>
<thead>
<tr>
<th>Employee Groups</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>6</td>
<td>6%</td>
</tr>
<tr>
<td>Middle level managers</td>
<td>14</td>
<td>14%</td>
</tr>
<tr>
<td>General employees</td>
<td>80</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design

Cox and Hassard (2010) define sampling design as the roadmap that guides how sampling for a study will be conducted. In this study, sample design includes sample frame, and sample size.

3.3.2.1 Sample Frame

A sample frame represents the comprehensive list of study subjects from which the research draws the sample size (Cooper & Schindler, 2014). For a sample frame to be valid, it has to contain holistic representation of the entire population. This study adopted a sample frame from Nairobi Serena Hotel Human Resources Office.

3.3.2.2 Sampling Technique

This study adopted stratified and simple random sampling techniques. Stratified sampling is defined as sampling technique where study population is placed in various groups based on similar characteristics of the members of the group. The groups are referred to as ‘strata’ (Denscombe, 2007). Simple random sampling on the other had is defined as a sampling that is done randomly within a study population so as to give every member equal opportunity of being sampled (Saunders et al., 2012). This study adopted stratified sampling since the employee population was not homogeneous. Senior managers, middle level managers, and general employees were placed in different strata. Simple random sampling was subjected on each stratum to ensure that each member within the strata had an equal chance of being sampled.
3.3.2.3 Sample Size

Sample size is defined as a basic unit within a population that can be used to represent the entire population (Cooper & Shindler, 2014). This study adopted Denscombe (2007) sample size formula to determine the sample sizes as follows;

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

Whereby:
- \( n \) = sample size
- \( N \) = total population
- \( 1 \) = Constant
- \( e^2 \) = estimated standard error equal to 5% for 95% confidence level

The sample size distribution was determined as illustrated below;

Senior Managers \( n = \frac{6}{1+6(0.05^2)} = 3 \)

Middle level Managers \( n = \frac{14}{1+14(0.05^2)} = 7 \)

General Employees \( n = \frac{80}{1+80(0.05^2)} = 70 \)

The total sample size for all the categories is shown in table 3.2 below.

<table>
<thead>
<tr>
<th>Duty Station (Stratum)</th>
<th>Population</th>
<th>% Sample Size</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>6</td>
<td>50%</td>
<td>3</td>
</tr>
<tr>
<td>Mid-Level Managers</td>
<td>14</td>
<td>50%</td>
<td>7</td>
</tr>
<tr>
<td>General Employees</td>
<td>80</td>
<td>87.5%</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>87.5%</strong></td>
<td><strong>70</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Data collection is the systematic gathering of data using a specified scientific process (Cooper, 2014). This study used a structured questionnaire to collect primary data. Saunders, Lewis, and Thornhill (2009) note that a questionnaire is a research tool containing structured questions upon which data or information is collected. The study questionnaire was divided
into five sections. Section I consisted of demographic questions; Section II had questions on intrinsic rewards; Section III contained questions on extrinsic rewards, section IV focused on other factors that influence employee performance while section V dealt with the dependent variable; employee performance. A Likert Scale of five levels (strongly disagree, disagree, neutral, agree and strongly agree) was adopted.

3.5 Research Procedures

The research process for this study began by seeking permission from Nairobi Serena Hotel Human Resources manager. After the permission was granted, the questionnaire was piloted using 10 questionnaires. The piloting was conducted using employees not taking part in the study. The purpose of the piloting was to test for validity and reliability of the research tool. Feedback from the questionnaire was used to adjust the questionnaire for effectiveness. The findings from the pilot were also subjected to a Cronbach Alpha to determine reliability of the findings. Reliable studies have to have a Cronbach Alpha value above 0.6 (Cox & Hassard, 2010). Once the questionnaire was adjusted, the researcher physically delivered the revised one to respondents, and collected fully filled questionnaires within a period of four days. Some of the respondents were able to complete and return the questionnaires within two hours while some needed to be reminded and only availed them on the fourth day. A majority of the respondents returned the questionnaires by the second day. The questionnaires were physically collected from all respondents and checked for errors. The few that had missing data were returned to the respondents for completion.

3.6 Data Analysis Methods

Cox and Hassard (2010) define data analysis method as the process through which a researcher summarizes raw data in a way that makes sense and meaning. In other words, data analysis methods are a way of giving meaning to research data. The statistical Package for Social Sciences (SPSS) version 21 was used to analyze data for descriptive and inferential statistics. Descriptive data was analyzed for percentages and frequencies, while inferential statistics were analyzed for correlations, and regressions. Data was presented using tables and figures.

