EFFECTS OF INCENTIVES AND REWARDS ON EMPLOYEE PRODUCTIVITY IN SMALL BANKS IN KENYA: A CASE STUDY OF FIRST COMMUNITY BANK

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Master’s Degree in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2017
STUDENT'S DECLARATION

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

Signed: .................................................  Date:......................................
Judy Njambi Ndichu (ID 600534)

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

Signed: .................................................  Date:......................................
Dr. James M. N. Karimi

Signed: .................................................  Date:......................................
Dean, Chandaria School of Business
DEDICATION

I dedicate this project to my family, especially my dad and my husband who have been encouraging me to continue pursuing my MBA and the faculty of the School of Business at United States International University for being supportive throughout my study.
ACKNOWLEDGEMENT

I wish to express my gratitude to everyone who supported me throughout my studies in United States International University and specifically my husband Charles Waithaka, my dad, Solomon Ndichu, my children Faith Waithaka, Peace Waithaka, Joy Waithaka and my granddaughter Judy Njambi for their encouragement and support. In addition, it is my radiant sentiment to place on record my best regards, deepest sense of gratitude to Professor George K’aol and Dr. James N. Karimi, who introduced me to the Research Methodology, and whose passion for the underlying structures had a lasting effect. I am specifically very grateful to Dr. James N. Karimi who was my supervisor for this project for his careful and precious guidance which were extremely valuable.

Finally, I express my deepest thanks to the Management of First Community Bank Limited for allowing me to undertake a research in their organization.
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ABSTRACT

The research focused on the assessment of the effects of incentives and rewards; and how they affect employee productivity. The project examined how financial, non-financial and rewards systems affect the performance of employees and also tried to establish which type of incentive or reward was more valued by the employees to enhance productivity. The study was guided by the research questions that included; to assess the effects of financial incentives on employee productivity in small banks, effects of non-financial incentives on employee productivity in small banks and to assess the effects of reward system on employees’ productivity.

The research was conducted at a period when the banking industry was undergoing some difficulties especially when CBK had introduced a regulation on the interest rate capping. With this regulations on the interest rates, identifying the motivators is becoming more challenging for the HR Management. Perceived value that can motivate employees to be more productive should be identified and enhanced. Based on a critical review of published journal articles, it is well demonstrated on how crucial incentives and reward systems are to the performance of any organization. Employees are a company's livelihood. How they feel about the work they are doing and the results received from that work directly effects an organization's performance.

The study adopted descriptive survey design. The population of interest was the staff of First Community Bank but limited to the Nairobi branches only. Stratified sampling was used to determine the sample size of 164 employees from the total population. Data was collected using structured questionnaires that were based on the research questions and coding was done for ease of analysis through SPSS. Descriptive statistics was used to analyze data.

The first research question looked at the effects of financial incentives on employee productivity in small banks. According to the findings, there was a positive relationship between financial incentives and employee productivity. The second research question discussed the non-financial incentives on employee productivity in small banks. Majority of the respondents indicated that there was a significant relationship between non-financial incentives and employee productivity. The final question tested how effective reward system positively affects employee productivity. After the research, it was
evident that there was a positive significant relationship with between reward systems and employee productivity.

In conclusion, the study revealed that all the incentives and reward systems are important though they have a different meaning to different categories of employees working for First Community Bank. The study therefore showed that different incentives and rewards have different effects on employee productivity. The study further revealed that there is a need for First Community Bank to come up with a comprehensive reward systems that can motivate employee to increase their productivity.

Recommendations for improvement at First Community Bank includes coming up with a well-structured and monitored reward system which includes a profit sharing mechanism, promotions and career growth for all the employees; that is well known and understood by all employees, employee participation in decision making process, recognition of employee’s outstanding performance, organize at least four social events to enhance team spirit, well structure talent management addressing the development needs, succession planning and growth of all employees. This will enhance healthy competition among employees, retention, royalty and increase employee productivity.
CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Problem

Human resource provides basis for an organization to achieve sustainable competitive advantage. Since organizations are operating in a dynamic and competitive business environment, they need to develop strategies to acquire and retain the competent workforce. Human asset is considered to be the most important asset of any organization and in order to get the efficient and effective result from human resource, motivation is necessary (Zaman, 2011). Researchers divide motivation into two categories, intrinsic and extrinsic. Extrinsic motivation comes from external factors such as financial rewards and needs to be refilled at regular intervals not to lose its effect. Intrinsic motivation comes from inside of an individual and is the kind of motivation every organization wishes their employees would have (Mundhra, 2010).

Financial rewards have always been important in managing employee’s performance. However, other elements of compensation have been developed to provide employers with more scope to reward and motivate employees to increase productivity. Armstrong and Taylor (2010) states that “performance” is defined as behavior that accomplishes results. In light of today’s business conditions especially in the banking industry where CBK has introduced a regulation on interest capping, motivating people to give their best has become more crucial than ever before.

To achieve goals and objectives, organizations irrespective of size, develop strategies to compete in highly competitive markets and to increase employee performance. The Human Resources Management has a role to hire and come up with retention strategies for the best employees, especially the ones holding key roles that can be difficult to replace because of the technical competencies required. Organizations consider the human capital as being their main asset, capable of leading them to success or if not managed properly can lead to failure of the organization and high staff turnover (Fisher, 2012).
Mudor and Tookon (2011) contend that every organization desires to be successful as much as current environment is very competitive. It is the responsibility of the Human Resources Management to come up with the right incentives and rewards that can motivate employees to produce more. Employee motivation is important since there is a direct relationship between motivation and productivity. Traditionally, incentives were used only for the top management, but during the last decade, different forms of programs with the purpose of raising motivation amongst all employees have spread across the organization. According to Merchant and Van der Steed (2008) business leaders have embraced different theories of motivation in realising that motivation and productivity can be created if proper tools are used.

Milton (2013) defines incentives as variable rewards granted according to variations in the achievement of specific results. It is also called a stimulus to greater action. They may be used to incite action or greater effort. An incentive is anything which can be given in addition to wages. Incentives are therefore motivations for work. They could be financial or non-financial rewards. Incentives provide a zeal in the employees for better performance. It is a natural thing that nobody acts without a purpose behind. Therefore, a hope for a reward is a powerful incentive to motivate employees. Besides monetary incentive, there are some other stimuli which includes job satisfaction, job security, job promotion, and pride for accomplishment.

Baratton (2012) defines rewards as all form of financial returns and tangible services and benefits an employee receives as part of an employment relationship. Colin (2011) defines reward as the benefits that arise from performing a task, rendering a service or discharging a responsibility. According to the Allen and Kilmann (2011), reward practices play a vital role in improving employee productivity. Heng (2012) argues that if an organization fails to reward employees, it will directly affect employee productivity. An efficient reward system can be a good motivator but an inefficient reward system can lead to demotivation of employees in terms of low productivity, internal conflicts, absenteeism, high turnover, lack of commitment and loyalty, lateness etc. An organization needs to develop strategic reward system for employees in order to retain competent employees which result to obtain sustainable competitive advantage.
A reward strategy is seen as one of the most important strategies in the human resource management function, as it influences the productivity of employees and growth of organization. Sourthen (2013) explains that private sector organizations always try to align their reward strategy with the human resource strategy which finally leads to create an integration between reward strategy and organization’s business strategy. The principal reward for performing work is pay. However, many employers also offer reward packages of which wages and salaries are only a part. The packages typically include: bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more (Agwu, 2013). Reward management influences performance by recognizing and rewarding good performance and by providing incentives to improve it. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Mehmood (2013) points out that rewards play a vital role on increasing employee productivity and change the behavior of dissatisfies employees.

Reward management is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation. Reward systems are very crucial for an organization (Maund, 2011). Rewards include systems, programs and practices that influence the actions of people. Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance (Wilson, 2013). The only way employees will fulfil the employers dream is to share in their dream (Kotelnikov, 2010).

Reward systems are the mechanisms that make this happen. They can include awards and other forms of recognition, promotions, reassignments, non-monetary bonuses like vacations or just a simple thank you card. When employees are rewarded, they get work done. When employees surpass their target or exceed their standard they should be rewarded immediately as a way of motivating them. Effective reward systems should always focus on the positive reinforcement. Positive reinforcement encourages the
desired behaviour in organizations. This encourages employees to take positive actions leading to rewards. Reward programs should be properly designed in the organization so as to reinforce positive behaviour which leads to performance (Purkayastha & Chaudhari, 2011).

First Community Bank (FCB), is the first fully fledged Sharia’h compliant commercial bank to be approved under Cap 488 of the Banking Act and licensed by the Central Bank of Kenya (CBK) offering banking services on a complete Sharia’h system. FCB received a formal approval from CBK on 29th May 2007 and officially commenced operations on 1st June 2008 to operate as an Islamic bank. FCB has both Kenyan as well as Tanzanian investors with 18 branches across Kenya and a head count of 260 staff members.

Elgari (2013) says Islamic banking is best known for its financial inter-mediation function which operates without earning interest. In a Sharia’h Compliant bank, a financial transaction needs to have a return that is a direct link to a real economic transaction (Ghuddah, 2014). This means that a financial transaction should not lead to the exploitation of any party to the transaction. Their products ranges have reached into almost every element of the capital markets, consumer banking and wealth management.

1.2 Statement of the Problem

Companies are spending huge amounts of money on their reward programs which aims at motivating, retaining, committing and attracting new employees. Despite the great amount of money used in these incentives and rewards, only few of the Human Resource Managers are able to justify and measure whether they are efficient (Armstrong, 2010).

With the introduction of the interest rate capping on July 28th 2016 by CBK, all banks and especially the small banks were affected. Most banks actually decided on reducing their workforce significantly. For example, on 8th November 2016, the Standard Newspaper reported that First Community Bank (FCB) had plans to reduce its workforce in order to reduce costs and by the end of the same month, the bank management declared more than 100 positions redundant and the same was reported in the local dairies. However, the employees who remained in FCB could not perform to the expectation of the management and the performance of the bank dropped significantly by the end of 2016 as
was reported in their end of year financial statements (Standard Newspaper, 31st March, 2017 pp 41). This has now raised concerns on whether the incentives and rewards given to the employees are adding any value to the bank and whether they are serving the intended purpose of motivating the employees (Rock, 2013).

The questions are often asked as to what employees really want from the Management for productivity to go up. There is a general notion that if only management can identify other things that can motivate the workforce apart from money, perhaps there will be a dramatic improvement in production and profitability of the bank. Less time will also be spent on the annual ritual of management/employees’ union negotiation meetings (James, 2011). An employee is concerned about what they are paid as incentives, while organizations are concerned about what they pay because it motivates important employee decisions especially when it comes to job delivery and performance. James (2011) noted that mostly, the general problem is poor designed incentive plans, low salaries, irregular promotional structure, lack of a proper salary structure and lack of recognition of employees’ achievements.

Designing and implementing good employee incentive plan is a huge challenge thus affecting employee motivation and productivity (Anderson, 2013). The aim of this research therefore is to find out how incentives and rewards are affecting employees’ productivity in small banks in Kenya and specifically the employees of First Community Bank; and to determine whether if given the right incentives can put in their best to contribute to the productivity and growth of the organizations to achieve the bank’s strategic objectives.

1.3 Purpose of the Study

The purpose of this study was to assess the effects of incentives and rewards on employee productivity in small banks in Kenya.
1.4 Research Questions

The study was guided by the following research questions:

1. What are the effects of financial incentives on employee productivity in small banks?
2. What are the effects of non-financial incentives on employee productivity in small banks?
3. Does effective reward system have positive effects on employees’ productivity?

1.5 Significance of the Study

1.5.1 Importance to the researcher

The research would be of great importance to me as a researcher because I intended to acquire research skills to conduct business research. Skills like developing questionnaires, interacting with new people, getting the necessary information, analyzing and presenting data. The research would also be beneficial to the Management of FCB as it would shed some light on incentives and rewards valued by employees most; thus would help them come up with incentive and reward systems that can promote productivity in the bank.

The research also benefited the future researchers who carry out research about the same topic on the effects of incentives and wages and the effects they have on employee performance.

1.5.2 Importance to the Policy Makers

The study benefits policy makers like the International Labor Organization, Employees’ Union and other government organizations to come up with effective and realistic policies that led to employee motivation.

1.5.3 Importance to First Community Bank

The study was also beneficial to First Community Bank as they identified areas that they needed to improve on to be able to motivate the employees and to maximize their profits.
1.6 Scope of the Study

The scope of the study was limited to small banks in Kenya with a focus on First Community Bank in Nairobi. The study targeted Senior Management, Middle Level Management and also Clerks in Nairobi branches. The study was conducted from beginning of May to mid-July 2017.

1.7 Definition of Terms

1.7.1 Incentives

Incentives means an inducement which rouses or stimulates one to action in a desired direction (Milton, 2013). These are benefits that are promised to employees to motivate them to achieve their best and improve their behavior, productivity and output continuously.

Incentives are given to employees whose performance is below expectation eg sales commissions, higher allowances etc. with an aim to motivate and encourage employees to achieve desired performance, efficiency and levels of output. Incentives can also be defined as something that encourages a person to do something or to work harder. It can also be defined as inducement or supplemental reward that serves as a motivational device for a desired action or behavior. Incentives always have a time period, a measureable action or goal (Meridith, 2015).

1.7.2 Financial Incentives

Financial incentives have been defined by a number of authorities in a number of ways, depending on their orientation, context, environment and situation. However, the context and emphasis of this paper is on employee-employer work relationship, pay and performance of employee and organization. Financial incentives are gotten from the word motive.

Shank (2012) defines motive as something that causes someone to act. Relating this definition to work place environment, they are actions of management that cause employee to put up favorable or unfavorable attitudes towards corporate goals.
accomplishment. Micheal and Harold (2006) states that financial incentives refers to monetary terms in form of wages and salary. They further explains that financial incentives are used to compensate and motivate workers in an organization. Wages are financial rewards based on time units. Burton (2012), sees financial incentives as predisposition to behave in a purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner forces that drives individuals to accomplish personal goals.

