

**COMPENSATION PROGRAMS AND EMPLOYEE PERFORMANCE IN
AGRICULTURAL DEVELOPMENT CORPORATION IN KENYA**

RAHMA MUMIN

D53/CT/PT/33596/2015

**A RESEARCH PROPOSAL SUBMITTED TO THE SCHOOL OF BUSINESS IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE
DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN HUMAN RESOURCE
MANAGEMENT OF KENYATTA UNIVERSITY**

JUNE, 2019

DECLARATION

I declare that this research project is my original work and it has not been submitted for the award of any degree or diploma in any other institution. No part of the project should be reproduced without the authority of the author and/or Kenyatta University.

Signature_____

Date _____

Rahma Mumin

D53/CT/PT/33596/2015

This research project is submitted for examination with my approval as the appointed university supervisor.

Signature_____

Date _____

Dr. Jedidah Muli

Department of Business Administration

School of Business

Kenyatta University

DEDICATION

I dedicate this project to my family and my parents, for their unending patience and support.

ACKNOLEDEGEMENT

I acknowledge this project to my supervisor, Dr. Jedidah Muli for her patient supervision, his extensive support and clear guidance and also to Kenyatta University fraternity for giving me a conducive environment during the period of my study.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABBREVIATIONS AND ACRONYMS	x
OPERATIONAL DEFINITION OF TERMS.....	xi
ABSTRACT.....	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Background to the Study.....	1
1.1.1 Compensation Programs	2
1.1.2 Employee Performance	5
1.1.3 Agricultural Development Corporation in Kenya	6
1.2 Statement of the Problem.....	7
1.3 Objectives of the Study.....	9
1.3.1 General Objective	9
1.3.2 Specific Objectives	9
1.4 Research Questions	9
1.5 Significance of the Study.....	10
1.6 Scope of the Study.....	10
1.7 Limitations of the Study	11
1.8 Organization of the Study	11
CHAPTER TWO: LITERATURE REVIEW.....	13
2.1 Introduction.....	13
2.2 Theoretical Literature Review.....	13
2.2.1 Expectancy Theory	13
2.2.2 Equity Theory	14
2.2.3 Two Factor Theory	15
2.2.4 Goal Setting Theory	16

2.3	Empirical Review	17
2.3.1	Incentives and Employee Performance	17
2.3.2	Performance Related Pay and Employee Performance	19
2.3.3	Financial Programs and Employee Performance	21
2.3.4	Non Financial Programs and Employee Performance	23
2.3.5	Compensation Programs and Employee Performance	25
2.4	Summary of Literature Reviewed and Research Gaps	26
2.5	Conceptual Framework.....	31
CHAPTER THREE: RESEARCH METHODOLOGY		32
3.1	Introduction.....	32
3.2	Research Design	32
3.3	Target Population	32
3.4	Sampling Design and Sample Size.....	33
3.5	Data Collection Instruments	33
3.6	Pilot Study.....	34
3.6.1	Validity of the Instrument	34
3.6.2	Reliability of the Instrument.....	35
3.7	Data Collection Procedure	35
3.8	Data Analysis and Presentation.....	35
3.9	Ethical Consideration	36
CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS.....		37
4.1	Introduction.....	37
4.2	Response Rate	37
4.3	Reliability Test Results.....	37
4.4	Demographic Findings	38
4.4.1	Respondents' Gender	38
4.4.2	Respondents' Work Experience	39
4.4.3	Respondents' Level of Education	39
4.5	Descriptive Statistics	40
4.5.1	Incentives and Employee Performance	40
4.5.2	Performance Related Pay and Employee Performance	42

4.5.3	Financial Programs and Employee Performance	44
4.5.4	Non-Financial Programs and Employee Performance	45
4.5.5	Employee Performance	46
4.6	Regression Analysis	47
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS		52
5.1	Introduction	52
5.2	Summary	52
5.3	Conclusions	53
5.4	Recommendations for Policy and Practice	54
5.5	Suggestions for Further Studies	55
REFERENCES.....		56
APPENDICES.....		61
Appendix I: Letter of Introduction.....		61
Appendix II: Questionnaires.....		62
Appendix III: Data Collection Letter		66
Appendix IV: Research Authorization		67
Appendix V: Research Permit		68

LIST OF TABLES

Table 2.1: Summary of Literature Reviewed and Research Gaps	26
Table 3.1: Target Population	33
Table 4.1: Response Rate	37
Table 4.2: Reliability Statistics	37
Table 4.3: Respondents Work Experience	39
Table 4.4: Incentives	40
Table 4.5: Performance Related Pay	42
Table 4.6: Financial Programs	44
Table 4.7: Non-financial Programs	45
Table 4.8: Employee Performance	46
Table 4.9: Model Summary	47
Table 4.10: Analysis of Variance (ANOVA)	48
Table 4.11: Coefficients	49

LIST OF FIGURES

Figure 2.1: Conceptual Framework	31
Figure 4.1: Respondents' Gender	38
Figure 4.1: Respondents' Education Level	40

ABBREVIATIONS AND ACRONYMS

ADC	Agricultural Development Corporation
ANOVA	Analysis of Variance
ECD	Early Childhood Development
FAMA	Federal Agricultural Marketing Authority
GoK	Government of Kenya
HRM	Human Resource Manager
KTDA	Kenya Tea Development Authority
MVAF	Motor Vehicle Accident Fund
NACOSTI	National Council of Science, Technology and Innovation
PRP	Performance Related Pay
SACCO	Savings and Credit Cooperative Organization
SPSS	Statistical Package for Social Sciences
TUK	Technical University of Kenya

OPERATIONAL DEFINITION OF TERMS

Compensation Program	Plan to award individuals for their efforts and to ensure that your employees stay with you and are satisfied over a longer period of time
Employee Performance	The job related activities such as goal attainment, work quality, work quantity and work efficiency expected of a worker and how well those activities were executed.
Incentive	A monetary gift provided to an employee based on performance, which is thought of as one way to entice the employee to continue delivering positive results
Performance Related Pay	Performance-based pay refers to a method through which individual, group or performance is directly and monetarily compensated in terms of merit pay, payment by results, bonus and so on.
Non-Financial Program	Any benefit an employee receives from an employer or job that does not involve tangible value such as job security, career progression, praise and recognition
Financial Program	Refer to monetary incentives such as such as pay raises, bonuses, paid time off and so on aligned with organizational goals that an employee earns as a result of good performance.

ABSTRACT

Organizations face complicated tasks in harnessing current abilities, talent and expertise and achieving the highest outcomes. Where there is a mobile workforce and where executives have to manage various projects with partners, the complexity is also magnified. Human resource managers also need to tackle the need for a fresh generation of employees to enter the sector today. In this case, compensation programs play an important role in those organizations that wish to reach their objectives and their goals. However, understanding the inter-linkages between compensation programs and employees performance has become very vital for attracting, motivating and retaining good employees. Agricultural Development Corporation has encountered employees' performance challenges such as failure to meet targets and high labour turnover which is being informed by the fact that it has not been able to achieve its desired results. This study aimed at investigating the influence of compensation programs on employee performance in Agricultural Development Corporation. The study's specific objectives were to examine the influence of incentives, performance related pay, financial programs and non-financial programs on employee performance. The study was guided by Expectancy Theory and Two Factor Theory. The study adopted a descriptive research design. The study target population was Agricultural Development Corporation and the unit of observation was 65 respondents comprising of 5 HRM managers and 60 support staff from HRM department. A census of 65 respondents was carried out. This study used questionnaire as a data collection tool to all the respondents. Descriptive statistical analysis such as mean and standard deviation were used to analyse quantitative and presented in terms of tables, frequencies, graphs and charts. Multiple regression analysis was used to determine the extent to which variables relates to each other. Content analysis technique was used to analyse qualitative data obtained from the open ended questions from the questionnaires. The study determined that incentives, performance related pay, financial programs and non-financial programs had a positive and significant relationship on employee performance. The study concludes that incentive plans motivate workers for higher efficiency and productivity. It can improve the work-flow and work methods. When employees are dedicated, supervision costs can be reduced which reduces employee turnover, absenteeism and lost time. Performance related pay motivate employees and align their effort more closely with the aims of the organization. Managers can use a defined framework for setting goals. Financial program inspire employee loyalty and increase productivity among employees. The financial incentive is ranked top in motivating employees because money enables employees to fulfill not only their basic needs, but also their need of belongings and need of power. Non-financial motivation is seriously essential for workers. Among other things, it puts employees into action that their managers care about their feelings. The study recommends that employees in the various departments should have the same type of incentive system to avoid discrimination. Organizations should motivate staff by offering small tokens of appreciation and acknowledgement, enhanced job security, new opportunities for promotions, better performance appraisals, development and use of new skills and competencies. Organization needs to make the employee understand the criteria for receiving the incentives and how the amount is determined. Organization should ensure proper implementation of effective training opportunities for all employees to better their skills, there is the need for the organization to adapt fair and equal recognition criteria for the motivation of its employees which will result to higher productivity.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Employee performance is the outcome, accomplishment of work as well as the results achieved, which is linked to the strategic goals of the organization, customer satisfaction and economic contributions (Armstrong, 2010). Armstrong (2010) continues to indicate that performance has to be managed by taking systematic action to improve organizational, team and individual performance; where individual performance management process is associated with both financial and non- financial incentives. Organizations are obliged to meet the needs of their stakeholders, in this case employees, by rewarding their employee equitably according to their contribution (Serena, Muhammad and Emran, 2012).