3.7 Chapter Summary

The study has been presented in this chapter. This study has adopted a descriptive survey research design. This study has a target population of 100, and a sample size of 80
respondents. This chapter has also presented the study sampling design, and stratified sampling technique adopted to select the sample size. This chapter has also highlighted how data was collected, analyzed and presented. Chapter four presents result and findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The study results and findings are presented in this chapter. Findings in reference to the influence of intrinsic rewards on employee performance are presented first; findings on the influence of extrinsic rewards on employee rewards are presented second, while findings on other factors influencing employee performance are presented last. Eighty (80) questionnaires were distributed to respondents in this study, out of which, 65 questionnaires were returned fully filled representing (81%) response rate.

4.1.1 Reliability Analysis

A reliability analysis for this study was (0.831). For a study to be considered reliable, it has to have a Cronbach Alpha value above 0.6. The reliability analysis is illustrated in table 4.1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic Rewards</td>
<td>8</td>
<td>0.826</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>8</td>
<td>0.788</td>
</tr>
<tr>
<td>Other Factors</td>
<td>8</td>
<td>0.840</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>5</td>
<td>0.868</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>0.831</td>
</tr>
</tbody>
</table>

4.2 Demographic Data

This study’s demographic data focused on the respondents’ age, gender, marital status, level of education, and work experience at gained at Serena Hotels. The findings are presented in the charts below;

4.2.1 Respondents Gender

This study had a gender response rate of (65%) female, and (35%) male as illustrated in figure 4.1
4.2.2 Respondents Age

Respondents age was part of the demographic data sought out by the researcher. The findings show that respondents whose age was between 26 and 34 years were (31%); those between 18 and 25 years were (23%); respondents between 35 and 45 years were (22%); 46 and 55 years were (18%) while the remaining (6%) were above 56 years old as indicated in figure 4.2

4.2.3 Respondents Marital Status
When respondents of the study were asked to indicate their marital status, majority (66%) indicated that they were married, (20%) were single, (8%) were separated, while the remaining (6%) were divorced as highlighted in figure 4.3.

![Figure 4.3: Respondents Marital Status](image)

### 4.2.4 Respondents Level of Education

On level of education, (48%) of respondents had college level education, (36%) had degree level of education, (11%) had masters degree, while the remaining (5%) had high school level education as summarized in figure 4.4.

![Figure 4.4: Respondents Level of Education](image)
4.2.5 Respondents Employment Level

When respondents were asked to indicate their employment level, majority (84%) noted that they were general employees, (11%) were mid-level managers while (5%) were senior level managers as highlighted in figure 4.5.

![Respondents Employment Level](image1)

Figure 4.5: Respondents Employment Level

4.2.6 Respondents Number of Years at Serena

On the question on the number of years’ respondents worked for Serena Hotels, (29%) indicated 1-3 years, (23%) under 1 year, (21%) 3-5 years, (21%) 5-10 years, and the remaining (6%) had spent more than 10 years at Serena as indicated in figure 4.6.

![Respondents Number of Years worked for Serena Hotels](image2)

Figure 4.6: Respondents Number of Years worked for Serena Hotels
4.3 Intrinsic Rewards and Employee Performance

This study sought to determine whether intrinsic rewards had any influence on employee performance. The findings are highlighted in this section as follows:

4.3.1 Technical Skills to Perform Duties

When respondents were asked to indicate whether they possessed technical skills to perform their duties, (49%) agreed, (45%) strongly agreed, while (6%) remained neutral on the same as indicated in table 4.2

Table 4.2: Technical Skills to Perform Duties

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>49</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>29</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.3.2 Managers Believe in Your Technical Abilities

Respondents were asked to indicate whether managers at Serena believed in their ability to perform, majority (51%) agreed that managers at Serena believe in their abilities to perform, (45%) strongly agreed, while (4%) remained neutral as indicated in table 4.3

Table 4.3: Managers Believe in Your Technical Abilities

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>33</td>
<td>51</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>29</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.3.3 Your Ability Enhances Performance

On the question on whether managers’ belief in respondents’ ability did enhance performance at work, majority (62%) strongly believed this to be the case, (34%) agreed, while the remaining (4%) remained neutral as indicated in table 4.4.
4.3.4 Managers Trust

Respondents were asked whether the trust their managers place in them at work enhances their ability to perform. Half of the respondents (50%) agreed strongly, (46%) agreed, while a minority (4%) chose to remain neutral as detailed in table 4.5.