Meridith (2015) explains that financial incentives are motivators that refers to monetary rewards and helps to satisfy the physiological and security needs eg. Wages, salary, bonus, retirement benefits, medical reimbursements etc. Financial incentives should be substantial in value and must be in parity with others.

According to Armstrong (2012) financial rewards comprise all rewards that have a monetary value and add up to total remuneration. These rewards include basic pay, merit pay, skills based pay, incentives, and service related pay, bonuses, financial recognition schemes and benefits such as pensions, sick pay and medical cover for the employee and the dependants.

1.7.3 Non-Financial Incentives

Meridith (2015) defines non-financial incentives as types of rewards that are not part of an employee’s pay. Non-financial incentives are a means of encouraging employees in boosting their morale without any form of cash payment to employees. They typically cost the company little or no money, yet carry significant weight when it comes to motivating employees. These are motivators that helps to satisfy the status, recognition and ego in the society as they bring in psychological and emotional satisfaction to the employees. Examples are appreciation for work well done, periodic promotions, training, job security, recognition of achievement, opportunity for growth, better job titles, responsibility etc.

Non-financial reward consists of responsibilities, opportunities, written recognition, promotion, vacations, better working environment, sound policies, insurance, medical, gifts, plaques, retirement etc. (Ellisand, 2012). All these rewards affect the performances
of the employees in different manners. Non-financial incentives are to reward employees for excellence job performance through opportunities (Kepner, 2011).

1.7.4 Rewards

Armstrong (2012) defines reward as a benefit that is provided in recognition of achievement, service, commendable behavior etc. It is only given to an employee only after he has provided evidence of his positive behavior and achievements. The aim of a reward is to show the employees that their work and efforts within the organization are valued and is given as an appreciation for the work already completed. They are used to improve morale, increase productivity and encourage employees to contribute their best quality of work.

Reward system is the instrument used to increase employees’ productivity. It seeks to attract and retain suitable employees, encourage good employee relationship and commitment. Mehmood (2013) explicates reward system is the requirement of any organization to attract, hire and retain most suitable employee to gain competitive edge in a competitive environment. He further explains that reward system inspiring the employee to work harder and faster because employee needs motivation to put extra effort on their task. Finally he concludes that reward system should match with the organizational culture and the strategy in order to achieve sustainable competitive advantage.

1.7.5 Employee Motivation

According to (Goudas, Biddle & Fox, 2011), motivation is the level of energy, commitment and creativity that employees bring to their jobs. It is an internal drive that causes an individual to decide to take action, which is usually influenced by biological, intellectual, social and emotional factors. Motivation can also be defined as the process of boosting the morale of employees to encourage them to willingly give their best in accomplishing assigned tasks.
1.7.6 Employee Productivity

Carol (2016) defines employee productivity as a performance measure of both efficiency and effectiveness of an employee or a group of employees. He explains that productivity can be evaluated in terms of output of an employee within a specific period of time. Productivity of a given employee is assessed relative to an average for employees doing a similar task (Woods, 2016). According to Mariam and Rami (2016), employee productivity is one of the paramount concerns in the overall management of any organization and without staff productivity the performance of the entire organization would fail to meet its desired aims.

1.7.7 Small Banks

According to Think Business Banking Survey (2016), a small bank falls under Tier 4 with an asset base of below 15 billion Kenya Shillings. Tier 4 comprises of small regional banks with a primary focus on core banking and limited capital markets trading. First Community Bank thus falls under the category of small banks as its total assets are valued at Kes.12,305 billion.

1.8 Chapter Summary

Chapter one mainly covered the introduction, highlighting the background of the problem, the purpose of the study, scope and definitions of different terminologies used in the research paper. Chapter two is going to cover the literature review and be able to highlight other research findings by other scholars who have done a similar research. Chapter 3 will present the study design, target population, sampling procedure, research instruments, validity and reliability of instruments, data collection instruments, data analysis and operationalization of variables. Chapter 4 will present the findings, analysis and interpretation of data gathered while chapter 5 will provide discussions, conclusions and recommendations based on the results and findings.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In chapter two, we are doing to define different terms used in the research questions, highlighting different types of incentives used to motivate employees and focusing more on what has been documented by other scholars.

The term “incentives”, “Rewards”, and “Recognition” are used interchangeably in the organization setting and there is no broader difference among them. However, the main category is the incentives. Meridith (2015) defines incentives as any source or medium that encourages an employee or group of employees to perform better and to exert more effort beyond expectations. Basically incentives are divided into two main groups: Financial incentives and non-financial. Financial incentives include direct payment of cash while non-financial incentives may be in the form of promotion of employees, flexible time, autonomy and involvement in decision making.

2.2 Effects of Financial Incentives on Employee Productivity

Employees are motivated by either financial or non-financial instruments. Favorable attitude leads to greater organizational commitment due to job satisfaction. This in turn leads to customer satisfaction because satisfied employees pay greater attention to meeting customers’ needs/wants. Financial performance of a firm also improves if customers’ loyalty improved. Financial incentives are the process of influencing employees to act according to plans, to achieve the mutual goals of employees and employer (Ekpudu & Okafor, 2012).

According to Ellis and Pennington (2004), the financial incentives have a short-term effect on the motivation levels of employees although they play a critical role in their motivation as it has a stronger effect and remains longer embedded in the mind of the employee as it appeals in its emotional state.
2.2.2 Types of Financial Incentives

2.2.2.1 Monetary Incentives

Monetary incentives are used by employers to attract, retain as well as compensate best workforce for a job well done (Milton, 2012). Financial incentives are divided into direct and indirect financial reward. Direct reward includes good salary packages, profits and commission. Indirect financial reward are all those benefits that are not covered by direct financial reward.

Incentive can come in many forms: basic salary, stock options, compensation, profit sharing, insurance, retirement plans, overtime pay, attendance incentives, competition and contests, output-oriented merit increases, performance Bonuses, sales commissions, piecework, safety incentives, suggestion awards etc (Pattanayak, 2005). Monetary incentives are used to describe incentive-payment plans which ties incentives directly or indirectly to productivity standard (Alaba & Owodunni, 2007).

2.2.2.2 Cash Bonus

Cash bonus is another form of reward that organizations use to reward employees for exemplary performance that is if they have performed higher or exceed their set targets, this hence makes them eligible (Finkle, 2011). The amount of cash is determined by how high the employee has over exceeded the set targets or they can also be based on ranks or job groups. Nowadays, companies are rewarding performance bonuses to junior employees to increase output, unlike the past where they used to be a privilege of only the top executives.

Performance bonuses are now on the rise in many organizations because managers want to link performance to reward. Companies use cash bonuses to reward their employees' performance during the year under appraisal. However, there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well.
Employees who receive a large bonus will likely want to get it the following year too. On the other hand, employees who receive a miserly bonus and it reflects how the company assessed their performance, might consider improving the following year (Finkle, 2011)

### 2.2.2.3 Incentive Stock Options

According to Chang (2001), in incentive stock options, also referred to as qualified stock options an employee is able to defer taxation until the shares bought with the option are sold. The company does not receive a tax deduction for this type of option. Incentive stock options have become commonplace additions to compensation packages in recent years (Chang, 2001). Chang explains that experts say stock options are lousy incentive mechanisms for motivating rank-and-file employees at the largest companies to work hard.

Stock options can serve as salary buffers to keep employees from leaving their firms when salaries or other benefits start to rise in the labor market around them (Oyer, 2001). Oyer also found that stock options are effective in industries where individuals' market wages vary widely, in tight labor markets where worker replacement costs are high, and when the specific sector of a particular industry experiences greater common shocks, such as a sudden downturn in product demand. The advantages of an incentive stock option is that it allows a company to share ownership with the employees and is also used to align the interests of the employees with those of the company.

### 2.2.2.4 Profit Sharing

The other financial incentive is profits sharing also referred to as total system incentives, which usually occurs annually after the final annual results for the organization’s profitability have been calculated. Profit sharing is an incentive plan introduced by businesses that provide direct or indirect payments to employees that depend on company's profitability in addition to employees’ regular salary and bonuses. This is an arrangement in which the company leadership designates a percentage of annual profits as a pool of money to share with employees in addition to prevailing wages (Melissa, 2016). Compensation can be stocks, bonds or cash and can either be immediate or deferred until retirement. Frank (2014) explains that in profit sharing, employees are rewarded if a
company’s profit increases and it is a way for employees to have an added stake in the company’s success. He explains that a profit sharing plan has a formula that provides a fixed percentage of profits that will be divided among employees. Consequently, employees are motivated to perform well to increase company profits which results in a cut of the profits for them.

Profit sharing can generate benefits to the organization through fostering greater employee cooperation by ensuring that all the employees are in pursuit of the organizational objectives, reducing employee turnover, increasing productivity, costs reduction, providing retirement security and it also gives employees a direct stake in the profitability of an organization creating an atmosphere in which employees want the business to succeed as much as management does. There is a common misconception of profit sharing that it is only suitable for small organizations; however, it is has been successfully used in large and small organizations with both volatile and stable profits.

The positive impact of profit sharing is that it sends a message that all of the employees are working together on the same team. Profit sharing and company ownership arrangements create a powerful bond between workers and employers, and can motivate people to be more productive and creative (Kelly, 2010).

Many companies have begun to consider profit sharing plans, because they can be a powerful incentive for employees to work harder for the company and gain a sense of satisfaction from knowing they’ll all get a cut of the profits. This encourages employees to work as a team, focus on profitability and enhances the commitment to the organizational objectives. The employees have the same goals and are rewarded equally to reinforce this shared service to customers and lack of competition with each other. This means that when employees know that they will receive some incentives when the organization perform well, then they are more likely to work extra hard to ensure that the organization succeed (Robertson, 2007). On the other hand the weakness of profit sharing plans is that individual employees cannot see and know the impact of their own work and actions on the profitability of the company. Consequently, while employees enjoy receiving their profit sharing money, it gradually becomes more of an entitlement than a motivational factor (Jamin, 2007).
2.2.2.5 Pay Raise

A pay raise can also act as a financial incentive. According to Jonathan (2015), connecting employee pay raises to performance reviews can encourage a more competitive workforce. This can result in a higher level of productivity as it is given for specific performance results rather than simply for time worked (Gregorio, 2006). Each employee strives to increase sales or client acquisitions to earn the highest marks on the next performance review and allows a small business owner to maximize payroll and retain the strongest staff members. The performance-based pay scale requires effort to reach the next rung of pay increases.

Employees respond with increased worth ethic and attention to the task when pay increases directly reflect their level of performance. Tying pay raise incentives to performance reviews can help the workforce to better understand what it takes to earn higher pay (Lister, 2015). He further explains that money is a quantifiable way to show an employee praise for high performance or a job well done. Connecting pay raise incentives to performance evaluations provides an employer with a clear means to show employees that they value high productivity and are willing to reward employees for that effort. This increases the morale of the employees and can even lead to an increase in productivity as employees feel a sense of loyalty to the company because the employer also shows loyalty.

Heathfield (2016) explains that merit pay is the best way to reward the employees that you most want to keep as it sends a powerful message about what you want to recognize and reward employee efforts and contributions. Employers values employees who choose to work hard and outperform other employees. This also helps new employees who can see that the employer doesn't simply reward employees for longevity, instead opting to reward employees who consistently improve on production and operational techniques (Lister, 2015).

2.3 Effects of Non-Financial Incentives on Employee Productivity

According to Erbasi and Arat (2012), non-financial incentives are required to give a long-term motivational effect instead of the short-term effects of financial incentives. Non-
financial incentives are listed as enabling authority, participating in the management, job enrichment, promotion, holidays, better working atmosphere and enhancing a sense of belonging (Erbasi & Arat, 2012).

According to Dessler (2005), non-financial incentives are remuneration or benefits in form of services. This include medical services, insurance programs, and recreational facilities, special awards for long services, flextime, and pleasant working environment and so on. Creative use of personalized non-financial incentives reinforces positive behaviors and improves employee retention and performance (Sani, 2013). Non-financial incentives satisfy the ego and self-actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of “Non-monetary incentives” (Minhaj, 2016). Non-financial incentives are designed by the employer to boost the level of performance of their employees, along with raising their productivity level (Mariam & Rami, 2016).

Vatsa and Pandey (2015) states that a non-financial incentive is any benefit an employee receives from an employer beyond the compensation package with a purpose of attracting, retaining and motivating the employees. All organizations are now concerned with what should be done to achieve a high level of employee productivity through staff motivation using the right kind of incentives. Sani (2013), states that non-financial recognition can be more effective than cash awards, because they can help the employees with their self-esteem, as well as giving them deserved recognition, and a feeling of fulfillment with their jobs.

2.3.2 Non-Financial Incentives

Non-financial incentives are non-tangible rewards given to the employees as a result of their positive performance in the company (Emerole, 2015). According to Gale (2002), non-financial incentives are considered as more important incentives than monetary incentives.

Non-monetary incentive, whether tangible, social or job related are additional benefits separate from monetary compensation that shows respect and praise accomplishment. Organizations use non-monetary incentives to increase their employees’ efficiency and performance to achieve their goals and in turn organizations’ productivity also increases
Every employee certainly appreciates more money, but money does not buy happiness, nor does it buy engagement and loyalty. Non-financial incentives inspire and engage employees in ways that money is incapable of doing (Plum, 2014).

Plum (2014) explains that non-financial incentives are the types of rewards that are not a part of an employee’s pay but typically costs the company little or no money, and yet they carry significant weight. Most types of non-financial incentives fall into four buckets: recognition, reward, opportunity, and flexibility (Plum, 2014). Plum concludes by saying that effective non-financial incentives for employees reach out and touch the emotions to make the employee feel welcomed, appreciated, and valued.

1. Promotion

Promotion is basically a career advancement and can be used as motivational tool (Kalpana, 2013). It is not just a reward that an employee is given for his/her continued good performance but is the proof that an employer thinks that it is time to add more responsibilities to an employee’s existing set of responsibilities. When management decides to promote employees for their hard work, they are basically recognizing talent and finding future leaders thus boosting employee morale and motivation which results in high productivity and prevents organizations from losing its valued employees (Campbell, 2015).