According to Takeuchi, Lepak, Wang and Takeuchi (2017) managing individual performance in organizations in Pakistan has traditionally centered on assessing performance and enhancing compensation programs, where effective performance is seen as the result of the interaction between individual ability and motivation, this goes hand in hand with performance goals. It is worth noting that the higher employee morale and drive, the greater the chances that a company will not only keep the best employees but will also motivate talented employees to perform at optimum levels and employee compensation programs have its magnitude of contribution to performance and productivity (Siramiati, Hadiwidjojo and Rohman, 2016)..

Kelidbari, Dizgah and Yusefi (2011) indicate that employee performance in Nigerian public sector embodies the all-encompassing belief of the personnel in relation their conduct and aids in the direction of the achievement of the organization. Ahmad and Shahzad (2011) argued that seeming performance of an employee expresses the entire conviction of an employee in regards to the actions and input to the attainment of the organizations goals and mission. The authors

further mentioned that practices of compensation, evaluation of performance and practices concerning promotion of and employee are the benchmark for performance of a worker.

Employee performance includes executing defined duties, meeting deadlines, employee competency, and effectiveness and efficiency in doing work (Saks, 2015). According to Abbas and Yaqoob (2017) performance of an employee in Kenyan parastatals on a given job or task is strategic edifice of a business as a result, elements that give rise to enriched performance must be dissected in a more critical dimension by the establishments for success, advancement and growth. Therefore, Performance of an employee gives room for innovativeness among employees and general firm's performance and innovativeness.

Employee performance is highly important while achieving the goals of the organization and determining the individual contributions to the organization (Manzoor, 2012). According to Flippo (2014) employee performance in organizations results in a more motivated work force that has the drive for higher productivity, quantity and quality of work, commitment and drive. Employee performance is influenced by various characteristics of each individual. Therefore, organizations certainly require employees who are higher achievers

1.1.1 Compensation Programs

Compensation is a systematic approach to providing monetary value to employees in exchange for work performed which can be used for various purposes to help the organization in the process of recruitment, employee job performance and job satisfaction (Mohanta, 2013). According to Pearce (2010) compensation implies having a compensation structure in which the employees who perform better are rewarded much more than the average performing employees.

The process of compensation entails measuring job values, designing and maintaining pay structures, paying for performance, competence and skill, and providing employee benefits.

According to Teeseema and Soeters (2016) compensation which includes direct cash payment, indirect payments in the form of employee benefits and incentives to motivate employees to strive for higher levels of productivity is a critical component of the employment relationship. A good compensation package is a good motivator. Hence, the primary responsibility of the human resource manager is to ensure that the company's employees are well paid. According to Lazear (2017) performance-related-pay can improve worker performance through direct incentive effects as workers expend more effort creating the outputs that are rewarded through pay, and through worker sorting since more able workers have more to gain from a pay system which rewards them according to their performance.

Boachie-Mensah and Dogbe (2011) posited that performance-based pay is a scheme that aimed at compensating employee based on his/her performance. McNabb and Whitfield (2017) study on the impact of varying types of performance-related pay and employee participation on earnings established that employees' earnings are highest where both individual and work-group Performance Related Pay (PRP) schemes are present at a workplace, and where there are congruent PRP and employee participation schemes.

Non-financial compensation is the non-monetary gains that influence people through non-material rewards like; giving more responsibility, promotion, praise and recognition in public (Musaazi, 2012). According to Shields and North-Samardzic (2015) employee benefits refer to indirect pay, that is, financial rewards that do not take any form of direct cash payments such as health care fund contributions and non-financial rewards ranging from unpaid leave provisions,

wellness programs and advisory services. They tend to attract highly qualified and competent people who are likely to be highly committed to the achievement of organizational goals (Maicibi, 2017).

Benefits can impact job satisfaction they stand as an important component of employee compensation and can act as substitutes for wages Woodbury (2013) found that workers also view benefits and wages as substitutes, willing to give up wages in exchange for more benefits. This substitution can increase job satisfaction if the worker's marginal income tax rate increases. The less taxed fringe benefits can be substituted for wages and increase job satisfaction by saving the worker from increased tax burden. According to Bingol (2016) fringe benefits provided to employees mainly aim to improve morale and job satisfaction, lower employee turnover, and attract productive staff. Organizations focus attention on fringe benefits to motivate their employees, increase their commitment and performance, decrease labor turnover rates, help them balance between work and life, and raise labor supply (Robles, 2018).

The performance of an employee depends on the strength of employee incentive schemes used in an organization. An employee incentive is given accordingly, to encourage the behavior and work done (Bonner & Sprinkle, 2012). Gichuru (2015) indicates that organizations use incentives to increase their employees' efficiency and performance to achieve their goals and in turn organizations' productivity also increases. Those incentives include; job security, pension plans, insurance (both life and medical), training, suggestion schemes, praises, job enrichment, promotion opportunities, vacations and holidays, leaves (sick, medical leave, prenatal leave, flexible timings, retirement benefits etc.

1.1.2 Employee Performance

Employee performance is considered very important as the workers who performed excellently have a great potential to help the organization achieve its goals. Employees need to respond quickly and effectively in market demands so their efforts to enhance the organization's performance become greater (Dessler, 2011). Serena, Muhammad and Emran (2012) indicate that employee will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management. The authors further argue that those employees who feel that they are cared for by their organization and managers not only have higher levels of commitment, but that they are more conscious about their responsibilities, have greater involvement in the organization, and are more innovative and productive.

According to Almutairi, Moradi, Idrus, Emami and Alanazi (2013) factors that affect employee work performance are job satisfaction and compensation. Human Resource Management policies are now being designed to maximize organizational integration, employee commitment, flexibility and quality of work. Meyer and Smith (2017) observed that compensation and employee satisfaction drive productivity, indirectly creating profit for an organization. Therefore, managers and organizations must reward and support their employees for the work that they do because this perceived support allows for more trust and job satisfaction in the organization.

Compensation is one of the most important elements which motivate employees to contribute their best effort to generate innovative ideas that lead to better business functionality and further improve company performance both financially and non-financially (Hameed, Ramzan & Zubair, 2014). Njanja, Maina, Kibet and Njagi (2013) indicate that the organization should get to know their employees well so that they can employ the right motivational strategy. The organization should hence change the intrinsic nature and content of jobs by enriching them so as

to enhance employees' sovereignty, opportunities for them to have additional responsibilities, gain recognition and develop their skills so that employees can achieve peak performance

1.1.3 Agricultural Development Corporation in Kenya

Agricultural Development Corporation (ADC) is a Government Parastatal, which was established in 1965 through an Act of Parliament Cap 346, to facilitate the land transfer programme from European settlers to locals following the country's independence. It is also a stabilizing factor to assist in maintaining the good quality livestock and continuity of the breeding programs in the affected farms. As per this Act, the functions of the Corporation were redefined to include promotion and execution of agricultural schemes and reconstruction in Kenya by initiating, assisting or expansion of agricultural undertaking and enterprises. It is on the basis of this Act that the Corporation runs its operations across the country. ADC received ISO 9001:2008 certification a first among parastatals in the Agricultural sector. To maintain ISO certification, ADC business processes are regularly audited in addition to providing a broad range of agricultural products and services.