**Table 4.5: Managers Trust**

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>32</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.5 Recognition at Work

On the question on whether respondents received recognition for their work, (50%) of respondents strongly agreed, (46%) agreed, while the remaining (4%) of respondents remained neutral as indicated in table 4.6

**Table 4.6: Recognition at Work**

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>32</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.3.6  Job Recognition Enhances Performance

On the question of whether the recognition of their work by management enhances their performance, majority (60%) of respondents strongly agreed that job recognition enhances their job performance, (37%) agreed, while the remaining (3%) were neutral on the same as indicated in table 4.7

Table 4.7: Job Recognition Enhances Performance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Agree</td>
<td>24</td>
<td>37</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>39</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.3.7  Well-Articulated Goals and Objectives

Respondents were asked to indicate whether they had well-articulated goals and objectives they were required to achieve. The findings show that (50%) strongly agreed that the organization had well-articulated goals, (46%) of respondents agreed, while (4%) were neutral as indicated in table 4.8.

Table 4.8: Well-Articulated Goals and Objectives

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>32</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.3.8  Goal Achievement and Employee Motivation

When respondents were asked whether achieving set goals enhanced their motivation at work, majority (65%) agreed confirmed that this was the case while (35%) strongly agreed as indicated in table 4.9.
Table 4.9: Goal Achievement and Employee Motivation

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>42</td>
<td>65</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>23</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.4 Extrinsic Rewards and Employee Performance

The study findings on the influence of extrinsic rewards on employee performance are presented in this section.

4.4.1 Salary Payments

Respondents were asked to indicate whether they receive salary payments for the work they do at Nairobi Serena Hotel. Fifty-seven percent of respondents agreed that salary payments influenced employee performance; (43%) agreed as indicated in table 4.10.

Table 4.10: Salary payments

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>37</td>
<td>57</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>28</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.4.2 Salary Paid is Commensurate to Work Done

On the question of whether the salaries they received were commensurate to the work they do, majority of the respondents (59%) strongly agreed, (37%) agreed while (4%) were neutral on the issue as detailed in table 4.11.

Table 4.11: Salary Paid is Commensurate to Work Done

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>24</td>
<td>37</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>38</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.4.3  Link between Salary and Performance

When respondents were asked whether they understood the link between the salaries they drew from Nairobi Serena Hotel and their performance, majority (55%) strongly believed, while (45%) agreed as indicated in table 4.12

Table 4.12: Link between Salary and Performance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>29</td>
<td>45</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>36</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.4  Increase in Salary Increases Performance

In the question that sought to find out whether salary increment had an impact on their performance, majority of respondents making up 65% strongly agreed, while 35% agreed as detailed in table 4.13.

Table 4.13: Increase in Salary Increases Performance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>23</td>
<td>35</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>42</td>
<td>65</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.5  Recommending Higher Salaries for Enhancing Performance

Respondents were asked whether enhancing employees’ salaries would enhance performance. The findings show that majority (52%) agreed that they would recommend increasing salaries as a way of enhancing performance, (43%) strongly agreed, while (5%) remained neutral as indicated in table 4.14.
Table 4.14: Recommending Higher Salaries for Enhancing Performance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Agree</td>
<td>33</td>
<td>52</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>28</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.6 Annual Bonus
When respondents were asked whether they received annual bonuses based on their performance, majority (57%) strongly agreed, while (43%) agreed as indicated in table 4.15.

Table 4.15: Annual Bonus

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>28</td>
<td>43</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>37</td>
<td>57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.7 Anticipation of Bonus
When respondents were asked whether anticipation of bonus payments had enhanced employee performance, majority of respondents (57%) strongly agreed, while the remaining (43%) agreed as highlighted in table 4.16

Table 4.16: Anticipation of Bonus and Employee Performance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>28</td>
<td>43.1</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>37</td>
<td>56.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4.8 Traveling Allowance
Respondents were asked to indicate whether they were paid a travelling allowance when on leave. A majority making up (51%) of respondents agreed, while the remaining (49%) strongly agreed as detailed in table 4.17
Table 4.17: Travelling Allowance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>33</td>
<td>51</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>32</td>
<td>49</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5 Other Factors that Influence Employee

This study sought to determine other factors that influence employee performance at Nairobi Serena Hotel. The findings are presented as follows:

4.5.1 Work Environment

On the question that sought to find out whether respondents enjoyed their work environment, a majority making up (57%) felt that it did and strongly agreed, and (39%) agreed while a minority (4%) chose to remain neutral on the subject as shown in table 4.18.