According to Anastasia (2015), promotion or career advancement is a process through which an employee is assigned more responsibilities with a higher pay. Promotion is a way of rewarding employees meeting the organizational goals thus it serves as mean of synchronizing organizational goals with personal goals (Michael, 2015). Promotion is an effective tool to increase the spirit to work. If the employees are provided opportunities for the advancement and growth, they feel satisfied and contented and they become more committed to the organization (Forson, 2012). Forson further states that a promotion is not just beneficial to employees but also very important to the employer since it does not only involve change in rank but also more duties and responsibilities to the employees. Management should therefore take careful assessment and evaluation of employees’ skills, performance, and length of service, education qualifications and training given to the employee.
2.3.2.2 Employee Recognition

According to Gines (2013), recognition means acknowledgement with a show of appreciation. It is crystal clear that the main and repeated cause of turnover is the lack of employees’ recognition (Meredith, 2015). When employees are appreciated, they feel motivated to perform better. On the other hand, lack of recognition has resulted in firms loosing disenchanted innovators as well as lower level of effort and even sabotage and espionage (Dutton, 2014). Disturbingly, recognition is often perceived as a costly, non-essential practice and generates no significant benefit to organization (Milton, 2015).

Gines (2013) observes that companies must foster employee motivation through acknowledging achievements that are in line with corporate long term objectives as well as activities that generate immediate results. This can be achieved by displaying employees’ achievements on the notice boards, issuing recognition certificates for exceptional performance, sending congratulating messages to employees for good performance etc.

2.3.2.3 Feedback

According to Eriksson (2009), relative performance feedback is a crucial aspect of organizational design and employees appreciate acknowledgement for a job well done and respects management more when they are called out on poor performance. Accomplishments should be acknowledged while errors or failures in meeting the agreed targets should be promptly addressed.

Employees will be more motivated if they know what they are expected to achieve. Feedback is basic a source of educating employees in the sense of removing barriers they face in propagating their activities towards the targets they are given in their working environment (Watts, 2012). Feedback on relative performance has been found to influence behavior of the employees. Falk and Ichino (2006) and Mas and Moretti (2009) show that allowing people to observe each other’s performance has a positive influence on an employee’s performance although payment is independent of the others’ performance. They all agree that in a production environment daily feedback on
performance, with objective performance targets, has a strong, positive impact on employee productivity.

2.3.2.4 Job Enrichment

According to Gabriel (2015), there is a significant relationship between job enrichment and employee job satisfaction. Job enrichment means giving employees more control over the tasks that they complete. Allowing employees to complete tasks that have a meaning, and are complete in themselves. For example a worker who has a job fitting the tube to a TV, may have his job enriched by testing that the tube works, and being able to make adjustments so that the required level of quality is achieved.

Job enrichment is a management concept that involves redesigning jobs so that they are more challenging to the employee and have less repetitive work. Job enrichment simply means adding the contents to a job leading to increased responsibility, scope and challenge in its performance (Gabriel, 2015). Job enrichment refers to the process of designing jobs with more variety of work content, requiring higher level of knowledge and skills. It provides more freedom, responsibility and opportunity for personal growth to the employees. An enriched and interested job is in itself a source of motivation to an individual (Gabriel 2015).

2.3.2.5 Job Enlargement

Job enlargement is an increase in job tasks and responsibilities to make a position more challenging (Carol, 2015). It is also a job design technique where there is an increase in the number of tasks associated with a certain job. This means increasing the scope of an employee’s duties and responsibilities. Carol further defines job enlargement as a horizontal expansion, which means that the tasks added are at the same level as those in the current position which aims at increasing the workforce flexibility and reducing monotony at the same time. It is therefore an increase in the number of job tasks and responsibilities to make a position more challenging. For example, a secretary previously employed to answer calls might now have duties, which include, filing, letter writing etc. This adds interest to the job, and involves the employee in a more complete role within the business (Olsen, 2015).
2.3.2.6 Effective Communication

Effective communication is the key to a productive workforce and is pivotal in increasing productivity because it directly influences the behavior of the staff and the way they perform (Hicks, 2017). Efficient communication which includes clear instructions, fast message delivery, and proper explanation, is the key factor to solid cooperation between managers and employees (Sullivan, 2011). He explains that effective communication plays an eminent role in getting things done which ultimately increases the organization’s productivity.

According to Kijko (2017), communication is only effective when the receiver understands the message conveyed just as the sender wanted to. The receiver can confirm this by letting the sender know that the message was received through the right medium and on time. He emphasized that businesses that communicate with their staff are likely to have lower levels of labor turnover. Effective communication between the manager and team members is an important factor in every company and success cannot be achieved when there is no communication. With the help of good communication among managers and employees, it becomes clear where the company is, where it needs to be in the future and which steps need to be taken to get there (Pavel, 2015). All this information provides clear directions for all employees, which increases productivity, decreases uncertainty and gives exact direction to employees thus making their works less stressful, faster, more efficient and enjoyable.

Communication is a key part of motivation, but most often overlooked piece of the incentive puzzle. Effective communication is a complex management issue, but a structured communication plan can make the world of difference to the uptake of any incentive scheme. By keeping your audience up to speed on large end-of-year incentives, as well as regular, smaller promotions, you can ensure that momentum is maintained throughout and you achieve the results you need (Agarwal, 2010). Poor communication affects work production because employees might not receive adequate information to complete a task assigned to them. It may start a whole destructive chain of events because if an employee forgets to mention important information, it will result in delaying the completion of a project or in errors that will jeopardize the implementation (Kijko, 2017).
On the other hand, lack of communication can frustrate employees and make them feel unimportant. Failing to provide effective feedback can lead to wasted efforts, increased error rates, and lower productivity. Effective communication needs to be developed in conjunction with employees to ensure that they fit both the needs of the manager and the employees (Sullivan, 2011). Effective communication improves understanding and, in the result, will elevate productivity and efficiency.

2.3.2.7 Training

According to Taylor (2015), companies need great talent to attain higher levels of innovation and success. Training provides chances to employees’ growth and enhances their knowledge and skills for effective development (Kabir, 2011). It is difficult for employees to be productive when they are not sure of what they are required to do.

Lack of training can bring down productivity significantly because untrained employees become paralyzed with fear (Jessop, 2016). By getting these training programs employees are able to get self-assured, evolution of career, and have positive thought for their organization (Kabir, 2011). Shortage in certain skill sets are making it difficult for organizations to hire the best. However, smart organizations turn to training and development to bring their current and future employees up to speed with the necessary competencies. Hicks (2017) explains that without training, employees will not be able to fulfil their potential. He highlighted that there are a number of ways employers can support employee development either through individual coaching, workshops, courses, seminars, job shadowing or mentoring, or even just increasing their responsibilities. Offering these opportunities will give employees additional skills that allow them to improve their efficiency and productivity. Offering opportunities for professional growth shows that you trust and believe in an employee’s potential, they become more productive, knowledgeable and happier (Perkins, 2014).

Training not only improve productivity and performance but also strengthens recruitment and retention efforts as employees view training benefits as a major boon to their long-term career goals (Taylor, 2015). Taylor also explains that training is a powerful incentive that attracts the best and keeps them engaged for long periods thus helping employers to reap the rewards. To ensure that all employees are adequately trained,
employers should focus on those employees that are near the beginnings of their careers. Companies have a tendency to focus on “leadership training” for executives, but they ought to focus more resources on training those who are new if they want to increase employee productivity (Kouba, 2013).

2.3.2.8 Appreciation of Work Done

According to Heathfield (2016), recognition of employees should be provided frequently so that employees are motivated by their work environment. Appreciation or praise for work well done serves as an effective non-financial incentive that satisfies one’s ego needs and can go a long way to improve employee morale and make employees feel valued (Reuter 2015). He however states that managers need to use this incentive with great degree of caution because praising an incompetent employee may create resentment among competent employees.

Appreciation can also create unique company culture and strengthen employee relationships and is one of the principal motivators for any employee at his or her workplace. Appreciation drives employees to work sincerely and to be more dedicated to their employers (Tanner, 2015). An employee responds to the appreciation that his higher authority expresses by recognizing his good job because it positively confirms that his/her work is being valued. When an employee and his work are appreciated, his productivity improves. He gets motivated to maintain the standard or to improve it more. Many employees would feel more satisfied and happy if their employers treated them unexpectedly with “thank you” notes, gifts, lunches, dinners, or snacks (Harrison, 2013).

2.3.2.9 Job Security

Job security is defined as the assurance in an employee’s job continuity (James, 2012). According to the Business Dictionary, job security is also defined as an assurance that an employee will keep his or her job without the risk of becoming unemployed. Job security plays an important role in both social and working life as it helps employees not to worry about their future and contributes to employee productivity (Senol, 2011).
Job security has a significant effect on the overall performance of employees and is also an important variable that directly affects employee organizational satisfaction and level of his commitment (Maurer, 2013). If an employee is sure that he or she will not be kicked out of their job any time soon, they will then definitely work harder thus increase productivity. Security regarding job inspire the employees to work with full zeal and enthusiasm. However, the negative aspect of this incentive is that when employees are assured that their job is secured they may become lazy (Katsimi, 2008).

According to James (2012), job security has a significant effect on the overall performance of the team as well as on the organization's performance. He noted that employees with low job security cause people to lose faith in their future which consequently affect productivity. He affirmed that the more an employee enjoys a high job security the more he is likely to effectively perform his task which is reflected in the overall performance of the organization.

2.3.2.10 Employee Participation in Management Decisions

Participative decision making is the extent to which employers allow or encourages employees to share or participate in organizational decision making (Probst, 2005). Various committees, like Joint Management committee can be formed to motivate employees. Through participatory decision making, productivity is expected to increase since commitment by employees towards implementation of decisions to achieve enhanced productivity and overall organizational goals will be high and help reduce agitations, misconceptions and lack of commitment on the part of employees (Shafiuwu, 2014). This makes your workers feel like they are part of the team and asking for their input and listening to what they have to say makes them feel like their ideas count (Perkins, 2014).

Inviting employees to participate in management decisions gives them a sense of importance, pride and psychological satisfaction that their voices are also heard (Walpole, 2015). When employees are involved in making decisions, they gain a professional and personal stake in the organization and its overall success. This commitment leads to increased productivity as employees are actively participating in various aspects of the company and wish to see their efforts succeed overall. This is not only beneficial to
company growth, but is also on-the-job training for workers. The increase in responsibility expands employee skill sets, preparing them for additional responsibility in the future (Casey, 2015).

According to Anderson (2015), actively engaging workers in the decision-making process increases overall company morale and employees understand their ideas are an important contribution to the company, and gives them the power to influence the outcome of their work, leading to increased job satisfaction, positive attitude, not only toward their position but also to the company itself. Participation in the decision-making process gives each employee the opportunity to voice their opinions, saves the company time and money, and also allows employees to share their knowledge with others, thus encouraging a strong sense of teamwork among workers (Anderson, 2015).

**2.3.2.11 Organizational Climate**

According to the business directory, organizational climate also known as corporate climate is the process of quantifying the culture of an organization and it precedes the notion of organizational culture. According to Barbera (2014), the culture of an organization breeds an organizational climate which represents how employees experience that organization’s culture. Slocum (2006) defines organizational climate as the recurring patterns of behavior, attitudes and feelings that characterize life in the organization and often proves easier to assess and change. According to Campbell, Organizational climate can be defined as a set of attributes specific to a particular organization that may be induced from the way that organization deals with its members and its environment. Organizational climate is a shared perceptions and attitudes about the organization. The most visible area of a focus on culture that is actually climate is all the effort to measure and improve employee engagement (Kuppler, 2015).

The various characteristics of organizational climate like individual freedom, consideration towards employees, reward orientations etc. have a great impact on the behavior of the employees which in return affects how they perform in their respective roles (Kalpana 2013). Organizational climate clearly influences the success of an organization. Many organizations, however, struggle to cultivate the climate they need to succeed and retain their most highly effective employees. Hellriegel and Slocum (2006)
explain that organizations can take steps to build a more positive and employee-centered climate through supportive management, recognition, communication, organizational values, expectations, the normal routine ways of behaving and treating one another in the organization, leadership, rules and regulations. A healthy organizational climate is proven to boost productivity.

2.3.2.12 Competition

Competition is a kind of non-financial incentive for employees to put in more efforts in their assigned roles and creating the right type of competition is important (Srikrishna, 2017). If there exists, a healthy competition among the employees both at individual and group levels, it will prompt them to exert more to achieve their personal or organizational goals and brings out the best of the employees, inspiring them to grow, explore, collaborate, learn and achieve (Chand, 2015).

According to Srikrishna (2017), competition is good as it propels the employees’ inherent urge to win and fuel their desire to be more productive. In this case, both the employees and the organization benefits. Shrikrishna continues to explain that healthy competition amongst employees brings the best of them and keeps employees highly motivated and productive as employees push themselves to the next level of performance.

Healthy competition aligned towards creating high performance in meeting the organizational objectives always results in generating value (Shrikrishna, 2017). He further explains that too much of competition could also be destructive and organizations should maintain a balance between emphasis on competition, and collaboration among its employees ensuring it does not become stressful and at the same time discourage individual completion as it can be destructive for the organization. When individuals within the organization are competing against each other there is always a chance of the environment becoming fear-based.

2.3.2.13 Group Incentives

According to the Business Dictionary, group incentive programs are award programs that deliver lump-sum payments, time-off awards or informal recognitions to groups of
employees who meet or exceed pre-established levels of organizational performance. Group incentives are more powerful than individual incentives particularly when the prestige or even existence of a group is at stake, the group members work with a team spirit (Chand, 2015). This results in high morale and, in turn, increases productivity.

According to Marshall (2013), group incentive programs can cover the whole organization or just a unit or department. The program require reliable, accepted measures of performance, must have a time frame to measure the group’s performance with clear communication to the employees about the program time-frames and expectations.

An organization should grant group incentives based on the performance objectives set at the beginning of the performance period and should have clear and understandable payout formulas to foster cohesiveness among team members. Group incentive program brings about team spirit among employees of the group thus adding to the overall output of the organization. However, it may be insufficient to motivate individual employees particularly those who possess greater skills and experience or in the case where management may dress up profit figures and deprive the employees of their legitimate share in the profits. Group incentives are suitable when individual performance cannot be either measured precisely, the employees in the group possesses the same type of skills and competencies or the completion of the task is linked with the collective efforts of the group.