Performance of Kenyan State Corporations remains crucial for economic development of the country (Ongeti, 2014). To enhance their performance, the government of Kenya adopted strategic planning on the basis of which performance contracts would be extracted. During strategy implementation, annual work plans are extracted through which performance targets are set, negotiated and contracts signed (GoK, 2013). The occurrences in the external environment could have an impact on the relationship between strategy implementation and organizational performance. However, according to GoK (2013) while output of some state corporations has increased, due to these interventions (creating employment opportunities, enhancing service delivery and even paying better dividends) others have continuously underperformed. This

situation has partly been attributed to setting of unattainable targets, lack of sufficient structural as well as financial support and occurrences in the external environment beyond the control of strategy executors.

The ADC vision is ‘to be the prime mover and leader in agricultural development in Eastern Africa and beyond’ and the mission is to ‘to promote sustainable agricultural development and reconstruction in Kenya by initiating. Assisting and expanding agricultural undertakings and enterprises through production and supply of quality seed, livestock, technological transfers and training in a sustainable and affordable manner’. ADC is the custodian of the national livestock studs, ensures the continued existence of the breeds and the availability of quality stock to the Kenyan farmer at affordable prices. ADC plays a major role in the transfer of technology from the research institutions to the Kenyan farmer. ADC has contributed to be a testing ground for technologies and research. ADC also facilitates the training of farmers through field days and agricultural shows; and the training of student through attachment that provide hands.

1.2 Statement of the Problem

Managing the employees in efficient way and generating optimum performance from them at their level best has become very difficult to the organizations. With this the organizations ensure that the employees are putting effort in the right direction to achieve the target (Kiruja & Mukuru (2013). Mullins (2015) asserts that compensation program is vital for employee motivation which is a very function of the Human Resource Manager (HRM) due the current competitive labor market. When an organization loses employees, it means there is a loss of skills, knowledge, and experiences which can create a significant economic effect. In this case, compensation programs play an important role in those organizations that wish to reach their objectives and their goals.

Agricultural Development Corporation has developed Human Resource plan which guides on how it can achieve its goals. In its strategic plans, there are the behavioral determinants of employee performance. However, the organization has encountered employees' performance challenges such as failure to meet targets and high labour turnover which is being informed by the fact that it has not been able to achieve its desired results. The organization is faced with complicated tasks in harnessing current abilities, talent and expertise and achieving the highest outcomes from their employees. This is due to frequent employee seeking for better terms in other organizations. The complexity is also magnified in tackling the need for a fresh generation of employees who are joining the organization which necessitated the need for this study.

Gitongu, Kingi and Uzel (2016) carried out a study on determinants of Employees' Performance of State Parastatals in Kenya: A Case of Kenya Ports Authority and recommends that Kenya Ports Authority should utilize individual characteristics and organizational factors for enhancing their employees' performance. However, the study used a case study in which important information for the study may be missing, making the case hard to interpret and it is not representative of a larger population. Masea (2016) did a study on the Influence of Compensation Practices on Performance of Employees in the Saving and Credit Institutions in Nairobi City County which concluded that regulated SACCOs adopted equity-based compensation programs such as salary variation which influence long-term employee's productivity. However, the study was based on financial institutions.

Kelechi *et al.* (2016) study examined on the effects of compensation administration on employee productivity which used a survey design and recommends that recommended that organizations that want to ensure an enhance productivity among the workers should ensure that the company's compensation system must include policies, procedures and rules that provide clear and

unambiguous determination and administration of workers compensation. However, the study used survey design which requires highly trained interviewers who in some cases may influence the respondents to respond in the way they want causing biasness. This study sought to investigate the influence of compensation programs on employee performance in Agricultural Development Corporation.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to investigate the influence of compensation programs on employee performance in Agricultural Development Corporation in Nairobi City County, Kenya.

1.3.2 Specific Objectives

- i. To examine the influence of incentives on employee performance in Agricultural Development Corporation in Kenya.
- ii. To establish the influence of performance related pay on employee performance in Agricultural Development Corporation in Kenya.
- iii. To determine the influence of financial programs on employee performance in Agricultural Development Corporation in Kenya.
- iv. To identify the influence of non-financial programs on employee performance in Agricultural Development Corporation in Kenya.

1.4 Research Questions

- i. What is the influence of incentives on employee performance in Agricultural Development Corporation in Kenya?
- ii. What is the influence of performance related pay on employee performance in Agricultural Development Corporation in Kenya?

- iii. What is the influence of financial programs on employee performance in Agricultural Development Corporation in Kenya?
- iv. What is the influence of non-financial programs on employee performance in Agricultural Development Corporation in Kenya?

1.5 Significance of the Study

The study would assist the management team and support staff in the Agricultural Development Corporation as it will show the trade off point between compensation and employee performance and gain knowledge on how to motivate their staff to achieve the set objectives effectively and efficiently. The body of human resource management in Kenya would benefit from the study findings by acquiring information on how compensation programs influence the performance of employee and help in better ways in attracting and retaining competent employees in organizations. The findings of the study would serve as a knowledge base for a comprehensive look into the lapses in the management of compensation at the Agricultural Development Corporation and by extension other parastatals in Kenya. The findings of the study would also serve as a reference source for further research into the field of compensation by future researchers.

1.6 Scope of the Study

This study focused on how incentives, performance related pay, financial programs and non-financial programs influence employee performance. The unit of analysis was Agricultural Development Corporation and the unit of observation was HRM managers and support staff from HRM department. Descriptive survey research design was used to guide the study. A census method was used. Data was collected using questionnaires and interview schedules which

was analysed using descriptive statistics and regression analysis. The study focused on performance for the past five years, that is, 2013 to 2017.

1.7 Limitations of the Study

The study could be limited by fear of respondents to disclose relevant information for the study. However, the researcher overcame this by assuring the respondents of strict confidentiality of any information disclosed. Some managers could decline to disclose sensitive information on how they manage conflicts among their employees due to competition and confidentiality concerns. To overcome this, the researcher explained the purpose of the study to them by issuing a letter of introduction from Kenyatta University and the research permit from the National Council of Science, Technology and Innovation (NACOSTI) confirming that the information being sought was purely for academic reasons and providing assurance of upholding confidentiality.

1.8 Organization of the Study

This research project consists of preliminary section and three chapters. The preliminary part will consist of title page, declaration, dedication, acknowledgement, table of contents, list of tables, list of figures, abbreviations and acronyms, and definition of terms and abstract. Chapter one constitutes the background of the study, statement of the problem, objectives, significance, scope, limitations and organization of the study. Chapter two comprise of the theoretical literature review, empirical literature review, summary of literature review and research gaps and conceptual framework. Chapter three encompasses the methodology which presents the research design, target population, sampling design, research instrument, data collection procedure, data analysis and ethical considerations. Chapter four comprise of research findings and discussions

and chapter five comprise of summary of the findings, conclusions, recommendations for policy and practice and suggestions for further studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of related literature on compensation programs on employee performance. The chapter is divided into four sections which include theoretical literature review, empirical literature review, summary of literature reviewed and research gaps and conceptual framework.

2.2 Theoretical Literature Review

2.2.1 Expectancy Theory

This study was guided by Expectancy theory proposed by Vroom (1964). Expectancy theory is a cognitive process theory of motivation that relies on the principle of belief that individuals the amount of effort put towards a certain task, the end results attained from it and the benefit acquired has a mutual relationship. Vroom (1964) observes that people's performance rely on person's characteristics such as personality, skills, knowledge, experience and abilities. It was also found that effort, performance and motivation are linked in a person's motivation. According to Greenberg (2011) expectancy theory provides guidelines for enhancing employee motivation by altering the individual's effort-to-performance expectancy, performance-to-reward expectancy, and reward valences. However, Hellriegel and Slocum (2011) indicate that leaders must make an effort to find out what their employees value as rewards (valence). They must also accurately assess employees' capabilities (expectancy) and make available all of the right resources to help employees be successful in their jobs.