Table 4.18: Work Environment

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>25</td>
<td>39</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>37</td>
<td>57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.2 Physical Attributes of the Work Environment

When asked whether respondents appreciated the physical attributes of their work environment, majority (54%) of respondents strongly agreed, while (46%) agreed that they appreciated the physical attributes of their work environment as indicated in table 4.19

Table 4.19: Physical Attributes of Work Environment

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>35</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.5.3 Work Environment and Performance

Respondents were asked to indicate whether their work environment did enhance performance. The findings show that majority (65%) strongly agreed that work environment enhances performance, while (35%) agreed this to be the case as indicated in table 4.20

Table 4.20: Work Environment and Performance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>23</td>
<td>35</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>42</td>
<td>65</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.5.4 Constructive Feedback

On the issue on whether respondents received constructive feedback from their supervisor, majority (51%) strongly agreed this to be the case, with (49%) also agreeing as indicated in table 4.21

Table 4.21: Constructive Feedback

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>32</td>
<td>49</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>33</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.5.5 Supervisors Guidance

In reference to the question on whether the respondents’ supervisors provided them with constant guidance and support in the course of their work, (59%) strongly agreed, (38%) agreed while a minority (3%) disagreed as detailed in table 4.22.
Table 4.22: Supervisors Guidance

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Agree</td>
<td>25</td>
<td>38</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>38</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.6  The Company’s Goals and Objectives

Respondents were also asked to indicate whether their company leadership had overall goals and objectives. A majority making up (60%) of the respondents strongly agreed while (40%) agreed as shown in table 4.23.

Table 4.23: The Company’s Goals and Objectives

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>26</td>
<td>40.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>39</td>
<td>60.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.7  Communication of Organizations Objectives

On whether Serena leadership had communicated performance objectives to employees, majority (68%) of respondents strongly agreed, with (32%) agreeing this to be the case as indicated in table 4.24.

Table 4.24: Communication of Organizations Objectives

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>21</td>
<td>32</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>44</td>
<td>68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>65</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.5.8 Qualification of Management Staff

Respondents were asked whether they believed that management staff were qualified for the positions they were holding. Majority (59%) strongly agreed, while (41%) agreed that management staff were qualified for the positions they were holding as illustrated in table

Table 4.25: Qualification of Management Staff

<table>
<thead>
<tr>
<th>Scale</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>38</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.6 Correlation Analysis

A correlation analysis was done to determine whether the study variables had any significant relationships. The findings revealed that the relationship between intrinsic rewards and employee performance was the strongest, $r (0.722); p < 0.01$; followed by the relationship between extrinsic rewards and employee performance, $r (0.522); p < 0.05$; then the relationship between other factors and employee performance, $r (0.468); p < 0.01$. Other significant relationships included the relationship between other factors and extrinsic rewards, $r (0.402); p <0.05$; followed by relationship between extrinsic and intrinsic rewards $r (0.364); p < 0.05$, and finally the relationship between intrinsic rewards and other factors, $r (0.227); p < 0.01$. Table 4.26 shows that all variables were statistically significant.
### Table 4.26: Correlation Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>1</td>
<td>.000</td>
<td>65</td>
<td>.722**</td>
<td>.000</td>
<td>65</td>
<td>.551*</td>
<td>.227**</td>
<td>65</td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>1</td>
<td>.000</td>
<td>65</td>
<td>.364*</td>
<td>.000</td>
<td>65</td>
<td>.402*</td>
<td>1</td>
<td>65</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>1</td>
<td>.000</td>
<td>65</td>
<td>.468**</td>
<td>.000</td>
<td>65</td>
<td>.402*</td>
<td>1</td>
<td>65</td>
</tr>
<tr>
<td>Other Factors</td>
<td>1</td>
<td>.000</td>
<td>65</td>
<td>.468**</td>
<td>.000</td>
<td>65</td>
<td>.402*</td>
<td>1</td>
<td>65</td>
</tr>
</tbody>
</table>

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

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

#### 4.7 Regression Analysis

Since the study revealed significant relationship between the variables, a regression analysis was conducted to determine the level of these relationships. The findings show that the study had an adjusted R square of (0.683) meaning that 68.3% of employee performance was attributed to intrinsic rewards, extrinsic rewards, and other factors. 31.7% of employee performance was attributable to other factors not considered in this study. The summary is illustrated in table 4.27.

### Table 4.27: Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.719*</td>
<td>.683</td>
<td>.652</td>
<td>.172</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), Other Factors, Intrinsic Rewards, Extrinsic Rewards

Equally, the Analysis of Variance (ANOVA) revealed that the combined variables were statistically significant, $F(3, 61) = 12.603; p < 0.000$ as illustrated in table 4.28
When all the variables were combined, the study revealed that they were statistically significant. The regression coefficient for intrinsic rewards was $\beta$ (0.598); $p < 0.00$; the regression coefficient for extrinsic rewards was $\beta$ (0.492); $p < 0.000$; the regression coefficient for other factors was $\beta$ (0.526); $p < 0.000$ as illustrated in table 4.29.