2.3.2.14 Opportunity for Growth

Employees perform to their best when the environment they are working in is conducive to growth (Lipman, 2014). Opportunity for growth is another non-financial incentive. Man is not only a wanting animal but an ambitious creature that always need to grow in their career. If employees are provided opportunities for advancement and growth to develop their personality, they feel much satisfied and become more committed to organizational objectives (Chand, 2015).

If the employees are provided proper opportunities for growth and career advancement and chance to develop their personality, they feel much satisfied and become more committed to the organizational goals. Personal opportunities for growth provides more
reasons for employees to give extra effort and enjoy working for the organization. Any career-minded employee is always interested to know whether there are training programs, policies and practices in place to support his or her personal and professional growth opportunities, which helps improve skills and gain advanced knowledge to work on special assignments.

2.3.2.15 Employees’ Empowerment

According to Juran (2001), employee empowerment refers to a practice of sharing information, reward, and power, providing employees with skills, resources, authority, opportunity, motivation as well as holding them responsible and accountable for outcomes of their actions. He further explains that empowerment is conferring the right to make decisions and take actions.

According to Nagwann (2014), employee empowerment is the process of making an individual confident, capable and making him or her feel in control of their work outcomes. The employer should empower their employees by sharing the organization Mission and Vision, share clear and measurable individual goals and expectation, delegate and provide timely feedback. Empowering employees thus creates positive feeling and inspires them to use their skills and talents in performing the job thus contributing to the organizational strategy, thus increasing productivity (Gugel 2016).

2.4 Effects of Reward on Employee Productivity

2.4.1 Types Rewards

Every organization’s reward system should focus on these major areas; compensation, benefits, recognition and appreciation (Sarvadi, 2010). Benefits such as car loans, mortgages, medical covers, club membership, ample office space, parking slots and company cars are ways of rewarding.

Recognition and appreciation are another integral component of a winning strategic reward system. Recognition is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centres on showing gratitude to an employee for
his or her action. According to Sarvadi (2010), rewards help employees to gauge their performance and know whether they are doing good or bad. With globalization age, it is important for the top management to carry out new methodologies of developing strong and durable relationship between the organization and employees to meet the organizational goals and fulfilling the continually changing needs of both the organization and the workforce. (Roberts, 2003).

A reward and compensation system is based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive (Fey and Bjorkman, 2001; Guest, 2002; Mendonca, 2002).

According to Chad (2013), employees feel they would be more productive if they had their earnings linked to certain performance objectives. He further explains that performance based pay includes any arrangement where an element of the total compensation is tied to meeting and exceeding performance targets. Employees value a clear path to follow towards a bright future and a day to day reward is a simple way to keep productive employees performing to their best (Jordan, 2015).

Reward systems can address several important managerial objectives in relations to the employee productivity. The management should pay more attention when developing a good reward system ensuring that the reward process is clear, stipulating the purpose and different types of rewards in an organization (Geraghty, 2013). Geraghty explains that a good reward system can motivate employees to increase their quality of work, to align their performance with organizational objectives and rewards can therefore be very powerful influence on employee behavior, motivation and productivity and should be part of the organization’s strategy.

According to Nelson and Spitzer (2012) although cash rewards are welcomed by employees, managers should never use this as a tool to motivate their employees to improve their performance levels. Should this happen, most likely the essence of the reward would be forgotten.
In a study conducted by (Bewen, 2000), the researcher warns that managers should be aware of ‘non cash rewards’. Such rewards should be utilized sparingly, and should not be used all the time. They are also described to be passive, and they do not necessarily lead to positive behaviors in the long term. According to Shore & Shore (2010), employees who are able to experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for, thus there is a need for the employer to really make an effort in showing the employee that his/her wellbeing is of concern to the organization.

Recognition of contributions towards the organization has a positive relationship towards increasing the commitment of the employee towards the organization and its objectives. According to Goodwin & Gremler (2012), the banking industry is in need of employees that are both satisfied and motivated, for without them, customer satisfaction level would also be affected. Interpersonal relationships established between bank personnel and the customers are a big driving force behind ensuring that a customer is satisfied or dissatisfied. When a high perception of value is achieved, then it is also highly likely that the customer will be satisfied, thereby bringing in more business for the bank.

According to Breed (2014), tuition reimbursement is a reward incentive used by some employers to pay back some or all of the tuition expense an employee has incurred for education expenses especially if they take a course related to their role.

Employees who take advantage of tuition reimbursement tend to stay with the company longer. In addition to improved employee retention, the employer may have employees who are motivated to produce more and easily promotable (Matt, 2014). Tuition reimbursement programs enables employers to get a guarantee that an employee will stay with the organization within an agreed period of time. Some organizations ensure that the employees sign bonding agreements in which stipulates the agreed conditions including the consequences in case an employee decide to leave the organization (Jensen, 2017).

According to Eichner (2016), flexible working hours or flexi-hours arrangement is where an employee is allowed to work for some hours within the day. For example, an employee works from 10 a.m. to 7 p.m. rather than from 8 a.m. to 5 p.m. Giving people space and time away from the office allowing them to catch up on truly necessary activities, such as spending time with their families and getting enough sleep.
employees feel refreshed, they’re much happier to come to work and can focus on meeting deadlines and producing good work - not on watching the clock tick the seconds until it’s time to go home.

2.5 Chapter Summary

This chapter has presented a review of pertinent literature review on effects of incentives on employee productivity that have been researched by other scholars. Research in this area will provide more knowledge on the effects of incentives on employee productivity in small banks in Kenya, and specifically First Community Bank.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This Chapter presents the study design, target population, sampling procedure, research instruments, validity and reliability of instruments, data collection instruments, data analysis and operationalization of variables.

3.2 Research Design

In this study a descriptive survey design was used. Descriptive research portrays an accurate profile of persons, events, or situations (Robinson, 2002). This design allows the collection of large amount of data from a sizable population in a highly economical way. It allows one to collect quantitative data, which can be analyzed quantitatively using descriptive and inferential statistics. Therefore, the descriptive survey is deemed the best method to fulfill the objectives of this study. The design was preferred because it was concerned with answering questions such as who, how, what which, when and how much, (Cooper and Schindler 2001). A descriptive study was carefully designed to ensure complete description of the scenario, making sure that there was minimum bias in the collection of data.

3.3 Population and Sampling Design

3.3.1 Population

Orodho (2013) defines target population as the set of elements that the researcher focuses upon and to which the results obtained by testing the sample should be generalized. The population of interest was the employees of First community Bank but limited to the Head Office and Nairobi Branches only with a focus on 164 respondents.
Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Target Population</th>
<th>Population (Frequency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>15</td>
</tr>
<tr>
<td>Middle level Management</td>
<td>35</td>
</tr>
<tr>
<td>Customer Care Centers</td>
<td>50</td>
</tr>
<tr>
<td>Operations/ back office</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
</tr>
</tbody>
</table>

Source: First Community Bank (2017)

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

According to Ralph (2013), a sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population. The sampling frame constituted the employees of First Community Bank which was drawn from senior management, middle level management, customer care and operations who totalled to 164. They were considered since they had the knowledge on the topic of research as well as having the required information on incentives offered by the bank. According to Sekaren (2008), he defines sampling frame as…..

3.3.2.2 Sampling Technique

According to Japheth (2014), sampling technique is defined as selecting the required sample size in a manner so that the sample is representative of the study population. Sampling techniques can be classified into two main groups, probability and non-probability sampling.

Though the population was small at 164, and census was used, the population was divided into 4 strata (Senior Management, middle level, customer care, operations / Back office). Simple random sampling design was used so that all the categories were given a chance to be considered for the study.
3.3.2.3 Sample Size

According to Zamboni (2017), sample size is an important concept in statistics, and refers to the number of individual pieces of data collected in a survey. A statistic’s sample size is important in determining the accuracy and reliability of a survey’s findings.

The sample size for this study was considered as 164 as per the data received from the Human Resource department. The research conducted a census so as to get an appropriate feedback on incentives and rewards at First Community Bank. Sample determination formula was not used since it was not overly large.

3.4 Data Collection

Primary data was used in this study. According to Ochola (2007), primary data refers to what is collected directly by the researcher for the purpose of the study. The data was collected by the use of questionnaires. Research questionnaires with structured questions was designed and administered. This enabled the researcher to get vital data directly from the respondents. The questionnaires were dropped by the researcher and picked at a later date when they were filled.

3.5 Research Procedure

The researcher obtained an introductory letter from the University to collect data from First Community Bank, then personally delivered the questionnaires to the respondents. The researcher employed self-administration approach of data collection and monitored the process to ensure that unintended people do not fill the questionnaire. The questionnaires were then picked for data entry and coding awaiting subsequent analysis.

The researcher identified and engaged various employees within different departments who took the follow up responsibility and ensured that the questionnaires were distributed to the right respondents, filled, collected and submitted to the researcher in good time. This therefore ensured that the response rate was high at 100%. 

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3.5.1 Validity of Research Instrument

Mugenda and Mugenda (2003) asserted that the accuracy of data to be collected largely depended on the data collection instruments in terms of validity and reliability. Validity as noted by Robinson (2002) is the degree to which result obtained from the analysis of the data actually represents the phenomenon understudy.

Validity was achieved by pre-testing the instrument to be used to identify and change any ambiguous, awkward, or offensive questions and technique as emphasized by Cooper and Schindler (2003). Reliability on the other hand refers to a measure of the degree to which research instruments yield consistent results (Mugenda & Mugenda, 2003).

3.5.2 Reliability of Instruments

Reliability is a measure of the degree to which a research instrument yields consistent results on data after repeated trials (Mugenda, 1999). It also refers to the degree to which a test consistently measures whatever it is designed to measure (Yang & Manfred, 2005). Thus the reliability of a standardized test is usually expressed as co-efficient where the reliability co-efficient reflects the extent to which a test is free of error variance.

Internal consistency method was tested using Cronbach’s Alpha. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. Reliability with a predetermined threshold of 0.7 was considered acceptable. That is, a value above 0.7 indicates presence of reliability while a value below signifies lack of reliability of the questionnaire.

3.6 Data Analysis Methods

Data was collected, screened to check for completeness and consistency. In the questionnaire, coding was done for ease of analysis through SPSS. Descriptive analysis was done by use of means. Reliability analysis was conducted in order to check for internal consistency by use of Cronbach’s Alpha.
Validity of the data was established by use of factor analysis so that the questions that had 0.4 coefficients and above were the ones used for final analysis. Finally, after thinning out the data and was left with the one that met the threshold, correlation analysis was used to test the relationship between the independent variables and dependent variables (employee productivity). Finally the researcher presented the data using tables, pie charts and figures which gave ease of data presentation.

3.7 Chapter Summary

This chapter presented the research methodology that was used in analyzing the research questions, highlighting the research design, target population, sample size, data source, collection, analysis. The results and findings were presented in the next chapter.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the findings, analysis and interpretation of data gathered from 164 respondents from First Community Bank. The main objective is to find out the effects of incentives and rewards on employee productivity in small banks in Kenya.

The chapter gives the demographic characteristics of the respondents, descriptive statistics on respondents’ degree of agreement on financial, non-financial incentives, employee productivity, staff responses on recommendation to a friend to work for First Community Bank, before giving the correlation analysis between financial and non-financial incentives on employee productivity.

4.2 Response Rate

Out of the 164 questionnaires dispatched to the employees of First Community Bank, all the 164 were returned dully filled giving a response rate of 100%. Given that this is well within the acceptable response rate for a survey, (Baruch & Holtom, 2008), the questionnaires were thus sorted, coded using SPSS and analyzed.

4.3 Reliability Analysis

The four variables under investigation meet the threshold and were considered reliable. From the table below, the results indicated that Cronbach Alpha Coefficient reward systems had a higher reliability coefficient of 0.924, followed by employee’s productivity with 0.826, non-financial incentives following with 0.821 and finally financial incentives with 0.824. This implied that First Community Bank should consider reward systems as a strategy of increasing employee productivity.
Table 4.1: Reliability Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Croubach Alpha Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Incentives</td>
<td>0.824</td>
</tr>
<tr>
<td>Non-Financial Incentives</td>
<td>0.821</td>
</tr>
<tr>
<td>Reward Systems</td>
<td>0.924</td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>0.826</td>
</tr>
</tbody>
</table>

4.4 Factor Analysis

Factor analysis was conducted on financial incentives, non-financial incentives, reward systems and employee productivity. All variables met the threshold, since the coefficients were above 0.4 as indicated in the factor analysis table below. Four out of eight variables met the threshold for financial incentives.