According to Vroom (1964) a person will conduct himself/herself or behave in a particular way because of the motivational factors vested on that particular behavior due to expected results out of the behavior. In other words, the person selected behavior is based on the motivation and is

characterized by the appeal of the end results. This motivation can be categorized into three factors namely; Valence, expectancy and instrumentality. First, Valence is the person's strength for his/her favorite such as reward. For example employees will strive to have a positive outcome in their place of work. Second, expectancy is the likelihood that a specific act or attempt would result to a specific performance. These particular outcome achieved by an individual relies not just the options he/she makes rather on activities further than his/her control. This therefore, means that employee performance will rely on various factors and a chance in performance. Third, instrumentality is the likelihood that performance will result to the expected outcome. In other words a person will receive a reward the moment he/she fulfils his/her task. This means that a better employee performance will motivate them and hence lay loyalty towards the attainment of organization goals.

This theory was relevant to the study because it shows that a person will exert a high effort if he/she believes there is reasonable probability that the effort will lead to the attainment of an organizational goal, and the attainment of the organizational goal will become an instrument through which that person will attain his/her personal goals. In this case, organizational goals will be elevated above personal goals, and this may account for the use of incentives and rewards to recognize the effort made by employees.

2.2.2 Equity Theory

This study was guided by Equity Theory by Pritchard (1969) who observe that Equity theory deals strongly with the aspects of organizational justice, whether the individuals feel that they are treated fairly at work or not. The felt equity or inequity will impact their level of effort given in the work environment. Mowday (1991) posits that an individual on employee - employer relationship evaluates not only the benefits and rewards he or she receives and whether the input

given to the organization is in balance with the output but also the relevance of inputs given and outputs received by other employees inside or outside the employing organization. Individual inputs can be education, effort, experience, and competence in comparison to outputs such as salary, recognition and salary increases. If an individual notices an imbalance on the input - outcome ratio according to his or her own experiences and in comparison to the others, tension is accumulated.

Pritchard (1969) noted that individuals who feel under rewarded will have stronger, negative feelings than the ones who are over rewarded. If inequity is met in the employee-employer relationship individuals are likely to change their inputs to correspond the outcomes, that is, lower the work effort to equal the outcomes, change the referent to which they are comparing the felt inequity or distort perceptions of self or others. This theory was relevant to the study as it proposes that a person's motivation is based on what he or she considers being fair when compared to others. The theory focuses on an employee's work-compensation relationship or exchange relationship as well as that employee's attempt to minimize any sense of unfairness that might result.

2.2.3 Two Factor Theory

Frederick Herzberg's two-factor theory, also known as the motivation-hygiene theory or intrinsic/extrinsic motivation, argues that while there are certain factors in the workplace that cause job satisfaction, a separate set of factors can cause dissatisfaction. The factors that motivate people can change over their lifetime, but respect for me as a person, is one of the top motivating factors at any stage of life. According to Herzberg (1964) intrinsic motivators such as

challenging work, recognition, and responsibility produce employee satisfaction, while extrinsic hygiene factors, including status, job security, salary, and fringe benefits if absent produce dissatisfaction.

Herzberg's theory appears to parallel Maslow's needs hierarchy. Individuals look for the gratification of higher level psychological needs having to do with achievement, recognition, responsibility, advancement, and the nature of the work itself (Engle and Kane, 2004). However, Herzberg (1964) added a new dimension to this theory, including factors that cause dissatisfaction as well, such as company policies, supervision, technical problems, salary, interpersonal relations on the job, and working conditions.

This theory was relevant to the study as it shows the importance between intrinsic and extrinsic factors on employee performance whereby intrinsic factors are believed to increase employee satisfaction and extrinsic factors prevent any employee dissatisfaction. The two-factor theory of motivation explains the factors that employees find satisfying and dissatisfying about their jobs. These factors are the hygiene factors and motivators. The hygiene factors when absent can lead to dissatisfaction in the work place but when fully catered for in the work environment on their own are not sufficient to satisfy workers whereas the motivators referring to the nature of the job, provide satisfaction and lead to higher motivation.

2.2.4 Goal Setting Theory

The theory was formulated by Edwin Locke in 1960s. The theory indicates that the major sources of motivation at the work place are the intentions to work towards the goals. Goals play significant roles by informing employees their expectations at the work place. As a specific goal enhances performance within an organization, therefore goal setting theory supports the value of

goals (Robbins, Judge & Campbell, 2010). Acceptance of difficult and challenging goals results into enhanced performance in an organization as opposed to easy goals. Moreover, availability of feedback at the work place brings about better performance than non-availability of feedback.

According to Pride, Hughes and Kapoor (2010), goals should be very specific, moderately difficult and employees should be committed to achieve these goals. Rewards should be tied in together with the goals so as to enhance performance at the work place. Goals that is specific in nature yield high levels of outputs as opposed to goals that are general in nature. This is because specific goals act as internal stimulus of the processes within organizations. Holding other factors for example acceptance of goals constant, it can be stated that the more difficult the goals, the greater the level of performance at the work place.

This theory was relevant to the study because it shows that organizations that want to further their mission do so by setting realistic goals. Goal setting facilitates formalization of organizational statements, implementation of missions and vision statements. Therefore, goals are significant motivators at the work place by providing employees with realistic and tangible targets that can be achieved easily.

2.3 Empirical Review

2.3.1 Incentives and Employee Performance

Tumwet, Chepkilot and Kibet (2015) carried out a study on the effects of employee incentives on employee performance in Private Universities in Kenya: A Case of Kabarak University. The study population was all the employees of Kabarak University, selected as respondents; thereby a census study was carried out. The study involved use of structured questionnaire to collect the data. Secondary data was extracted from the department of Human resource. The analysis of the collected data was done by use of Mann Whitney U-test, factor analysis and Chi-square, and

presented using descriptive statistics. The study established that Financial and nonfinancial incentives are applied to a great extent to motivate the employees.

Ndichu (2017) study examined on the Effects of Incentives and Rewards on Employee Productivity in Small Banks in Kenya: A Case Study of First Community Bank. 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. 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.

Atambo, Munene and Mayogi (2013) study focused on the role of employee incentives on performance: a survey of public hospitals in Kenya. The study adopted a descriptive approach based on a correlation design with emphasis on a cross-sectional survey. The findings revealed that employee incentives played a key role in enhancing performance at both individual and organizational levels, while providing an opportunity for initiatives which are deemed to be instrumental in merging theory and practice in human resource management and development in the public health sector.

Huang and Lai (2014) study focused on the effect of incentive system on job performance-locus of control as a moderator. The study will focus on 300 employees in the tourist hotels and used questionnaires for as data collection instruments. The study suggests it is wise to take advantage of different set of incentives system to generate the best work group performance. After all, not every employee has the same demands/needs in the organization. It is worth noting that job

performance is based on both job satisfaction and incentive system. Job performance results from job satisfaction that is effected from incentive system and locus of control.

Ainas and Eman (2017) study examined the impact of incentives on physicians' performance at Pediatric Hospital in Benghazi. A descriptive cross-sectional was conducted to achieve study objectives. 180 physicians working in pediatric hospital was included in the study. The data was collected using questionnaire. The study recognized that, there was a positive association between incentives and performance and a significant relation was determined between (financial and moral) incentives and personal variables. A combination of financial and moral incentives was required to support performance among health workers. The study recommended that hospital management should improve incentives to their physicians in hospital plans.

2.3.2 Performance Related Pay and Employee Performance

Boachie-Mensah and Dogbe (2011) did an exploratory case study on the influence of performance-based pay on organisational performance. The sample comprised 20 managerial staff and 60 non-managerial staff. The main research instrument was the questionnaire. A two-way Analysis of Variance (ANOVA) table was used to test the main hypotheses. The result of the study revealed that the effect of performance-based pay on employee performance is minimal; and the motivational effect of merit pay is often blunted by biased performance appraisal.

Shilongo (2013) study examined on how performance related pay improves employees performance based on the performance incentive bonus scheme at the Motor Vehicle Accident Fund (MVAf). This study applied a cross-sectional survey design. The unit of analysis for this study was both employees and executives. The identified study population included both

employees at the head office and at regional offices. The study concludes that the MVA Fund has now a quantitative evidence on the impact of the performance incentive bonus on employees. However, a few issues between employees and executives still need to be sorted out.