**Table 4.29: Coefficient Regression Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>6.098</td>
<td>.855</td>
<td></td>
<td>7.131</td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>.534</td>
<td>.090</td>
<td>.598</td>
<td>5.917</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>.414</td>
<td>.127</td>
<td>.492</td>
<td>3.900</td>
</tr>
<tr>
<td>Other Factors</td>
<td>.514</td>
<td>.092</td>
<td>.526</td>
<td>4.235</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance

The regression model used is illustrated as follows:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Employee Performance = 6.098 + 0.534 Intrinsic Rewards + 0.414 Extrinsic Rewards + 0.514 Other Factors

Where:

$E = \text{Error value}$
4.8 Chapter Summary

This chapter has presented results and findings for the study. The major findings of the study show that there exists a positive relationship between intrinsic rewards and employee performance, \( r (0.722); p < 0.01 \); followed by relationship between extrinsic rewards and employee performance, \( r (0.522); p < 0.05 \); and finally the relationship between other factors and employee performance, \( r (0.468); p < 0.01 \). The multiple regression analysis revealed an \( R \) square of \( 0.683 \), meaning that \((68\%)\) of employee performance was attributed to intrinsic rewards, extrinsic rewards, and other factors. The remaining \((32\%)\) of employee performance is attributable to other factors not considered in this study. The next chapter presents the study summary, discussion, conclusions and recommendation.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study discussion, conclusions, and recommendations are presented in this chapter. Discussion on intrinsic rewards and employee performance is presented first, followed by extrinsic rewards, and finally discussion on other factors influencing employee performance. The study conclusions and recommendations are presented in the same order.

5.2 Summary of Findings

The purpose of this study was to establish effects of rewards on employee performance. The first research question examined the influence of intrinsic rewards and employee performance. The second research question examined the influence of extrinsic rewards and employee performance, while the third research question examined other factors that influence employee performance.

This study adopted a descriptive survey design. The study had a population of 467, a target population of 100 and a sample size of 80. The Researcher used a stratified sampling technique, which yielded a response rate of 65%. The researcher analyzed descriptive statistics to determine the frequencies and the mean and analyzed inferential statistics for the purpose of correlation and regression.

The first research question for the study examined whether intrinsic rewards influenced employee performance. The findings show the existence of a significant relationship between intrinsic rewards and employee performance. The components examined under intrinsic rewards including trust, employee recognition, ability and achievement all contributed to the significant relationship.

The second research question focused on extrinsic rewards in relation to employee performance. The study found that there exists a significant relationship between extrinsic rewards and employee performance. For the purpose of this study, the researcher focused on salaries and wages, leave travelling allowance, paid vacation and bonuses.

The third research question focused on other factors that influence employee performance. The study revealed the existence of a significant relationship between other factors and
employee performance. Other factors that were examined by this study include employees work environment, management support, and the organizations leadership.

5.3 Discussion

5.3.1 Intrinsic Rewards and Employee Performance

One of the aims of this study was to determine whether intrinsic rewards influence employee performance. The findings show that there exists a significant relationship between intrinsic rewards and employee performance, r (0.722); p < 0.01. All the components that formed intrinsic rewards under this study were statistically significant. These findings are in line with the findings by Possenried and Plantenga (2011) in the UK on the effects of intrinsic rewards on employee performance that established the existence of a statistically significant relationship. The study noted that when employees are rewarded on things they consider intrinsic, their level of motivation is higher compared to extrinsic motivations, and thus, results in enhanced employee performance.

This study found that majority (94%) of respondents believed that their ability also contributes significantly to performance. An organization cannot just employ unskilled employee and expect enhanced performance. Employees have to possess the ability to perform, before any intrinsic motivation can be applied. This finding agrees with Tippet and Kluvers (2010) who argued that to a large extent, employees’ performance suffers when managers fail to show confidence in the employees’ ability to perform, particularly, when the employee have the ability. Rukhmani et al., (2010) noted that managers should invest more in building employees’ ability through training and other capacity building programs that are geared towards enhancing employees’ ability. This will not only guarantee employees performance, but organizational performance as well. These finding also agree with Njambi (2014) whose study seeking to identify the factors that influence employee motivation in Amref Health Africa in Kenya established that when an employee has confidence in their ability to perform, their performance increases.

This study also found that majority of respondents (96%) believed that managers’ trust is a form of intrinsic reward that enhances employees’ performance. Zhou, Zhang and Montoro-Sánchez (2011) equally indicated that management trust in employees is important to employees’ performance. They argued that when employees know that they are trusted by management to make the right decisions, they accept more responsibility, and this ultimately,
increases their ability to yield better performance and results. Similarly, Deutsch-Salamon and Robinson (2011) had posited that trust in employees leads to higher levels of responsibility and willingness of employees to be able to own their performance as well as the performance of the organization. As such, an organization stands to benefit more by trusting employees to perform their duties. This is further evidenced in a study by Richard, Ryan and Deci (2010) that found the existence of a significant relationship; r (0.762); p ≤ 0.05 between employee management trust, and performance. This shows that developing trust in employees would significantly enhance performance.