Table 4.2: Factor Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Questions</th>
<th>Above the threshold (0.4 and above)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial incentives</td>
<td>8</td>
<td>4/8</td>
</tr>
<tr>
<td>Non-Financial incentives</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Reward systems</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Employee productivity</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

4.5 Demographic Analysis of the General Information

The demographic characteristics of the respondents was analyzed and given as below. This was done mainly to determine the suitability of the respondents to provide the needed information for the validity of the study.
Table 4.3: Demographic Analysis of the General Information

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>101</td>
<td>61.6</td>
<td>61.6</td>
</tr>
<tr>
<td>Female</td>
<td>63</td>
<td>38.4</td>
<td>38.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>47</td>
<td>28.7</td>
<td>28.7</td>
</tr>
<tr>
<td>Married</td>
<td>108</td>
<td>65.9</td>
<td>65.9</td>
</tr>
<tr>
<td>Divorce</td>
<td>9</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Age Bracket</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-27 years</td>
<td>27</td>
<td>16.5</td>
<td>16.5</td>
</tr>
<tr>
<td>28-37 years</td>
<td>76</td>
<td>46.3</td>
<td>46.3</td>
</tr>
<tr>
<td>38-47 years</td>
<td>54</td>
<td>32.9</td>
<td>32.9</td>
</tr>
<tr>
<td>47 and above</td>
<td>7</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Highest level of education attained</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>46</td>
<td>28.0</td>
<td>28.0</td>
</tr>
<tr>
<td>Degree</td>
<td>97</td>
<td>59.1</td>
<td>59.1</td>
</tr>
<tr>
<td>Diploma</td>
<td>21</td>
<td>12.8</td>
<td>12.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Duration worked in First Community Bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 1 years</td>
<td>30</td>
<td>18.3</td>
<td>18.3</td>
</tr>
<tr>
<td>2-5 years</td>
<td>105</td>
<td>64.0</td>
<td>64.0</td>
</tr>
<tr>
<td>6-9 years</td>
<td>29</td>
<td>17.7</td>
<td>17.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Job Level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Management</td>
<td>15</td>
<td>9.1</td>
<td>9.1</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>35</td>
<td>21.3</td>
<td>21.3</td>
</tr>
<tr>
<td>Subordinate</td>
<td>64</td>
<td>39.0</td>
<td>39.0</td>
</tr>
<tr>
<td>Customer Care</td>
<td>50</td>
<td>30.5</td>
<td>30.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Department working for</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>42</td>
<td>25.6</td>
<td>25.8</td>
</tr>
<tr>
<td>Branch Operations</td>
<td>56</td>
<td>34.1</td>
<td>34.4</td>
</tr>
<tr>
<td>Human Resource</td>
<td>7</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Credit</td>
<td>41</td>
<td>25.0</td>
<td>25.2</td>
</tr>
<tr>
<td>Audit</td>
<td>17</td>
<td>10.4</td>
<td>10.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.5.1 Gender of Respondent

The study revealed that majority of the respondents were male at (61.6%) and 38.4% were female. This results therefore shows that the bank is male dominated as compared to female employees. 65.9% of the respondents were married, 5.5% were divorced and 28.7% were singles. 16.5% were between the ages of 18-27 years old, 46.3% were between 28-37 years, 32.9% between 38-47 years and 4.3% were above 47 years old. The results reveal that most of the incentives are likely to be inclined to employees between 28 – 47 years since these form 79% of the respondents. Therefore the organization utilizes diversity of incentives to cater for the needs of the employees.

![Gender Pie Chart]

Figure 4.1: Gender

4.5.2 Respondents Age

The results shows that 46% of the respondents were between 28 – 37 years forming the bulk of the working class in First Community Bank and therefore this could suggest the types of incentives that the bank utilizes to cater for the majority. The study also revealed that 38 – 47 years old composed of 33% coming second followed by 18 – 27 years at 17% and finally 47 years and above gathering 4%.
4.5.3 Respondents Level of Education

On the highest level of education attained, it was revealed that 59.1% were Undergraduate degree holders representing the majority of the respondents, 12.8% were Master’s holders and 12.8% were Diploma holders. It can therefore be concluded that majority of the employees are undergraduate holders leaving them with certain incentives as compared to Master’s degree holders, who are likely to be in Management position demanding better incentives as compared to their counterparts at undergraduate level.
4.5.4 Respondents Years Worked

The study results showed that, majority of the respondents had worked for 2-5 years which translates to 64.0%, 18.3% of the respondents have worked for less than 1 year and 17.7% has worked for 6-9 years. This shows that most of the employees are relatively new to the organization and therefore the financial incentives are not well settled. This is a higher number as compared to those who have been in the organization for more than 6 years.

![Years Worked Pie Chart]

**Figure 4.4: Years Worked**

4.5.5 Respondents Job Levels

On the job level for employees, it was noted that 9.1% were Senior Managers, 21.3% were in Middle Level Management, 30.5% were in Customer Care and 30.0% were Operations / Back Office employees.
4.5.6 Respondents Department Representation

Of the 164 respondents interviewed, 25.6% were from Finance, 34.1% from Branch Operations, 4.3% from Human Resource, 25.0% from Credit and 10.4% from Audit departments.

Figure 4.6: Department Representation
4.6 Descriptive Statistics on Respondents’ Degree of Agreement on Financial Incentives

The respondents were subjected to questionnaires that had 5 Likert scale of: Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree. The results of the study follows. The study revealed that salaries at First Community Bank are paid promptly as indicated by a mean response of 4.3400 and standard deviation response of 0.68839. This was also revealed in the descriptive analysis which indicated that 86.6% (Appendix Table 1) respondents agreed that salaries are paid promptly at First Community Bank. The finding revealed that employees are not given cash awards, allowances or salary increments as an incentive for outstanding performance as noted by a mean response of 1.5200 with a standard deviation of 0.57994, this was also reflected in the descriptive analysis where over 90% (Appendix Table 1) of the responded indicted that employees are not given cash awards, allowances or salary increments as a reward for outstanding performance.

The study further discovered that the bank does not have properly structured, well selected, implemented and monitored monetary incentives as indicated by a mean response of 1.8800, this was also in line with over 89.8% response that disagreed and strongly disagreed as shown in the analysis (Appendix Table 1). It was also shown that the employer does not give packages / gifts to outstanding performers as shown by a mean response of 1.4600, this was also reflected in the descriptive analysis which indicated that 91.1% of the respondents strongly disagreed and disagreed that the employer gives packages / gifts to outstanding performers. Still on financial incentives, the study revealed that monetary incentives are not offered to employees of First Community Bank as indicated by a mean response of 2.0417, this was also discovered by 79.9% response who disagreed and strongly disagreed that there are monitory incentives offered to employees of First Community Bank.

The study revealed that at First Community Bank, there are no stock option (share ownership) offered to employees irrespective of their grade / category as noted by 1.5000, this was replicated by 96.3% response who disagreed and strongly disagreed that stock options (share ownership) are for all employees. It was also discovered that employees at First Community Bank would be encouraged to perform even better if they were given a salary increment as a reward for outstanding performance as indicated by mean response
2.7600. This was backed by 73.8% response that agreed and strongly agreed that they will be encouraged to perform even better if given a salary increment.

Lastly, on financial incentives, the study revealed that the bank does not have a profit sharing mechanism for all the employees as noted by a mean response of 1.4600 and it was also further noted by 95.8% responses that disagreed and strongly disagreed that the bank has a profit sharing mechanism for all the employees.

Table 4.4: Respondents’ Degree of Agreement on Financial Incentives

<table>
<thead>
<tr>
<th>Financial incentives</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries are paid promptly</td>
<td>50</td>
<td>2.00</td>
<td>5.00</td>
<td>4.3400</td>
<td>.68839</td>
</tr>
<tr>
<td>I will be encouraged to perform even better if am given salary increment as a reward for outstanding performance</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>2.7600</td>
<td>1.06061</td>
</tr>
<tr>
<td>The monetary incentives offered to employees of First Community bank motivates me to perform better</td>
<td>48</td>
<td>1.00</td>
<td>4.00</td>
<td>2.0417</td>
<td>.92157</td>
</tr>
<tr>
<td>The bank has properly structured, well selected, implemented and monitored monetary incentives</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.8800</td>
<td>.71827</td>
</tr>
<tr>
<td>The management offers annual cash bonus for good performance.</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.6200</td>
<td>.69664</td>
</tr>
<tr>
<td>Employees are given cash award, allowances or salary increment as a reward for outstanding performance</td>
<td>50</td>
<td>1.00</td>
<td>3.00</td>
<td>1.5200</td>
<td>.57994</td>
</tr>
<tr>
<td>Stock Option (share ownership) is for all employees irrespective of their grade / category</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.5000</td>
<td>.70711</td>
</tr>
<tr>
<td>The employer gives packages / gifts to outstanding performers.</td>
<td>50</td>
<td>1.00</td>
<td>2.00</td>
<td>1.4600</td>
<td>.50346</td>
</tr>
<tr>
<td>The bank has a profit sharing mechanism for all the employees</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.4600</td>
<td>.70595</td>
</tr>
</tbody>
</table>
4.7 Respondents’ Descriptive Statistics on Non-Financial Incentives

The study revealed that the management does not involve employees in decision making as indicated by a mean response of 3.2000 and standard deviation response of 0.68839. This was also revealed in the descriptive analysis which indicated that 75.5% respondents who disagreed and strongly agreed that they are involved in decision making at First Community Bank. The findings revealed that employees do not have appropriate amount of information to make informed decisions on their work as noted by a mean response of 3.6400. This was also reflected in the descriptive analysis where 55.4% of the respondents indicated that employees do not have appropriate amount of information to make informed decisions on their work. However, 44.6% of the respondents indicated that employees have appropriate amount of information to make informed decisions on their work.

The study further discovered that the employees have a good understanding of the structures and processes of the bank as indicated by a mean response of 1. 3.6000. This was also in line with over 81.1% respondents who agreed that they have a good understanding of structures and processes. It was also shown that the bank is not concerned with the development needs of their employees. It indicated that they do not sponsor them for training programs that addresses their competency gaps as shown by a mean response of 1.8200, this was also reflected in the descriptive analysis were 85.9% respondents strongly disagreed and disagreed that the bank is concerned with the development needs of the employees.

The study revealed that the challenging nature of employee’s jobs, have kept them in their profession as indicated by a mean response of 3.2800. This was also indicated by 78.1% respondents who agreed that they have retained their level of professionalism given the challenging nature of the jobs. The study also revealed that the bank does not grant certificates of appreciation and recognition to efficient employees as noted by a mean response of 1.540. This was also indicated by 94.6% of the respondents who disagreed and strongly disagreed that the bank grants certificates of appreciation and recognition.
It was discovered that at First community Bank working environment was conducive as indicated by a mean response of 2.5000. This was backed by 68.3% responses that agreed and strongly agreed that they have a conducive working environment. At First Community Bank, the management does not recognize employees’ efforts towards achieving the bank’s objectives as noted by a mean response of 1.8800. This was further noted by 86.5% responses that disagreed and strongly disagreed that the management recognizes employee’s efforts. It was further revealed that the management team does not celebrate milestones together with the employees as indicated by the mean response of 1.9200, indicated by 88.4% of the responses.

The study revealed that at First Community Bank, employees are not given an opportunity for both in-house and external training programs as indicated by mean response 1.8600, this was also reflected by 83% of responses who disagreed. Furthermore, the study revealed that employees are given recognition and respect from the community as indicated by a mean response of 3.9600 and this was also reflected 95.7% of the responses received.

At First Community Bank, there is no formal communication system as noted by a mean response of 3.2000 and this was replicated by 60.4 responses from the employees. The working equipment and facilities are not adequately provided as specified by a mean response of 3.7000 and this was also indicated by 75.6% who agreed that working equipment and facilities are not adequately provided.
# Table 4.5: Descriptive Statistics on Respondents’ Degree of Agreement on Non-financial Incentives at First Community Bank

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>My job gives me recognition and respect from the community.</td>
<td>50</td>
<td>3.00</td>
<td>4.00</td>
<td>3.9600</td>
<td>.19795</td>
</tr>
<tr>
<td>The working equipment and facilities are adequately provided</td>
<td>50</td>
<td>2.00</td>
<td>4.00</td>
<td>3.7000</td>
<td>.67763</td>
</tr>
<tr>
<td>Employees have appropriate amount of information to make informed decisions on their work</td>
<td>50</td>
<td>2.00</td>
<td>4.00</td>
<td>3.6400</td>
<td>.74942</td>
</tr>
<tr>
<td>Employees have a good understanding of structures and processes of the bank</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>3.6000</td>
<td>.88063</td>
</tr>
<tr>
<td>The challenging nature of my job has kept me in this profession</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>3.2800</td>
<td>1.06981</td>
</tr>
<tr>
<td>There is formal communication system in the bank</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>3.2000</td>
<td>1.06904</td>
</tr>
<tr>
<td>The management involves employees in decision making</td>
<td>50</td>
<td>2.00</td>
<td>4.00</td>
<td>3.2000</td>
<td>.92582</td>
</tr>
<tr>
<td>Employees are given fixed contracts and they feel they are in control and confident of their day to day role</td>
<td>50</td>
<td>2.00</td>
<td>4.00</td>
<td>2.6400</td>
<td>.92051</td>
</tr>
<tr>
<td>The working environment is conducive</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>2.5000</td>
<td>.97416</td>
</tr>
<tr>
<td>The management team celebrates milestones together with the employees</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.9200</td>
<td>.80407</td>
</tr>
<tr>
<td>The management recognizes employees’ efforts towards achieving the bank’s objectives</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.8800</td>
<td>.71827</td>
</tr>
<tr>
<td>Employees are given an opportunity for both in-house and external training programs</td>
<td>50</td>
<td>1.00</td>
<td>5.00</td>
<td>1.8600</td>
<td>1.16075</td>
</tr>
<tr>
<td>The bank is concerned with the development needs of the employees and sponsors them for training programs that addresses their competency gaps</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.8200</td>
<td>.80026</td>
</tr>
<tr>
<td>The bank always grants certificates of appreciation and recognition to efficient employees</td>
<td>50</td>
<td>1.00</td>
<td>2.0</td>
<td>1.5400</td>
<td>.5035</td>
</tr>
</tbody>
</table>
4.8 Respondents’ Descriptive Statistics on Employee Productivity

At First Community Bank, 62.2% of employees received more than 16 official emails, 23.8% between 11-15 emails and 14.0% received 6-10 emails daily. It was noted that the majority; 75.6% of employees attended more than 16 meetings on weekly basis, 13.4% attended between 11-15 meetings and 11.0% attended 6-10 meetings weekly. In past 1 year, on average, the bank organized less than two social invents as indicated by 78.0% of the respondents, 11.6% revealed that they had attended 3-5 social invents 4.9% mentioned that they have attended more than 6 social events organized by the bank.

The study results indicated majority which is 83.5% of the employees at First Community Bank had attend below 2 training programs, 8.5 % attended 3-5 and 7.9% attended 6-8 training programs organized by the bank. It was also discovered that there was a very high rate of turnover as indicated by 55.5% of employees’ exits from different departments.