Siramiati, Hadiwidjojo and Rohman (2016) study focused on the influence of performance-based compensation effect on employee motivation, satisfaction of employees, and performance of employees. The sampling technique was probability sampling the chance. Primary data was obtained through direct observation and interviews. Descriptive statistical analysis was used to provide an overview or empirical description of the data collected. The study concluded that some employees have a high boarding costs expected by activities of the organization and can be run properly. Human resources owned should actually have full support in terms of performance-based compensation and motivation to work in order to produce job satisfaction and higher employee performance.

Aljumah (2015) study examined on the effects of the performance related pay system on the performance of the employees in Saudi national firms. The study was mixed methods and cross-sectional, and used survey questionnaire with employees and face to face interviews with managers. The findings reveal widespread dissatisfaction with the PRP schemes in place in two of the companies, and concerns among some management that the assessment processes and allocation of bonuses do not allow genuine assessment and reward for the best performing employees.

Kirunda (2014) study examined on performance-based rewards and the performance of teachers in private secondary schools in Kampala District. The study was based mainly on Primary data in form of questionnaires, interviews and documentary reviews of the selected literature. The study

employed both qualitative and quantitative techniques of data collection and data was analysed using descriptive and relational statistics with Pearson Product Correlation Coefficient and Regression analysis. The findings revealed that, the most commonly used types of performance-based rewards in private secondary schools are: public appreciation, promotion, packages/presents, and duty allowances and overtime pay. It was also established that performance-based rewards affect the performance of teachers by motivating them and increasing their productivity and efficiency.

Kwamanga and Achoch (2014) carried out a study on factors affecting implementation of performance related pay in Kenya Revenue Authority. The study employed the use of a case study as a research design. A self administered questionnaire was used as the primary data collection instrument. A descriptive survey of 232 respondents was conducted from a population frame of 2322 from employees Kenya Revenue Authority in Times Tower Nairobi headquarters. The results indicate that there is a strong positive relationship between management commitment and implementation of performance related pay.

2.3.3 Financial Programs and Employee Performance

Robles (2018) carried out a study on the influence of employee benefits on employee satisfaction in five stars hotels in Nairobi. A descriptive research design was used in the study. The target population was 1824 employees of five-star hotels in Nairobi. Stratified random sampling was used to determine the sample size. Primary data was collected using a structured questionnaire. Findings revealed that there was a strong positive relationship between financial benefits, retirement and social benefits and employee satisfaction. The study concluded there is clear evidence that five stars hotels in Nairobi uses various forms of employees' financial benefits such as allowances as recognition strategy to show the value of employees at work.

Nemeckova (2017) carried out a study on the role of benefits in employee motivation and retention in the financial sector of the Czech Republic. An empirical survey was conducted involving employees in financial institutions, which included banks and investment companies operating in the Czech Republic in 2011. The data obtained was both quantitative with the use of questionnaires and qualitative using interviews). The study found that employees rank benefits in 7th position out of the 11 most important factors, the fulfillment of which impacts positively their job motivation.

Kamau (2013) did a study on the influence of fringe benefits effects on employee productivity in the public sector (a case of state department of water, Nairobi County, Kenya. This study adopted descriptive survey design. This study was carried out at the State Department of Water, where the total population is 189. A simple random sampling method was employed. The researcher used questionnaires to collect the data and also obtained secondary sources and literature for comparison. The study established that security benefits such as meal, transport and house allowances contributed positively to employee productivity.

Lin, Yao and Zhao (2014) study examined on direct and indirect effects on employee benefits on firm performance in China. Based upon social exchange theory, this paper investigates the relationship between employee benefits and firm performance by studying 324 firms of different ownership forms in China. The research proposes three benefit dimensions which are confirmed by the results of factor analysis. In addition, this research finds that a combined employee benefit system produces significant associations with overall firm performance and that the strength of the relationship is mediated by attitudinal and behavioral outcomes, which are generated from a psychological consequence of employees.

Ju, Kong, Hussin and Jusoff (2009) study investigated the influence of employee benefits towards organizational commitment. The list of Kedah food manufacturing industry was taken from Federal Agricultural Marketing Authority (FAMA), Kedah branch. Out of 625 food manufacturing factories in the state of Kedah, Malaysia, 161 employees from 51 food manufacturing factories who served more than one year were chosen as the samples of this study. The results further denoted that fringe benefits fully mediated mandatory benefits when predicting organizational commitment.

Njanja, Maina, Kibet and Njagi (2013) study examined on the effect of reward on employee performance: A case of Kenya Power and Lighting Company Limited Nakuru, Kenya. The research adopted correlation research design. 68 management employees responded. Data was collected using questionnaires. Descriptive statistics were used to present data. Inferential statistics (chi-square) was used to analyze the relationship between cash bonuses and employee performance. The findings of the study showed that cash bonus have no effect on employee performance ($p=0.8$). This is because those who received cash bonuses and those who did not all agree that the cash bonus affects their performance the same.

2.3.4 Non Financial Programs and Employee Performance

Kathure (2014) carried out a study on the influence of non financial rewards on employee commitment at Kenya tea development agency. The population of interest was 294. The researcher used stratified sampling because of ease of classifying the population into strata. The study used primary data that is collected through self-administered questionnaires containing both open ended and closed questions. The data collected was analyzed using descriptive statistics. The study concludes that career development, development opportunities offered and

employee recognition are the tools that management can use to motivate employees in order for them to perform effectively and efficiently.

Oburu and Atambo (2016) study investigated on the effect of non-financial compensation on employee performance of Micro-Finance Institutions: A Case of Wakenya Pamoja Sacco, Kisii County, Kenya. A census of 65 employees of was carried out. Questionnaires were used to collect data. The study established that indeed the Micro finance industry especially WakenyaPamoja Sacco-Kisii, does employ Non-financial compensation and incentives to motivate employees, drive up their performance as well as to retain staff.

Ahmed, Mohamed, Oyagi and Tirimba (2015) study focused on assessment of non-financial motivation on employee productivity: Case of Ministry of Finance Headquarters in Hargeisa Somaliland. Descriptive research design was used. The total population included all the 141 employees of the Ministry of Finance. Stratified random sampling technique was adopted. Questionnaires were administered to respondents during primary data collection while secondary data was done by use of Ministry of finance website. The study findings indicate that working conditions, training and recognition all influence employee productivity.

Munga (2013) study examined on the relationship between non-financial rewards and teacher retention in private schools in Kirinyaga-South district. The study sample was 30 E.C.D centres and primary schools selected through stratified random sampling method. From these schools, 90 teachers were randomly selected to participate in the study as the sample size. Data was collected using questionnaires. Quantitative data analysis was based on chi-square and correlation analysis. The study established a positive relationship between non-financial rewards and teacher

retention. The study concluded that non-financial rewards were important in improving retention of teachers in private school.

Imbahale (2016) study examined on the effects of non-monetary rewards towards employee motivation. Data was collected using questionnaires from the Technical University of Kenya (TUK) from a sample size of 100 respondents and analyzed by descriptive analysis. The study reveals that employee recognition; training; rewards and incentives affect and contribute to the success of an organization as they directly affect employee motivation. The study reveals that TUK employees appreciate and value non-monetary incentives and they would like the institution to provide them with a variety of such rewards.

2.3.5 Compensation Programs and Employee Performance

Mangale (2017) study examined the effects of compensation on employee productivity: A Case Study of Kenya Literature Bureau, South C Nairobi. The study adopted a descriptive research design that will enable the use of questionnaires as research instruments. The target population consisted of one fifty (150) employees of Kenya Literature Bureau South c Nairobi. The study found that there exist fixed and constant monthly salaries with flexible dates though some months are fixed during payment.

Premalatha (2013) study investigated the impact of compensation system on employee performance: A Study With Special Reference to Service Sector. Analytical survey method was employed to collect information from 100 respondents (executives) in five different banking institutions. The results show that compensation management has a direct impact on employee performance. The preferences of employees on compensation may change from position to position in the organisation irrespective of its size and nature. Study also shows that monetary rewards have to be supported with non monetary benefits to retain the talents in the long run.