The findings of this study also revealed that majority (96%) of respondents believed that recognition at work is an intrinsic reward that enhances employees’ performance. This is in line with Wang (2014) who argued that recognition is an intrinsic motivation that is essential in driving employees’ performance. Similarly, a study that was conducted by Hafiza et al. (2011), in Singapore revealed the existence of a direct relationship between employee performance and recognition. This study equally noted that majority (72%) of respondents indicated that they felt valued by their managers, when recognized for work they had done, and therefore, work harder to put in more performance for more recognition. However, it should be noted that recognition on its own is not a silver bullet to enhancing employees’ performance; rather, it has to be incorporated with other factors such as trust and employees’ ability for tangible performance to be realized.

5.3.2 **Extrinsic Rewards and Employee Performance**

This study sought to determine whether employee performance at Nairobi Serena Hotel is in any way influenced by extrinsic rewards. The study revealed the existence of a significant relationship between extrinsic rewards and employee performance, r (0.522); p < 0.05. All the components that formed extrinsic rewards for this study including paid leave, salaries and wages, paid vacations, bonuses and travel allowances were all statistically significant. This confirms the study done by Pratheepkanth (2012) and Lotta (2012) who noted the existence of a significant relationship between extrinsic rewards and employees’ performance. They noted that rewards become significant at that point where they are viewed as a fair system of reward for exchange of work done. In the same way, Burton (2012) argued that management decisions in composing employees’ compensation should be rational and based on a fair system.
The findings of this study also revealed that majority (100%) believed that salaries and wages are necessary motivators for employee performance. Corby, White and Stanworth (2015) argued that salaries and wages in the hospitality industry are used just like in any other industry to enhance equity and fairness in compensation of their employees. However, they cautioned that salaries and wages are not strong enough motivation for enhancing performance. Salaries only enhance performance to the extent that employees feel rewarded for their performance. This was collaborated by Pratheepkanth (2011) who noted that in as much as salaries and wages influence performance, they only do so to certain extent. Once the threshold has been reached for individual employees, salaries and wages are no longer perceived as motivational, or having capability to enhance performance.

On the other hand, Boselie et al., (2015) argued that salaries and wages have the capability to place an organization at a competitive level if the level of salaries and wages offered by the organization are competitive enough to dislodge other players in the industry. Thus, to attract and retain employees, and enhance performance in the process, it is important that organizations pay competitive salaries and wages to their employees. To this end, Akanbi (2010) had also noted that hospitality firms, just like other sector firms, have used salaries and wages for years to reward not only employee performance, but skills, knowledge, and ability.

This study also found that majority (96%) of respondents for this study felt that paid vacations significantly contribute towards employees’ performance. Tippet and Kluvers (2010) argue that paid vacation is one of the ways through which managers in the hospitality sector can extrinsically influence employees’ performance. When employees’ feel cared for by their managers, they usually go an extra mile in their performance to prove their worth to the organization. A study by Lotta (2012) in the USA on four five star hotels (Marriott, Hyatt Regency, Sheraton, Holiday Inn, and Hilton) found the existence of a positive relationship between paid vacations and employee performance. However, Boselie et al., (2015) argues that in most cases in the hospitality industry, managers are the ones who benefit more on paid vacations, therefore their views on enhanced performance cannot be extrapolated to the general employees’ performance.

This study also found that there existed significant relationship between employee performance and paid bonuses and even travel allowances for employees. This is also in line with study by Harrington and Ladge, (2011) who argued that bonuses just like paid leave
motivate employees to higher levels of performance. It is therefore the responsibility of managers to ensure that they have sufficient mechanisms to enhance payment of bonuses and travel allowances for employees in the hospitality sector, if they want to enhance performance. Employees usually feel honoured and valued by their organization when they are offered a generous pay out for bonus or travel allowance.

5.3.3 Other Factors that Influence Employee Performance

This study sought to determine other factors that influence employee performance. The study has revealed the existence of a positive relationship between factors such as conducive work environment, employee/manager relationships, organizational leadership, supervisor guidance and employee performance, $r (0.468); p < 0.01$. These findings confirm findings by Tripathi and Agrawal (2014) who conducted a study in South Africa and found that factors like work environment significantly contributed to enhanced performance by employees in the hospitality industry. They also noted that physical office space provides employees with the necessary comfort that is required for execution of their responsibilities.

This study found that majority of respondents (96%) believed that conducive work environment enhances employees’ performance. A study by Tripathi and Agrawal (2014) revealed (68%) of respondents also believed that conducive work environment enhances employee performance. As such, those who noted that they liked their work environment had between 75% and 90% on work performance reviews. This means that managers need to enhance working conditions to standards that motivate employees to work failure to which their performance will decrease.