It was further revealed that more than 6 senior management team members have resigned within a year as indicated by 55.5% of the respondents. The staff at First Community Bank noted that emails and meetings attended were unnecessary as indicated by 63.4% of the respondents.
Table 4.6: Descriptive Statistics on Staff Responses on Employee Productivity at First Community Bank

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official emails receive on daily basis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-10</td>
<td>23</td>
<td>14.0</td>
<td>14.0</td>
</tr>
<tr>
<td>11-15</td>
<td>39</td>
<td>23.8</td>
<td>23.8</td>
</tr>
<tr>
<td>More than 16</td>
<td>102</td>
<td>62.2</td>
<td>62.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Official emails send on daily basis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-10</td>
<td>18</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>11-15</td>
<td>22</td>
<td>13.4</td>
<td>13.4</td>
</tr>
<tr>
<td>More than 16</td>
<td>124</td>
<td>75.6</td>
<td>75.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Meetings attended on weekly basis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 2</td>
<td>8</td>
<td>4.9</td>
<td>4.9</td>
</tr>
<tr>
<td>3-7</td>
<td>58</td>
<td>35.4</td>
<td>35.4</td>
</tr>
<tr>
<td>8-12</td>
<td>27</td>
<td>16.5</td>
<td>16.5</td>
</tr>
<tr>
<td>More than 12</td>
<td>71</td>
<td>43.3</td>
<td>43.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Emails and meeting attended are they necessary or unnecessary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Necessary</td>
<td>104</td>
<td>63.4</td>
<td>63.4</td>
</tr>
<tr>
<td>Unnecessary</td>
<td>60</td>
<td>36.6</td>
<td>36.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Training programs attended annually</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 2</td>
<td>137</td>
<td>83.5</td>
<td>83.5</td>
</tr>
<tr>
<td>3-5</td>
<td>14</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>6-8</td>
<td>13</td>
<td>7.9</td>
<td>7.9</td>
</tr>
<tr>
<td>More than 8</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Social l events organized by the bank attended in the last 1 year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 2</td>
<td>128</td>
<td>78.0</td>
<td>83.5</td>
</tr>
<tr>
<td>3-5</td>
<td>19</td>
<td>11.6</td>
<td>11.6</td>
</tr>
<tr>
<td>6-8</td>
<td>8</td>
<td>4.9</td>
<td>4.9</td>
</tr>
<tr>
<td>More than 8</td>
<td>8</td>
<td>4.9</td>
<td>4.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Employees resigned in your department this year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 2</td>
<td>11</td>
<td>6.7</td>
<td>6.7</td>
</tr>
<tr>
<td>3-5</td>
<td>49</td>
<td>29.9</td>
<td>29.9</td>
</tr>
<tr>
<td>6-8</td>
<td>59</td>
<td>36.0</td>
<td>36.0</td>
</tr>
<tr>
<td>More than 8</td>
<td>44</td>
<td>26.8</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>Senior Management Team members resigned this year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 2</td>
<td>15</td>
<td>9.1</td>
<td>9.1</td>
</tr>
<tr>
<td>3-5</td>
<td>27</td>
<td>16.5</td>
<td>16.5</td>
</tr>
<tr>
<td>6-8</td>
<td>91</td>
<td>55.5</td>
<td>55.5</td>
</tr>
<tr>
<td>More than 8</td>
<td>31</td>
<td>18.9</td>
<td>18.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>164</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.9 Descriptive Statistics on Staff Responses- Recommendation for a Friend to Work for First Community Bank

It was noted that 53.0% of the staff would not recommend friends to work for First Community Bank while only 47.0% would recommend friends to work for First Community Bank. This reveals that many of the employees might not be willing to work for long at the bank hence high turnover as well as being disgruntled in reference to incentives and reward.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>87</td>
<td>53.0</td>
<td>53.0</td>
</tr>
<tr>
<td>Yes</td>
<td>77</td>
<td>47.0</td>
<td>47.0</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.10 Correlation Analysis between Dependent and Independent Variables

Pearson Correlation Coefficient was used to assess the relationship between financial incentives and employee Productivity. Pearson Coefficient Value Sig. (2-tailed) =0.107 at 95% confidence level, and P < 0.005, this implies that there was a positive but insignificant relationship between financial incentives and productivity. 12.6% of financial incentives were explained by the variation of employee productivity in first community bank, at r =12.6% at 0.05 level of confidence. The results are shown on Table 4.8

<table>
<thead>
<tr>
<th>Financial incentives</th>
<th>Employee Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.126</td>
</tr>
<tr>
<td></td>
<td>0.107</td>
</tr>
<tr>
<td>N</td>
<td>164</td>
</tr>
<tr>
<td></td>
<td>164</td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>0.126</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.107</td>
</tr>
<tr>
<td>N</td>
<td>164</td>
</tr>
<tr>
<td></td>
<td>164</td>
</tr>
</tbody>
</table>

*Correlation is significant at 0.05*
4.11 Non-Financial Incentives and Employee Productivity

Using Pearson Correlation Coefficient, there was a positive relationship between non-financial incentives and employee productivity. Pearson Sig Value. (2-tailed) =.051 at 95% confidence level, since P < 0.05. This implies that there was positive but insignificant relationship between non-financial incentives and employee productivity. 50% of non-financial incentives are explained by the variation of employee productivity in First Community Bank, at r = 50% at 0.05 level of confidence.

Table 4.9: Non-Financial Incentives and Employee Productivity

<table>
<thead>
<tr>
<th>Non-financial incentives</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Productivity</td>
<td>0.516</td>
<td>0.051</td>
<td>164</td>
</tr>
<tr>
<td>Non-financial incentives</td>
<td>1</td>
<td></td>
<td>164</td>
</tr>
</tbody>
</table>

*Correlation is significant at 0.05*

4.12 Correlation Analysis between Reward Systems and Employee Productivity

Using Pearson Correlation Coefficient, to test relationship between rewards systems and employee productivity. Pearson Value Sig. (2-tailed) =0.083 at 95% confidence level, since P < 0.05. This implies that there was positive but insignificant relationship between reward systems and employee productivity. 24.8% of reward systems were explained by the variation of employee productivity in First Community Bank, at r =24.8% at 0.05 level of confidence.

Table 4.10: Reward Systems and Employee Productivity

<table>
<thead>
<tr>
<th>Rewards systems</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Productivity</td>
<td>0.248</td>
<td>0.083</td>
<td>164</td>
</tr>
<tr>
<td>Rewards systems</td>
<td>1</td>
<td></td>
<td>164</td>
</tr>
</tbody>
</table>

*Correlation is significant at 0.05*
4.13 Chapter Summary
The chapter four covered results and findings which revealed that among the three variables that were considered in this study. All of them had a positive but insignificant relationship with employee productivity. The next chapter contains summary of findings discussions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides discussions, conclusions and recommendations based on the results and findings on effects of incentives and rewards on employee productivity in small banks; a case study of First Community Bank. The findings were based on the respondents’ questionnaires based on the research questions. This chapter therefore provided the researcher’s discussion on the findings of the research as compared to analysis of the literature review based on the purpose of the study. The conclusions and recommendations were provided in this chapter.

5.2 Summary

The research aimed at determining the effects of incentives and rewards on employee productivity. As discussed in the introduction to this research, we have seen a shift from a narrow based reward structure involving only financial incentives to one which incorporates other non-financial incentives and rewards which are valued by employees. Managing incentives and reward systems within any given organization can be a difficult task and can easily go wrong with extremely serious consequences on productivity. It becomes more difficult to manage incentive and reward systems within an organization with employees from diverse culture.

The results from the primary research and literature review highlighted the importance of having structured incentives and reward systems in an organization. Traditionally most organizations focused more on financial incentives. This focus has however changed and most employees not only consider financial incentives but also non-financial incentives and reward systems. It shows how closely employee productivity is to reward systems. We can therefore conclude that financial, non-financial and reward systems are directly linked to employee productivity. Employees’ motivation through incentives is critical to every organization in order to increase employee productivity.
5.3 Discussion

The main objective of the study was to have an understanding of the effects of incentives and rewards on employee productivity in small banks in Kenya with First Community Bank used as a case study. The researcher reviewed several sources of literature in order to review the information gathered by other scholars and researchers with an aim of getting an understanding of the research topic.

An incentives is any source or medium that encourages an employee or group of employees to perform better and to exert more effort beyond expectations. Incentives are divided into two main groups; financial and non-financial incentives. Financial incentives include direct payment of cash while non-financial incentives may be in the form of promotion of employees, flexible time, autonomy and involvement in decision making. The researcher based on this background, conducted an interview using questionnaires to substantiate the information gotten from the literature review. The researcher also collected primary data using a questionnaire that was distributed to 164 employees of First Community Bank.

After analyzing the primary data collected, the study revealed that majority of the respondents were male at 61.6% showing that the bank is dominated by male employees. 65.9% of the respondents were married. The bank had 46.3% of the respondents between the ages of 28-37 years old. It was also revealed that a high number of respondents were undergraduate degree holders. 64.0% had worked for 2-5 years signifying that the bank had so many new employees. 9.1% were Senior Managers, 21.3% were in Middle Level Management, 30.5%, were Customer Care and 39% were Operations / Back Office employees. All departments were represented in the findings as 25.6% were from Finance, 34.1% from Branch Operations, 4.3% from Human Resource, 25.0% from Credit and 10.4% from Audit.

5.2.2 Financial Incentives and Employee Productivity

From the findings, over 86.6% of the respondents agreed that salaries were paid promptly, 90% indicated that employees were not given cash awards, allowances or salary increments as a reward for outstanding performance. It was also revealed that majority of
the respondents 89.8% indicated that the bank did not have properly structured, well selected, implemented and monitored financial incentives. From the research, 79.9% respondents disagreed and strongly disagreed that there were financial incentives offered to employees of First Community Bank for better performance, while 73.8% respondents agreed and strongly agreed that they were encouraged to perform even better if they were given a salary increment. However, connecting employee salary increment to performance reviews can encourage a more competitive workforce, which can result in a higher level of productivity as it is given for specific performance results rather than simply for time worked. Employees are more enthusiastic, respond with increased worth, ethic and attention to the task when pay increases directly reflect their level of performance. Tying pay raise incentives to performance reviews can help the workforce to better understand what it takes to earn higher pay.

The study revealed that the employees of First Community Bank are not given a salary increment to compensate for outstanding performance. This was indicated by 73.8% of the respondents who agreed and strongly agreed that they will be encouraged to perform even better if given a salary increment. Monetary incentives are used to describe incentive-payment plans, which ties incentives directly or indirectly to productivity standards of employees. It is important to note that financial incentives influences employees to act according to plans, to achieve the mutual goals of employees and employer. On the other hand, non-financial are also required to give a long-term motivational effect instead of the short-term effects of financial incentives

Previous research findings indicated that financial incentives have a short term effect on employee motivation levels although they play a very important role as they have stronger effects and remains embedded in the mind of the employees as it appeals in its emotional state. These financial incentives are usually used by employers to attract, retain and compensate best employees for good performance. Financial incentives are in many forms such as compensation, stock options, profit sharing, pay increase, cash awards and bonus. It is well noted that cash bonus is a form of reward that employers use to reward their employees for exemplary performance. Nowadays, bonus payment is being used by most organizations to increase productivity. From the findings, 91.1% of the respondents indicated that the management was not offering annual cash bonus and packages / gifts to outstanding performers at First Community Bank. of importance to
note is that connecting employee pay raises to performance reviews can encourage a more competitive workforce and merit pay is the best way to reward the employees that you most want to keep as it sends a powerful message about what you want to recognize and reward and therefore First Community Bank should borrow from these scholars.

From previous research done, employees are motivated by either financial or non-financial incentives and favorable attitude leads to greater organizational commitment due to job satisfaction. This in turn leads to customer satisfaction because satisfied employees pay greater attention to meeting customers’ needs/wants thus an increase in productivity. Stock options as an incentive has become a commonplace additions to compensation packages in recent year. Stock options are lousy incentives used to motivate employees from large organizations to work extra hard. Stock options also serve as salary buffers to curb employees’ turnover when salaries or other benefits start to rise in the labor market around them. On the other hand, stock options are effective in organizations where individuals' market wages vary widely, in tight labor markets where worker replacement costs are high, and when the specific sector of a particular industry experiences greater common shocks, such as a sudden downturn in product demand. Other researchers and scholars also indicated that the advantages of an incentive stock option is that it allows an organization to share ownership with its employees and it is also used to align the interests of the employees with those of the organization. Another key revelation from the study that was noted after analyzing the results of the primary data showed that in First Community Bank, 96.3% disagreed that Stock Option (share ownership) were for all employees irrespective of their grade or category.

The other incentive was profit sharing which is an arrangement in which the organization leadership designates a percentage of annual profits as a pool of money to share with employees in addition to prevailing wages. Profit sharing was identified as a financial incentive which mostly occurs annually, after the final annual results for the organization’s profitability have been calculated. Profit sharing was also identified as an incentive plan introduced by businesses that provide direct or indirect payments to employees that depend on company’s profitability in addition to employees’ regular salary and bonuses, this was in line with the study findings which revealed that the bank does not have a profit sharing mechanism for all the employees as indicated by 95.8% of the
respondents who disagreed and strongly disagreed that the bank has a profit sharing mechanism for all the employees.

Financial incentives influences employees to act according to plans to achieve the mutual goals of the bank. They encourage friendly competition and motivates employees to produce optimally. It is however good to note that financial incentives have a short-term effect on the motivation levels of employees although they play a critical role in their motivation as it has a stronger effect and remains longer embedded in the mind of the employee as it appeals in its emotional state. The study therefore concludes that financial incentives and rewards systems are crucial in motivating employees to have positive attitude at work, leading to job satisfaction and improved productivity. The researcher therefore recommends that the bank should concentrate more on financial incentives and rewards considering that its employees are millennial who are more interested with financial incentives. This will ensure employees have a positive attitude which in turn improve their productivity and the overall performance of the bank.

5.2.3 Non-Financial Incentives and Employee Productivity

At First Community Bank, over 75.5% of the respondents revealed that management did not involve employees in decision-making and employees had less appropriate amount of information to make informed decisions on their work. Through participatory decision making, productivity is expected to increase since commitment by employees towards implementation of decisions to achieve enhanced productivity and overall organizational goals will be high and help reduce agitations, misconceptions and lack of commitment on the part of employees.