Hameed, Ramzan and Zubair (2014) carried out a study on the impact of compensation on employee performance: Empirical evidence from banking sector of Pakistan. A questionnaire was designed to collect the data. Different analytical and descriptive techniques were used to analyze the data. It is founded from different results that Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other.

2.4 Summary of Literature Reviewed and Research Gaps

Table 2.1: Summary of Literature Reviewed and Research Gaps

Author/s	Research Topic	Research Findings	Research gaps	Focus of the current study
Ju <i>et al.</i> (2009)	Employee benefits towards organizational commitment	Fringe benefits fully mediated mandatory benefits when predicting organizational commitment	The study used simple random sampling technique	The study used stratified sampling technique
Boachie-Mensah and Dogbe (2011)	Influence of performance-based pay on organisational performance	Effect of performance-based pay on employee performance is minimal; and the motivational effect of merit pay is often blunted by biased performance appraisal	The study used exploratory case study which does not provide conclusive findings due to small sample size involved	Performance related pay and employee performance in State Corporations in Kenya and the study will use descriptive research design

Kamau (2013)	Influence of fringe benefits effects on employee productivity	Security benefits such as meal, transport and house allowances contributed positively to employee productivity	The study used simple random sampling technique	The study will use stratified sampling technique
Shilongo (2013)	Performance related pay on employees' performance	MVAF Fund has now a quantitative evidence on the impact of the performance incentive bonus on employees	Cross-sectional research design used which involves a small sample size and findings cannot be conclusive	Descriptive survey research design used which involves a large sample size and findings are conclusive
Atambo <i>et al.</i> (2013)	Role of employee incentives on performance:	Employee incentives played a key role in enhancing performance at both individual and organization al levels	A survey of public hospitals in Kenya	A Case Study of Agricultural Development Corporation
Kamau (2013)	Fringe benefits effects on employee productivity in the public sector	Security benefits such as meal, transport and house allowances contributed positively to employee productivity	The study used simple random sampling which is subjective to sample biasness	Benefits and employee performance in State Corporations in Kenya and the study will use stratified sampling method
Lin <i>et al.</i> (2014)	Direct and indirect	Combined employee	The study was mainly based	The study focused on

	effects on employee benefits	benefit system produces significant associations with overall firm performance	on organizational performance	employee performance
Huang and Lai (2014)	Incentive system on job performance-locus of control as a moderator	Job performance results from job satisfaction that is effected from incentive system and locus of control	The study used simple random sampling technique	The study used stratified sampling technique
Kwamanga and Achoch (2014)	Factors affecting implementation of performance related pay in Kenya Revenue Authority	There is a strong positive relationship between management commitment and implementation of performance related pay	A case study design which does not facilitate assessment of cause and effect relationships	Descriptive survey research design which collects a large amount of data for detailed analysis
Tumwet, <i>et al.</i> , (2015)	Effects of employee incentives on employee performance	Financial and nonfinancial incentives are applied to a great extent to motivate the employees	The study focused on Private Universities in Kenya	Incentives and employee performance in State Corporations in Kenya
Oburu and Atambo (2016)	Effect of nonfinancial compensation on employee performance	Micro finance industry does employ Nonfinancial	The study context was Microfinancial institutions	Nonfinancial programs and employee performance in State

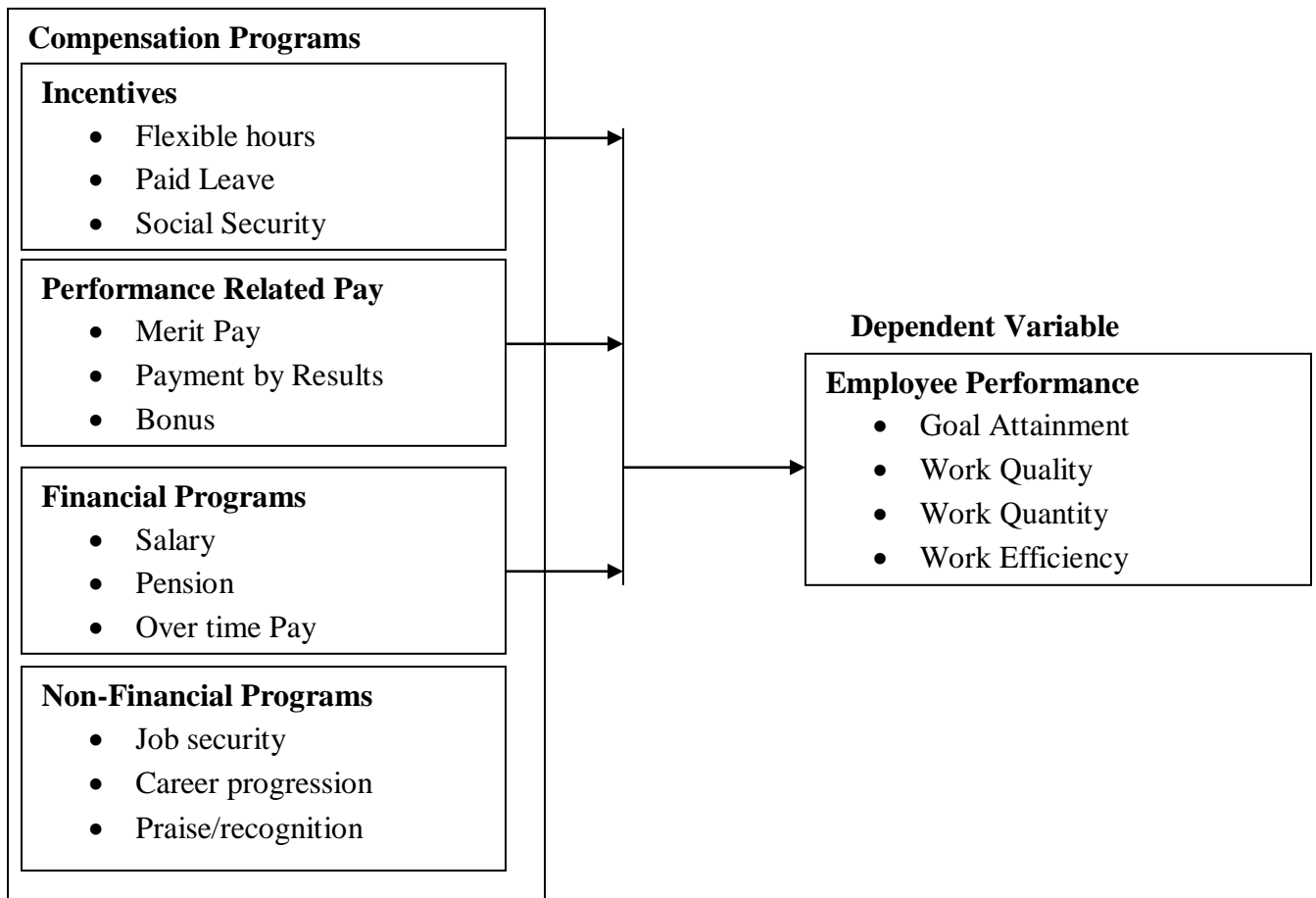
	of Micro-Finance Institutions	l compensation and incentives to motivate employees, drive up their performance as well as to retain staff		Corporations in Kenya
Siramiati <i>et al.</i> (2016)	Performance-based compensation effect on performance of employees	Some employees have a high boarding costs expected by activities of the organization and can be run properly	Primary data was collected through interview guide which involves a small sample size	Primary data was collected through questionnaires which involves a large sample size
Imbahale (2016)	Effects of non-monetary rewards towards employee motivation.	Employee recognition; training; rewards and incentives affect and contribute to the success of an organization as they directly affect employee motivation	The study focused on higher educational institutions	The study focused on employee performance in Agricultural Development Corporations
Ndichu (2017)	Effects of Incentives and Rewards on Employee Productivity	Incentives and reward systems are important though they have a different meaning to different	A Case Study of First Community Bank	A Case Study of Agricultural Development Corporation

		categories of employees working for First Community Bank		
Ainas and Eman (2017)	Incentives on physicians' performance	There was a positive association between incentives and performance	Cross-sectional research design used which involves a small sample size and findings cannot be conclusive	Descriptive survey research design used which involves a large sample size and findings are conclusive
Nemeckova (2017)	Role of benefits in employee motivation and retention in the financial sector of the Czech Republic.	benefits impacts positively their job motivation	The study used exploratory case study which does not provide conclusive findings due to small sample size involved	Descriptive survey research design which yield rich data that lead to important recommendations in practice
Robles (2018)	Employee benefits on employee satisfaction	Strong positive relationship between financial benefits, retirement and social benefits and employee satisfaction	The study focused on satisfaction of employees in Hotel industry in Kenya	The study focused on performance of employees in Agricultural Development Corporation

Source: Researcher and Literature Review (2018)

2.5 Conceptual Framework

Independent Variables



Source: Researcher (2018)

Figure 2.1: Conceptual Framework

Figure 2.1 shows the relationship between independent variables and dependent variable. The independent variables include incentives, performance related pay benefits and non-financial programs. The dependent variable includes employee performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of the research design, target population, sampling design and sample size, data collection instruments, pilot study, data collection procedures, data analysis and ethical consideration.