This study also found that physical attributes of work environment are also significant in motivating employees to higher performance. Hafiza et al., (2016) argue that physical attributes are not only important as tools of work, but also contribute to the emotional stability of employees at work. When employees are emotionally balanced, then they can fully focus on their work responsibilities. To this end, Soderquist, et al., (2010) argued that while the hospitality industry prides itself in providing relaxation and comfort for people seeking vacation, accommodation, meals, and other luxury services, it needed to provide the same to its employees as a way of enhancing motivation and performance.

This study found that majority of respondents (97%) believed that the relationship between supervisors and employees was essential in enhancing employees’ performance. Supervisors,
who provide guidance, mentoring, and coaching to employees, enable them to improve in areas of weakness, resulting in enhanced performance. Alemu et al., (2011) argued that good management relations form a foundation that is one of the major motivators for employees’ performance. They noted that there exists a significant relationship between employee/manager relations and performance. Their study found that when managers provide an environment that enhances open door policy relationship with employees, then employees seek more council and advice, which in turn enhances performance. It could be argued further that employees are compelled to impress their managers as a way of showing appreciation for their trust and friendship. Therefore, this implies that managers should seek various ways through which they can forge open professional relations with their employees, with the aim of enhancing performance.

Conversely, Daniels et al., (2011) argued that whether managers have good relations with employees or not, does not determine employees’ competency, knowledge or skills to perform their duties. Therefore, it shouldn’t be the case that manager-employee relations are being used as a substitute for necessary skills and knowledge sets that employees need to enhance their performance. Manager relations should be used only as a catalyst for employees who already possess ability and skills that they were employed for. Thus, if an employee is a good performer, good relations with their manager would enhance the good performance. However, if the employee is unskilled, good relations will not substitute for lack of performance skills.

5.4 Conclusions

5.4.1 Intrinsic Rewards and Employee Performance

This study has established the existence of a significant relationship between intrinsic rewards and employee performance. The study concludes that employees’ ability, managers’ trust in employees, recognition, and employees’ view of achievement significantly enhances employees’ performance. This is because intrinsic rewards address employees at the core of their needs, and as a result, form sufficient base that influences and motivates the employees to higher standards of performance.

5.4.2 Extrinsic Rewards and Employee Performance

As established by the findings of this study, there exists a significant relationship between extrinsic rewards and employee performance. The study concludes that salaries and wages,
paid vacations, paid leave, travel allowances and bonuses are essential components of extrinsic rewards that enhance employee performance. When managers take time to invest in extrinsic rewards, employees feel valued by their organization and thus work extra hard to enhance their performance, so they can be rewarded even more.

5.4.3 Other Factors that Influence Employee Performance

This study has established the existence of a significant relationship between other factors and employee performance. This study concludes that factors such as conducive work environment, employee-managers’ relationship, organizational leadership, and supervisors’ guidance are critical components in enhancing employee performance. These factors not only motivate employees towards enhanced performance, but also build employees confidence in themselves, and their organization.

5.5 Recommendations

This section provides recommendation for the study.

5.5.1 Recommendations for Improvement

5.5.1.1 Intrinsic Rewards and Employee Performance

Since the study has revealed a significant relationship between intrinsic rewards and employee motivation, the researcher recommends that management at Nairobi Serena Hotel should invest more in building employees’ professional capacity and capabilities, enhance and build trust in their employees’ ability to performance their duties, in addition to providing sufficient recognition towards employees for work well done. This will not only motivate the employees, but will also establish a sense of achievement that will further enhance performance.

5.5.1.2 Extrinsic Rewards and Employee Performance

The findings of this study have established a significant relationship between extrinsic rewards and employee rewards. The researcher recommends that management at Nairobi Serena Hotel should enhance their extrinsic rewards mechanisms by investing more in salaries and wages that show management commitment to rewarding work in an equitable manner; enhance paid vacations not only for managers, but also general employees based on set performance criteria, and also invest in paid leave and bonuses as a way of motivating employees towards enhanced performance.
5.5.1.3 Other Factors that Influence Employees Performance

This study has established the existence of a significant relationship between other factors such as conducive work environment, employee-manager relationship, organizations’ leadership and supervisor guidance. It recommends that Nairobi Serena hotel should invest towards an improved physical work environment, as well as train managers on how to develop and nurture positive relationships with employees. There is also need to train managers and supervisors on effective ways of coaching and mentoring employees for enhanced performance.