It was revealed that the management does not involve employees in decision-making, as indicated by 75.5% of respondents who disagreed and strongly agreed that they are involved in decision making at First Community Bank. Actively engaging employees in decision-making process increases overall organizational morale and gives employees power to influence the outcome of their work, leading to increased job satisfaction, positive attitude, not only toward their position but also to the organization itself. In addition, participative decision-making is where employers allow their employees to
participate in organizational decision-making. The findings revealed that employees do not have appropriate amount of information to make informed decisions on their work as noted by a mean response of 3.6400. This was also reflected in the descriptive analysis where 55.4% of the respondents indicated that employees do not have appropriate amount of information to make informed decisions on their work. However, 44.6% of the respondents indicated that employees have appropriate amount of information to make informed decisions on their work.

Effective communication, which includes giving clear instructions, fast message delivery, and proper explanation, is the key to a productive workforce and is important in increasing productivity. It directly influences the behavior of the staff and the way they perform, plays an eminent role in getting things done which ultimately increases the organization’s productivity, while lack of proper communication can frustrate employees and make them feel unimportant. Failing to provide effective feedback can lead to wasted efforts, increased error rates, and lower productivity.

The study also revealed that over 81.1% of the respondents did not have a good understanding of structures and processes of the bank. It was revealed that over 60% respondents indicated that communication system in the bank was informal. Effective communication needs to be developed in conjunction with employees to ensure that they fit both the needs of the manager and the employees. Of importance to note is that communication is only effective when the receiver understands the message conveyed just as the sender wanted to. Businesses that communicate with their employees are likely to have lower levels of staff turnover. Effective communication between the manager and team members is an important factor in every company and success cannot be achieved when there is no communication. With the help of good communication among managers and employees, it becomes clear where the company is, where it needs to be in the future and which steps need to be taken to get there. All this information provides clear directions for all employees, which increases productivity, decreases uncertainty and gives exact direction to employees thus making their works less stressful, faster, more efficient and enjoyable.
The study discovered that 85.9% of the respondents indicated that the bank was not concerned with the development needs of the employees and did not sponsors them for training programs that addresses their competency gaps. Organizations need great talent to attain higher levels of innovation and success. 83% of the respondents indicated that employees were not given an opportunity for both in-house and external training programs. The research further revealed that majority which is 83.5% of the employees at First Community Bank had attend below two (2) training programs organized by the bank every year. It is important to note that training not only improve productivity and performance but also strengthens recruitment and retention efforts as employees view training benefits as a major boon to their long-term career goals.

Training is a powerful incentive that attracts the best and keeps them engaged for long periods thus helping employers to reap the rewards. Shortage in certain skill sets are making it difficult for organizations to hire and retain the best employees. However, smart organizations turn to training and development to bring their current and future employees up to speed with the necessary competencies. They do this by identifying the development needs and developing training programs that can bridge the skills gaps identified. Without training, employees will not be able to fulfil their potential. Employers can however support employee development through coaching, workshops, courses, seminars, job shadowing or mentoring, or even just increasing their responsibilities. Training gives employees additional skills that allow them to improve their efficiency and productivity. Offering opportunities for professional growth shows that the employer believes in an employee's potential, they become more productive, knowledgeable and happier. Training also provides chances to employees’ growth and enhances their knowledge and skills for effective development. Lack of training can bring down productivity significantly because untrained employees become paralyzed with fear. It is difficult for employees to be productive when they are not sure of what they are required to do. Training helps employees become self-assured, evolution of career, and have positive thought for their organization.

The main and repeated cause of turnover is the lack of employees’ recognition. When employees are appreciated; they feel motivated to perform better. Organizations must foster employee motivation through acknowledging achievements that are in line with corporate long term objectives as well as activities that generate immediate results. When
an employee receives appreciation, productivity also improves. Many employees would feel more satisfied and happy if their employers treated them unexpectedly with “thank you” notes, gifts, lunches, dinners, or snacks. However, this was also revealed in the study that over 94.6% of the respondents noted that the bank did not grant certificates of appreciation and recognition to efficient employees. The study also revealed that over 86.5% of the respondents noted that the management did not recognize employees’ efforts towards achieving the bank’s strategic objectives.

The study points out that 68.3% of the respondents indicated that the working environment was not conducive. Various characteristics of organizational climate like individual freedom, consideration towards employees and reward orientations have a great impact on the behavior of the employees, which in return affects how they perform in their respective roles. Most visible area of focus on culture that is actually climate is all the effort to measure and improve employee engagement. Culture of an organization breeds an organizational climate, which represents how employees experience organization’s culture. Organizational climate is a shared perceptions and attitudes about the organization and climate influences the success of an organization. Many organizations, however, struggle to cultivate the climate they need to succeed and retain their most highly effective employees.

5.2.4 Employee Productivity at First Community Bank

Employees’ wages should be directly linked to productivity. Performance based pay includes any arrangement where an element of the total compensation is tied to meeting and exceeding set and agreed upon performance targets. Employees value a clear path to follow towards a bright future and a day to day reward is a simple way to keep productive employees performing to their best.

At First Community Bank, 62.2% of employees received more than 16 official emails daily and the majority, 75.6% of employees attended more than 16 meetings on weekly basis. Flexible working hours or flexi-hours arrangement is where an employee is allowed to work for some hours within the day. For example, an employee works from 10 a.m. to 7 p.m. rather than from 8 a.m. to 5 p.m. Giving people space and time away from the
office allows them to catch up on truly necessary activities, such as spending time with their families and getting enough sleep. When employees feel refreshed, they’re much happier to come to work and can focus on meeting deadlines and producing good work - not on watching the clock tick the seconds until it’s time to go home, however at first community bank workers leave late from work as they spend most of the time holding meetings.

In regards to social event, it was noted that the bank had organized less than two social events as indicated by 78.0% of the respondents. It was also discovered that there was a very high rate of turnover as indicated by 55.5% of employees’ exits from different departments, and this really affects the productivity of employees. It was further revealed that more than 6 senior management team members had resigned within a year as indicated by 55.5% of the respondents. Employee productivity is one of the paramount concerns in the overall management of any organization and without staff productivity the performance of the entire organization would fail to meet its desired objectives.

The study revealed that employees of First Community Bank received emails and attended meetings that they felt were not necessary as indicated by 63.4% of the respondents.

5.4 Conclusions

From the findings, the researcher conclude that the effects of financial incentives on employee productivity was of paramount importance. Actually, what came out from the study is that financial incentives are the most important incentives in rewarding productivity. However, the study revealed that the bank does not have properly structured, well selected, implemented and monitored financial incentives to meet up with the current dynamic rate of the business trends.

Financial incentives are motivators that refers to monetary rewards and helps to satisfy the physiological and security needs eg. Wages, salary, bonus, retirement benefits, medical reimbursements etc and therefore financial incentives should be substantial in value and must be in parity with others. For the humanity-aspect it is important that
employees feel that the employer is interested in its employees, their work and well-being.

Non-financial incentives on the other hand are required to give a long-term motivational effect. Creative use of personalized non-financial incentives reinforces positive behaviors and improves employee retention and performance. Management’s involvement of employees in decision making, job enrichment, job enlargement, good communication, good understanding of the structures and processes of the bank, well-structured training programs, good working environment, recognition, feedback, participation, cash bonus, and so on can fulfill humanity needs which are important in motivating and increasing productivity. From the study, it was revealed that 46.3% of the respondents were between the ages of 28-37 years old and 64.0% of the respondents had worked for 2-5 years signifying that majority of the employees are millennial who have different needs and are motivated by different incentives. This is actually explained by the high percentage of the employees who seems to be new to the organization. The bank should therefore design appropriate incentives and rewards to address the needs of the millennial with the aim of reducing the employee turnover and increasing productivity.

The study revealed that rewards are important but they have different meanings for employees thus different rewards have different effects on productivity. Like in Herzberg’s hygiene-motivation theory, it seems that there are two different aspects in rewarding. These two aspects are effectiveness and humanity. Effectiveness-aspect means that employees feel that they are justified to get rewards because they have put extra effort in their work. In other words, employees feel that part of the company’s profit belongs to them because they have invested their time and effort in the company.

In conclusion, in order to increase employee productivity, the bank should consider having well thought financial, non-financial and rewards systems to motivate employees to increase their productivity. Financial, non-financial incentives and reward systems have positive influence on employee attitude at work as when employees are satisfied irrespective of gender and hierarchy in the organization, productivity improves.
5.5 Recommendation

5.5.1 Recommendations for Improvement

5.5.1.1 Financial Incentives on Employee Productivity

The finding revealed that employees are not given cash awards, allowances or salary increments as an incentive for outstanding performance. It is therefore recommended that the Management of the bank should come up with performance based cash awards to recognize employees’ performance over an agreed rating objectives and period for various categories.

The bank should first ensure they have a balanced score card or a performance evaluation tool where employees should set their objectives for a specified period of time. The objectives set by the employees should be reviewed and agreed upon by both the employee and the line manager. The objectives set by employees should be aligned to the strategic objectives of the bank. This means that the line managers should be able to cascade various objectives to their direct reports. This will not only help in ensuring that the employees are working towards a common goal but also to ensure that the objectives of the employees are well aligned with the bank’s strategic objectives. The objectives set by the employees should be SMART (Specific, Measureable, Attainable, Realistic and Time Bound). This will help in eliminating bias and conflict between line managers and direct reports.

The cash awards should be based on a rating of objectives that meet or exceed expectations. The bank should design a performance based cash award program that reflect clear distinctions on levels of performance to ensure employees who have scored a higher rating also receives higher cash awards. From the findings and subsequent conclusions, the study hereby recommends that employers should concentrate more on adequate financial incentives and rewards to their employees to elicit positive attitude from them at work; and achieve job satisfaction which improves employee productivity and corporate performance.
5.5.1.2 Non-Financial Incentives on Employee Productivity

The bank should also introduce share ownership to employees irrespective of their grade. This will serve as salary buffers to keep employees from leaving the bank when salaries or other benefits start to rise in the labor market. The advantages of stock options as an incentive is that it will allow the bank to share ownership with the employees thus will help in aligning the interests of the employees with those of the bank, thus increasing employee productivity as they feel they own part of the bank.

The bank should also introduce profit sharing mechanism for all the employees. This is a very important financial incentive that provides direct or indirect payments to employees depending on the bank’s annual profitability. This should be given in addition to regular salary and bonuses. The Management of First Community Bank should designate a percentage of the annual profits as a pool of money and share with employees. This is a way for employees to have an added stake in the bank’s success as they are motivated to perform well to increase the bank’s profits which results in cut of the profits for them. This on the other hand will foster greater employee cooperation by ensuring that all the employees are in pursuit of the bank’s overall objectives. This in return will reduce employee turnover, increase productivity, reduce costs and create an atmosphere in which all employees want the bank to succeed. If profit sharing is introduced in First Community Bank, it will create a powerful bond between the employees and the bank, and will motivate employees to be more productive and creative.

First Community Bank Management should also start to involve employees in decision making. This is the extent to which management allows or encourages employees to share or participate in bank’s decision making. They should introduce joint management committee to motivate employees. This will in return increase productivity since commitment by employees towards implementation of decisions and overall banks’ goals will be high, thus reduce agitations, misconceptions and lack of commitment on the part of employees. This will make employees feel they are part of the team and asking for their input and implementing their ideas makes them feel they are valued.

The bank management should also come up with official communication methods that will ensure all the information intended to reach employees is delivered in an official and
timely manner. Lack of proper communication frustrates employees and make them feel unimportant. Effective communication is therefore key to a productive workforce and is pivotal in increasing productivity because it directly influences the behavior of the staff and the way they perform.

The management should also introduce a talent management section which should be in charge of learning, development and performance. The talent management section should be tasked in ensuring that the development needs of the employees are captured in a timely manner, mapped with their competencies and addressed through training interventions. The management should actually set aside a training budget to cater for both in-house and external trainings. The talent management section should also be tasked in ensuring that there is a well-structured performance appraisal process that will ensure productive and outstanding employees are well rewarded. The talent management section should also ensure that efficient employees get certificates of appreciation and recognition. This can be achieved by displaying employees’ achievements on the notice boards, issuing recognition certificates for exceptional performance, sending congratulating messages to employees for good performance etc. When employees are appreciated, and they feel motivated to perform better.

5.5.1.3 Reward Systems on Employee Productivity

The management should also have well laid structures indicating how salary increments to outstanding performers will be done in the bank. From the study, it was clear that employees would perform much better if given a salary increment. Employees are in most cases motivated by the salary they get. The salary can have a great impact on employee productivity as employees most view the salary paid to them as equivalent to the value the employer has on them. It is important to note that the level of appreciation has a direct impact on the overall productivity of an employee. An employee is more likely to perform to his best if he is happy with the salary he is earning. An employee earning a high salary feels motivated to go an extra mile, feels more secure, accomplished and gives an employee a status ranking. An employee who is satisfied by his pay is more productive and motivated as he feels his financial reward is a fair trade off.
5.5.2 Recommendation for Future Research

Researchers and academicians can utilize this study findings to test their hypothesis or to enhance further research, particularly on finding out cost effectiveness of different incentives and rewards used by organizations to increase employee productivity. The researcher should consider the current economic crisis with an aim to reduce costs and to balance between short term and long-term productivity outcomes. The researcher should come up with recommendations to be used by the management to reassess the combination of financial and non-financial incentives that can serve their organizations best through economic crisis.
REFERENCES


APPENDICES

Appendix 1: Questionnaire

This research is meant for academic purpose and individual responses will be held in strictest confidence. The research will try to find out the effects of incentives and rewards on the employee productivity in small banks in Kenya. Kindly provide honest answers to the questions below.

Instructions: Please fill-in the questionnaire provided by ticking (√) appropriately. Kindly complete all questions for this questionnaire to be valid and tick one box per question.