3.2 Research Design

The study adopted a descriptive research design. Descriptive survey research design is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Saunders, Lewis & Thornhill, 2009). A descriptive study was undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. . Descriptive research design was also chosen because it enabled the researcher to generalize the findings to a larger population and it was more precise and accurate since it involves description of events in a carefully planned way.

3.3 Target Population

According to Mugenda and Mugenda (2003), target population is group, individual, objects or items from which samples are taken measurement in research. The study target population was Agricultural Development Corporation and the unit of observation was 65 respondents comprising of 5 HRM managers and 60 support staff from HRM department as shown in Table 3.1.

Table 3.1: Target Population

Category	Population	Percentage
HRM Managers	5	7.7
Support Staff	60	93.3
Total	65	100

Source: ADC, HRM Department Report of 2018

3.4 Sampling Design and Sample Size

As observed by Gay (2002), a sample is selected which can be representative of the total population because of various constraints that may face the researcher in accessing the whole population. On the other hand, Mugenda and Mugenda, (2003), observe that in a situation where the study population there is no need to sample otherwise the total population should be studied. Therefore, census of 65 respondents was carried out.

3.5 Data Collection Instruments

This study used semi-structure questionnaire as a data collection tool to all the respondents. Orodho (2005) defines a questionnaire as an instrument used to gather data, which allows a measurement for or against a particular viewpoint. The author emphasizes that a questionnaire has the ability to collect a large amount of information in a reasonably quick space of time. The instrument was chosen because the targeted population is assumed to be literate which minimizes the interpretation of the questions for their understanding to capture reliable information.

The questionnaires were divided into different sections covering the objectives of the study ranging from A to F whereby section A will collect data regarding the respondents background information, section B will be based on incentives variable, section C performance related pay

variable, section D financial programs variable, section E non-financial programs variable and section F will collect data on employee performance. The questions will follow a likert scale whereby the respondents will be required to rate questions as per their level of agreement. In addition, there will be open ended questions after each study variable to enable the respondents to add more information regarding the influence of the independent variable on dependent variable.

3.6 Pilot Study

Pilot study is a small test involving a small number of respondents to assist the researcher in checking for the quality of the questionnaires and identify any weaknesses before going for the final data collection process (Orodho, 2005). Questionnaires were piloted 10 respondents. In addition to that these respondents were not included in the final data collection process. The purpose of the pilot study was to make sure that any error or missing item in it is identified and addressed so as to make sure they are valid and reliable.

3.6.1 Validity of the Instrument

Mugenda and Mugenda (2003) notes that validity has to do with how accurate the data obtained in the study represents the variables of the study and is a true reflection of the variables. It is only then that inferences based in such data would be accurate and meaningful. To ascertain validity of the questionnaire the researcher consulted the supervisor for further improvements to make criticism and comments on the same. Content validity and face validity was done to ascertain clarity and simplicity. The researcher used clear wording of the questions by using terms that were likely to be familiar to, and understood by the respondents.

3.6.2 Reliability of the Instrument

Cooper and Schindler (2011) explain reliability of research as determining whether the research truly measured that which it was intended to measure or how truthful the research results would be. Reliability was assessed with the use of Cronbach's alpha coefficient. The coefficient was used to estimate the proportion of variance that is systematic or consistent in a set of test scores. The researcher carried out a pilot study in Kenya Tea Development Authority (KTDA) because it is a state corporation and it will not be included in the study. The pilot study comprised of 10 respondents. The analysis was conducted to all statements structured on a likert point scale using Cronbach alpha score test. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.6-0.7 is a commonly recommended that indicates acceptable reliability and 0.8 or higher indicate good reliability (Mugenda & Mugenda, 2003). This study obtained a coefficient of 0.811 (see Table 4.2).

3.7 Data Collection Procedure

Questionnaires were given to the respondents for data collection through the Human Resource manager by drop and pick method. The questionnaires will be checked for completeness and consistency of information at the end of every field data collection day and before storage. The researcher gave the respondents a timeline of two weeks for response after which he approached them to collect the questionnaires.

3.8 Data Analysis and Presentation

Primary data was collected using questionnaires which were organized into a meaningful format and coded for easy analysis. Descriptive statistical analysis such as mean and standard deviation were used to analyse quantitative and presented in terms of tables, frequencies, graphs and charts. This was made possible by use of Statistical Package for Social Sciences (SPSS) version

20.0. Content analysis technique was used to analyse qualitative data obtained from the open ended questions from the questionnaires. Multiple regression analysis was used to determine the extent to which variables relates to each other. Multiple regression analysis was used which resulted to a model as described below.

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

Whereby Y= Employee Performance

 X₁= Incentives

 X₂= Performance Related Pay

 X₃= Financial Program

 X₄= Non Financial Programs

$\beta_1, \beta_2, \beta_3$ and β_4 are coefficients of determination

ε is the error term

3.9 Ethical Consideration

To maintain ethics during the data collection period, the researcher first obtained an introductory letter from the University and a research permit from National Commission for Science, Technology and Innovation (NACOSTI) in order to introduce herself to the relevant authorities concerned. The respondents were requested to participate in the study by first explaining to them the intended purpose of the study and assuring them that none of the third party would access the information they disclose to the study. The respondents were not allowed to write their names in the questionnaires.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter presents the background information of the respondents, findings of the descriptive statistics based on the research objectives of the study and regression analysis.

4.2 Response Rate

Table 4.1: Response Rate

Category	Frequency	Percentage
Response	60	92.3
Non-response	5	7.7
Total	65	100

Source: Research Data (2019)

The questionnaires were administered to 65 respondents in which 60 responded forming a response rate of 92.3% while 5 did not respond forming a response rate of 7.7%. The response rate 92.3% was considered appropriate based on Mugenda and Mugenda (2003) recommendation that a response rate of 70% and above is very good.

4.3 Reliability Test Results

Table 4.2: Reliability Statistics

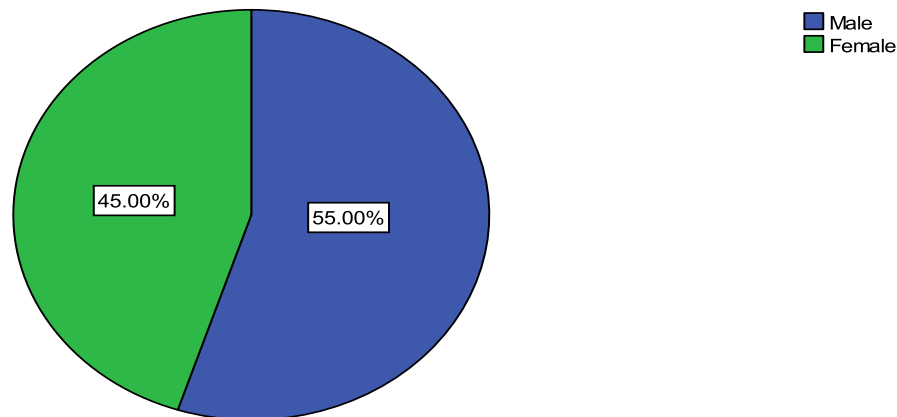
Variable	No. of Items	Cronbach's Alpha	Remarks
Incentives	6	0.831	Reliable
Performance related pay	5	0.759	Reliable
Financial programs	6	0.826	Reliable
Non-financial programs	6	0.799	Reliable
Employee performance	4	0.841	
Aggregate Score	23	0.811	Reliable

Source: Pilot Data (2018)

The results in Table 3.2 shows that the indicators of employee performance had the highest reliability ($\alpha= 0.841$), followed by incentives ($\alpha=0.831$), financial programs ($\alpha=0.826$), non-financial programs ($\alpha=0.799$) and performance related pay ($\alpha=0.759$). This reveals that all the four research variables were reliable as their Cronbach's alpha values were way above the 0.7 threshold at $\alpha=0.811$ and therefore they could provide reliable data for the study as recommended by Mugenda and Mugenda (2003).