5.5.2 Recommendations for Future Research

This study exclusively focused on the effects of rewards on employee performance. The variables that were considered include intrinsic rewards, extrinsic rewards, and other factors such as conducive work environment, employee-manager relations, organizational leadership and supervisor guidance. While this study has revealed the existence of significant relationships between the study variables and employee performance, the factors considered are not exhaustive to articulate how rewards influence employee performance. Therefore, future studies should focus on other intrinsic and extrinsic factors not considered in this study. There is also need to explore studies on other factors not considered in this study such employee motivation and adoption of technology at the work place.
REFERENCES


Dear Respondent,

RE: RESEARCH QUESTIONNAIRE

My name is Hellen Muchiri, a graduate student at United States International University Africa. I am currently pursuing a Master of Science degree in Organization Development and in partial fulfillment of my degree; I am required to conduct research in the area of my study.

My research topic is: “Effects of Rewards on Employee Performance in the Hospitality Industry: A Case of Nairobi Serena Hotel”. The study will look at how intrinsic factors, extrinsic factors, and other factors influence employee performance.

The information you provide in this study will be treated with high confidentiality. Your name will not appear anywhere in the report. Kindly spare a few minutes of your time to complete the questionnaire.

Yours faithfully

Hellen Muchiri
APPENDIX B: RESEARCH QUESTIONNAIRE

SECTION I: Demographic Information

Kindly respond to the following questions by ticking in the appropriate box (✔)

1. What is your gender?
   (     ) Male                   (     ) Female

2. What is your age range?
   (     ) 18-25                 (     ) 26-34               (     ) 35-45
   (     ) 46-55                 (     ) 56 and above

3. What is your current marital status?
   (     ) Single                 (     ) Married          (     ) Divorced
   (     ) Separated            (     ) Widow (er)

4. What is your highest level of education?
   (     ) High School   (     ) College   (      ) University    (     ) Masters   (     ) Other

5. What is your employment level?
   (     ) Senior Manager    (     ) Mid-level Manager (     ) General Employee

6. How long have you been working with Serena?
   (     ) Under one year       (     ) 1-3 years           (     ) 3-5 years
   (     ) 5-10 years           (     ) 10+ years

SECTION II: INTRINSIC REWARDS AND EMPLOYEE PERFORMANCE

Kindly answer the following questions using the following Likert Scale (5 = strongly agree…
1 = strongly Disagree)

<table>
<thead>
<tr>
<th>Statements</th>
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<tr>
<td>7. You possess the technical skills required to perform your duties</td>
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<td>8. The management believes in your ability to perform</td>
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<td>9. The management’s belief in your ability enhances your performance at work</td>
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<td>10. The trust the management has in you enhances your performance</td>
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<td>11. You receive recognition for your work</td>
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<td>12. Recognition by managers enhances your performance</td>
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13. You have well-articulated goals and objectives you are required to achieve

14. The achievement of the above goals are a source of motivation to perform better

**SECTION III: EXTRINSIC REWARDS AND EMPLOYEE PERFORMANCE**

Kindly answer the following questions using the following Likert Scale (5 = strongly agree… 1 = strongly Disagree)

<table>
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<th>Statements</th>
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<tr>
<td>15. You receive salary as payment for your work</td>
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<td>16. The salary paid is commensurate to the work done</td>
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<td>17. You understand the link between your performance and your salary</td>
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<td>18. Your performance would go up if your salary was increased</td>
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<td>19. You would recommend that management use high salaries as a way of enhancing employee performance</td>
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<td>20. You receive an annual bonus based on your performance</td>
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<td>21. The anticipation of the bonus enhances your performance</td>
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<td>22. You are paid travelling allowance during your annual leave</td>
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</table>

**SECTION IV: OTHER FACTORS INFLUENCING EMPLOYEE PERFORMANCE**

Kindly answer the following questions using the following Likert Scale (5 = strongly agree… 1 = strongly Disagree)

<table>
<thead>
<tr>
<th>Statements</th>
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<tr>
<td>23. You enjoy the environment in which you perform your duties</td>
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<td>24. You appreciate the physical attributes of your work area</td>
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<td>25. Your work environment enhances your performance</td>
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<td>26. You receive constructive feedback from your supervisor</td>
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<td>27. Your supervisor provides constant guidance and support in the course of your work</td>
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<td>28. The company leadership has overall goals and objectives</td>
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</table>
29. The leadership has communicated the goals and objectives to all employees

30. The company management staff are qualified for the positions they hold

SECTION V: EMPLOYEE PERFORMANCE (DEPENDENT VARIABLE)

Kindly answer the following questions using the following Likert Scale (5 = strongly agree… 1 = strongly Disagree)

<table>
<thead>
<tr>
<th>EMPLOYEE PERFORMANCE</th>
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<td>31. You understand the company’s broad goals</td>
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<td>32. You understand the link between your job and the company’s broad goals</td>
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<td>33. You are held accountable for achieving specific measurable results</td>
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<td>34. There are positive consequences for good performance and negative consequences for poor performance</td>
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<tr>
<td>35. More often than not, your department meets its goals and objectives</td>
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</table>

The End.

Thank you for your participation