SECTION A: GENERAL INFORMATION

1. Gender
   a) Male □  b) Female □

2. Marital status:
   a) Single □  b) Married □  c) Widow(er) □  d) Divorced □

3. Age bracket (years)
   a) 18-27 □  b) 28-37 □  c) 38-47 □  d) 47 and above □

4. Highest level of education attained
   a) Master’s Degree □  b) Degree □  c) Diploma □  d) Certificate □

5. How long have you worked in First Community Bank?
   a) Below 1 years □  b) 2-5 years □  c) 6-9 years □  d) More than 10 years □

6. Please tick your job level
   a) Senior Management □  b) Middle Level Management □  c) Subordinate □

7. Which department do you work for?
   a) Finance □  b) Branch Operations □  c) Human Resource □  d) Credit □
   e) Audit □  f) other - Please specify ________________________________
**SECTION B: FINANCIAL INCENTIVES**

Kindly tick (√) the most appropriate answer to the questions below.

**Scale: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree**

1. Salaries are paid promptly
2. Employees are given cash award, allowances or salary increment as a reward for outstanding performance
3. The bank has properly structured, well selected, implemented and monitored monetary incentives
4. The management offers annual cash bonus for good performance.
5. The employer gives packages / gifts to outstanding performers.
6. The monetary incentives offered to employees of First Community bank motivates me to perform better
7. Stock Option (share ownership) is for all employees irrespective of their grade / category
8. I will be encouraged to perform even better if am given salary increment as a reward for outstanding performance
9. The bank has a profit sharing mechanism for all the employees
SECTION C: NON - FINANCIAL INCENTIVES

Kindly tick (√) the most appropriate answer to the questions below.

Scale: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree

1. The management involves employees in decision making. 1 2 3 4 5
2. Employees have appropriate amount of information to make informed decisions on their work. 1 2 3 4 5
3. Employees have a good understanding of structures and processes of the bank. 1 2 3 4 5
4. The bank is concerned with the development needs of the employees and sponsors them for training programs that addresses their competency gaps. 1 2 3 4 5
5. The challenging nature of my job has kept me in this profession 1 2 3 4 5
6. The bank always grants certificates of appreciation and recognition to efficient employees. 1 2 3 4 5
7. The working environment is conducive. 1 2 3 4 5
8. The management recognizes employees’ efforts towards achieving the bank’s objectives. 1 2 3 4 5
9. The management team celebrates milestones together with the employees 1 2 3 4 5
10. Employees are given an opportunity for both in-house and external training programs. 1 2 3 4 5
11. My job gives me recognition and respect from the community. 1 2 3 4 5
12. There is formal communication system in the bank. 1 2 3 4 5
13. The working equipment and facilities are adequately provided. 1 2 3 4 5
14. Employees are given fixed contracts and they feel they are in control and confident of their day to day role. 1 2 3 4 5
SECTION D: EMPLOYEE PRODUCTIVITY METRICS

Kindly tick (√) the most appropriate answer to the questions below.

1. How many official emails do you receive on daily basis?
   a) Below 5  b) 6-10  c) 11-15 years  d) More than 16

2. How many official emails do you send on daily basis?
   a) Below 5  b) 6-10  c) 11-15 years  d) More than 16

3. On average, how many meetings do you attend on weekly basis?
   a) Below 2  b) 3-7  c) 8-12  d) More than 12

4. Do you find the emails and meeting you attend necessary or unnecessary?
   Necessary  Unnecessary

5. On average, how many training programs do you attend annually?
   a) Below 2  b) 3-5  c) 6-8  d) More than 8

6. For the last 1 year, how many social events organized by the bank did you attend?
   a) Below 2  b) 3-5  c) 6-8  d) More than 8

7. How many employees have resigned in your department this year?
   a) Below 2  b) 3-5  c) 6-8  d) More than 8

8. How many Senior Management Team members have resigned this year?
   a) Below 2  b) 3-5  c) 6-8  d) More than 8

9. Would you recommend a friend to work for First Community Bank?
   Yes  No

THANK YOU FOR YOUR TIME
## Appendix 2: Frequency Table for Financial Incentives

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries are paid promptly</td>
<td>6(3.7%)</td>
<td>13(7.9%)</td>
<td>3(1.8%)</td>
<td>94(57.3%)</td>
<td>48(29.3)</td>
</tr>
<tr>
<td>Employees are given cash award, allowances or salary increment</td>
<td>92(56.1%)</td>
<td>56(34.1%)</td>
<td>6(3.7%)</td>
<td>7(4.3%)</td>
<td>3(1.8%)</td>
</tr>
<tr>
<td>as a reward for outstanding performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank has properly structured, well selected, implemented</td>
<td>45(27.4%)</td>
<td>99(60.4%)</td>
<td>13(7.9%)</td>
<td>7(4.3%)</td>
<td></td>
</tr>
<tr>
<td>and monitored monetary incentives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employer gives packages / gifts to outstanding performers.</td>
<td>82(50.0%)</td>
<td>74(45.1%)</td>
<td></td>
<td>8(4.9%)</td>
<td></td>
</tr>
<tr>
<td>The monetary incentives offered to employees of First</td>
<td>39(23.8%)</td>
<td>92(56.1%)</td>
<td>10(6.1%)</td>
<td>21(12.8%)</td>
<td></td>
</tr>
<tr>
<td>Community bank motivates me to perform better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Option (share ownership) is for all employees irrespective</td>
<td>97(59.1%)</td>
<td>61(37.2%)</td>
<td></td>
<td>6(3.7%)</td>
<td></td>
</tr>
<tr>
<td>of their grade / category</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will be encouraged to perform even better if am given salary</td>
<td>13(7.9%)</td>
<td>11(6.7%)</td>
<td>19(11.6%)</td>
<td>83(50.6%)</td>
<td>38(23.2%)</td>
</tr>
<tr>
<td>increment as a reward for outstanding performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The bank has a profit sharing mechanism for all the employees</td>
<td>100(61.0%)</td>
<td>57(34.8%)</td>
<td></td>
<td>7(4.3%)</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 3: Frequency Tables for Non-Financial incentives

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The management involves employees in decision making</td>
<td>15(9.1%)</td>
<td>109(66.4%)</td>
<td>12(7.3%)</td>
<td>28(17.1%)</td>
<td></td>
</tr>
<tr>
<td>Employees have appropriate amount of information to make informed decisions on their work</td>
<td></td>
<td>73(44.5%)</td>
<td></td>
<td>5(3.0%)</td>
<td>86(52.4%)</td>
</tr>
<tr>
<td>Employees have a good understanding of structures and processes of the bank</td>
<td>8(4.9%)</td>
<td>20(12.2%)</td>
<td>3(1.8%)</td>
<td></td>
<td>133(81.1)</td>
</tr>
<tr>
<td>The bank is concerned with the development needs of the employees and sponsors them for training programs that addresses their competency gaps</td>
<td>54(32.9%)</td>
<td>87(53.0%)</td>
<td>9(5.5%)</td>
<td></td>
<td>14(8.5%)</td>
</tr>
<tr>
<td>The challenging nature of my job has kept me in this profession</td>
<td>11(6.7%)</td>
<td>25(15.2%)</td>
<td>20(12.2%)</td>
<td>108(65.9%)</td>
<td></td>
</tr>
<tr>
<td>The bank always grants certificates of appreciation and recognition to efficient employees</td>
<td>78(47.6%)</td>
<td>77(47.0%)</td>
<td>9(5.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The working environment is conducive</td>
<td>19 (11.6%)</td>
<td>93(56.7%)</td>
<td>21(12.8%)</td>
<td>31(18.9%)</td>
<td></td>
</tr>
<tr>
<td>The management recognizes employees’ efforts towards achieving the bank’s objectives</td>
<td>46(28.0%)</td>
<td>96(58.5%)</td>
<td>15(9.1%)</td>
<td></td>
<td>7(4.3%)</td>
</tr>
<tr>
<td>The management team celebrates milestones together with the employees</td>
<td>49(29.9%)</td>
<td>96(58.5%)</td>
<td>5(3.0%)</td>
<td></td>
<td>14(8.5%)</td>
</tr>
<tr>
<td>Employees are given an opportunity for both in-house and</td>
<td>79(48.2%)</td>
<td>57(34.8%)</td>
<td>21(4.3%)</td>
<td></td>
<td>7(4.3%)</td>
</tr>
<tr>
<td>Statement</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>----------</td>
<td>---------</td>
<td>-------</td>
<td>----------------</td>
</tr>
<tr>
<td>external training programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My job gives me recognition and respect from the community.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is formal communication system in the bank</td>
<td>12(7.3%)</td>
<td>39(23.8%)</td>
<td>14(8.5%)</td>
<td>99(60.4%)</td>
<td></td>
</tr>
<tr>
<td>The working equipment and facilities are adequately provided</td>
<td>2(1.2%)</td>
<td>29(17.7%)</td>
<td>9(5.5%)</td>
<td>124(75.6%)</td>
<td></td>
</tr>
<tr>
<td>Employees are given fixed contracts and they feel they are in control and confident of their day to day role</td>
<td>19(11.6%)</td>
<td>110(67.1%)</td>
<td>6(3.7%)</td>
<td>29(17.7%)</td>
<td></td>
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</tbody>
</table>
Appendix 4: Descriptive Analysis on Employee Productivity

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official emails do you receive on daily basis</td>
<td>50</td>
<td>2.00</td>
<td>4.00</td>
<td>3.4800</td>
<td>.73512</td>
</tr>
<tr>
<td>Meetings do you attend on weekly basis</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>3.0000</td>
<td>.98974</td>
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<tr>
<td>social events organized by the bank attend For the last 1 year,</td>
<td>48</td>
<td>1.00</td>
<td>2.00</td>
<td>1.0417</td>
<td>.20194</td>
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<tr>
<td>Training programs attended annually</td>
<td>50</td>
<td>1.00</td>
<td>2.00</td>
<td>1.0400</td>
<td>.19795</td>
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<tr>
<td>employees have resigned in your department this year</td>
<td>48</td>
<td>1.00</td>
<td>4.00</td>
<td>2.8958</td>
<td>.88100</td>
</tr>
<tr>
<td>How many Senior Management Team members have resigned this year</td>
<td>50</td>
<td>2.00</td>
<td>4.00</td>
<td>3.0000</td>
<td>.40406</td>
</tr>
<tr>
<td>Would you recommend a friend to work for First Community Bank</td>
<td>50</td>
<td>1.00</td>
<td>2.00</td>
<td>1.5200</td>
<td>.50467</td>
</tr>
</tbody>
</table>
Appendix 5: Factor Analysis

1. Financial incentives

<table>
<thead>
<tr>
<th>Financial incentives</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries are paid promptly</td>
<td>.960</td>
</tr>
<tr>
<td>Employees are given cash award, allowances or salary increment as a reward for outstanding performance</td>
<td>.850</td>
</tr>
<tr>
<td>Bank has properly structured, well selected, implemented and monitored monetary incentives</td>
<td>.833</td>
</tr>
<tr>
<td>Management offers annual cash bonus for good performance.</td>
<td>.957</td>
</tr>
<tr>
<td>Monetary incentives offered to employees of First Community bank motivates me to perform better</td>
<td>.852</td>
</tr>
<tr>
<td>Stock Option (share ownership) is for all employees irrespective of their grade / category</td>
<td>.793</td>
</tr>
<tr>
<td>Encouraged to perform even better if am given salary increment as a reward for outstanding performance</td>
<td>.820</td>
</tr>
<tr>
<td>The bank has a profit sharing mechanism for all the employees</td>
<td>.961</td>
</tr>
</tbody>
</table>

2. Non-Financial incentives

<table>
<thead>
<tr>
<th>Non-Financial incentives</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>The management involves employees in decision making</td>
<td>.810</td>
</tr>
<tr>
<td>Employees have appropriate amount of information to make informed decisions on their work</td>
<td>.905</td>
</tr>
<tr>
<td>Employees have a good understanding of structures and processes of the bank</td>
<td>.913</td>
</tr>
<tr>
<td>The bank is concerned with the development needs of the employees and sponsors them for training programs that addresses their competency gaps</td>
<td>.723</td>
</tr>
<tr>
<td>The challenging nature of my job has kept me in this profession</td>
<td>.691</td>
</tr>
<tr>
<td>The working environment is conducive</td>
<td>.802</td>
</tr>
<tr>
<td>The management team celebrates milestones together with the employees</td>
<td>.822</td>
</tr>
<tr>
<td>Employees are given an opportunity for both in-house and external training programs</td>
<td>.751</td>
</tr>
<tr>
<td>There is formal communication system in the bank</td>
<td>.849</td>
</tr>
<tr>
<td>The working equipment and facilities are adequately provided</td>
<td>.901</td>
</tr>
<tr>
<td>Employees are given fixed contracts and they feel they are in control and confident of their day to day role</td>
<td>.934</td>
</tr>
</tbody>
</table>
3. **Reward systems**

<table>
<thead>
<tr>
<th>Reward systems</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employer gives packages / gifts to outstanding performers.</td>
<td>.943</td>
</tr>
<tr>
<td>The job give me recognition and respect from the community.</td>
<td>.988</td>
</tr>
<tr>
<td>The bank always grants certificates of appreciation and recognition to efficient employees</td>
<td>.941</td>
</tr>
<tr>
<td>The management recognizes employees’ efforts towards achieving the bank’s objectives</td>
<td>.856</td>
</tr>
</tbody>
</table>

4. **Employee productivity**

<table>
<thead>
<tr>
<th>Employee productivity</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official emails do you receive on daily basis</td>
<td>.854</td>
</tr>
<tr>
<td>Official emails do you send on daily basis</td>
<td>.906</td>
</tr>
<tr>
<td>Meetings do you attend on weekly basis on average</td>
<td>.956</td>
</tr>
<tr>
<td>Emails and meeting you attend necessary or unnecessary</td>
<td>.937</td>
</tr>
<tr>
<td>Training programs do you attend annually on average</td>
<td>.988</td>
</tr>
<tr>
<td>Social events organized by the bank attended for the last 1 year</td>
<td>.988</td>
</tr>
<tr>
<td>Employees have resigned in your department this year</td>
<td>.809</td>
</tr>
<tr>
<td>Senior Management Team members have resigned this year</td>
<td>.774</td>
</tr>
<tr>
<td>Would you recommend a friend to work for the Bank</td>
<td>.921</td>
</tr>
</tbody>
</table>