4.4 Demographic Findings

4.4.1 Respondents' Gender



Source: Field Data (2019)

Figure 4.1: Respondents' Gender

The results in Figure 4.1 shows that male respondents accounted most at 55.0% while female respondents accounted for 45.0%. This shows that both genders were well represented and the study could not suffer from gender bias.

4.4.2 Respondents' Work Experience

Table 4.3: Respondents Work Experience

		Frequency	Percentage	Cumulative Percentage
Valid	Less than 2 years	7	11.7	11.7
	3 - 5 years	6	10.0	21.7
	6 - 8 years	17	28.3	50.0
	9 years and above	30	50.0	100.0
	Total	60	100.0	

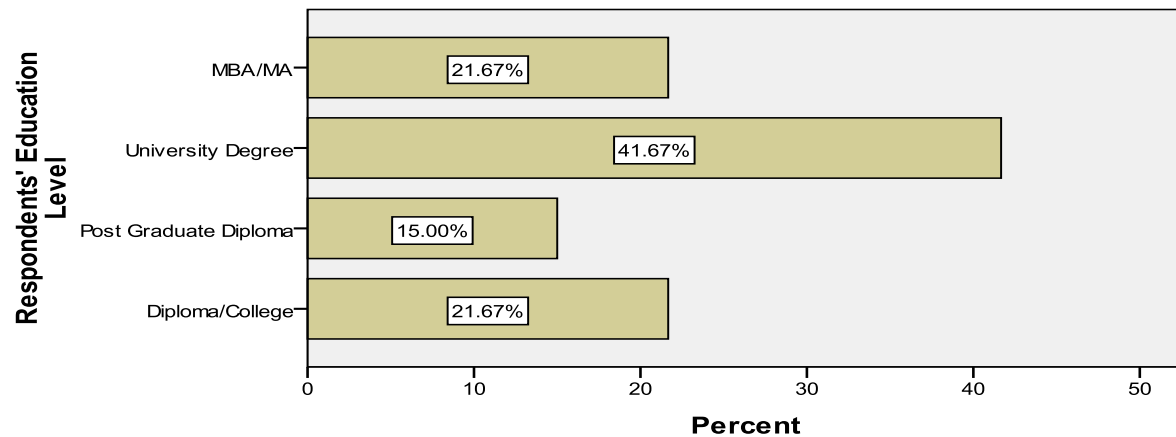
Source: Field Data (2019)

Table 4.2: Respondents' Work Experience

The results in Table 4.3 shows that most of the respondents who had worked for more than 9 years accounted for 50.0%, 28.3% for a period between 6 to 8 years, 11.7% less than 2 years and 10.0% between 3 to 5 years. These findings show that majority of respondents had worked for more than 6 years as shown by cumulative frequency of 50.0% and therefore the respondents were able to respond to the research questions adequately.

4.4.3 Respondents' Level of Education

The results in Figure 4.2 shows that majority (41.67%) of the respondents had attained a university degree level of education, this was followed by 21.67% of the respondents who had diploma/college certificate and Master's Degree respectively and 15.00% Post Graduate Diploma. These findings show that majority of the respondents had worked for a long period and so they had a wealthy experience on the study's objectives



Source: Field Data (2019)

Figure 4.1: Respondents' Education Level

4.5 Descriptive Statistics

Descriptive statistics such as means and standard deviations were used to present that quantitative data with the use of Statistical Package for Social Sciences (SPSS) version 17.0.

These were presented as per the study objectives as follows.

4.5.1 Incentives and Employee Performance

The study sought to examine the influence of incentives on employee performance in Agricultural Development Corporation in Kenya. The findings are shown in Table 4.4.

Table 4.4: Incentives

Statement	Mean (M)	Standard Deviation (SD)
Providing incentives to the employees motivates and encourages them towards exhibiting the desired behavior to enhance performance	4.66	0.651
Providing both individual and team incentives will encourage the staff to work harder	4.02	0.779
A negotiated and a well-designed incentive plan will enhance performance in the organization	4.26	1.130
Irregular provision of incentives hinders employee performance	3.71	1.335

Incentive plans that reward employees for reaching pre-established goals provide encouragement and give employees something to aim for	4.77	0.711
Employees who have the ability to positively impact their earning potential through incentive plans are more likely to be loyal to the company they represent	3.60	0.757
Aggregate Score	4.17	0.894

Source: Field Data (2019)

The findings in Table 4.4 shows that the respondents agreed that incentives influences employee performance in Agricultural Development Corporation in Kenya as indicated by the aggregate mean score of 4.17 with significance variance of 0.894. This is in line with the findings of Tumwet *et al.* (2015) who carried out a study on the effects of employee incentives on employee performance in Private Universities in Kenya and established that financial and nonfinancial incentives are applied to a great extent to motivate the employees.

Most of the respondents strongly agreed that employees who have the ability to positively impact their earning potential through incentive plans are more likely to be loyal to the company they represent (M=4.77, SD=0.711), providing incentives to the employees motivates and encourages them towards exhibiting the desired behavior to enhance performance (M=4.66, SD=0.651) and A negotiated and a well-designed incentive plan will enhance performance in the organization (M=4.26, SD=1.130). This concur with the findings of Ndichu (2017) who 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 respondents agreed that Providing both individual and team incentives will encourage the staff to work harder (M=4.02, SD=0.779), Irregular provision of incentives hinders employee performance (M=3.71, SD=1.335) and Employees who have the ability to positively impact their

earning potential through incentive plans are more likely to be loyal to the company they represent ($M=3.60$, $SD=0.757$). These findings agree with the findings of Ainas and Eman (2017) study which recognized that, there was a positive association between incentives and performance and a significant relation was determined between (financial and moral) incentives and personal variables.

4.5.2 Performance Related Pay and Employee Performance

The study sought to establish the influence of performance related pay on employee performance in Agricultural Development Corporation in Kenya. The findings are shown in Table 4.5.

Table 4.5: Performance Related Pay

Statement	Mean (M)	Standard Deviation (SD)
A pay-per-performance plan can sometimes result in situations where the employee may be able to earn a substantial income.	4.60	0.527
The opportunity to earn a substantial income can lead to increased motivation.	3.82	1.510
Employees who are paid based on their performance are typically judged by results rather than more subjective methods, resulting in increased flexibility	3.37	1.485
Employee productivity may increase due to the employee's desire to earn a high income	4.52	0.805
High-achieving performers who are happy with their income and work environment may be more likely to stay instead of exploring other opportunities	3.94	1.094
Aggregate Score	4.05	1.084

Source: Field Data (2019)

The findings in Table 4.5 shows that the respondents agreed that performance related pay influences employee performance in Agricultural Development Corporation in Kenya as indicated by the aggregate mean score of 4.05 with significance variance of 1.084. These findings are in line with the findings of Boachie-Mensah and Dogbe (2011) who did an

exploratory case study on the influence of performance-based pay on organisational performance and revealed that the effect of performance-based pay on employee performance is minimal; and the motivational effect of merit pay is often blunted by biased performance appraisal.

Most of the respondents strongly agreed that a pay-per-performance plan can sometimes result in situations where the employee may be able to earn a substantial income ($M=4.60$, $SD=0.527$), Employee productivity may increase due to the employee's desire to earn a high income ($M=4.52$, $SD=0.805$). These findings agree with the findings of a study carried out by Siramiati *et al.* (2016) study which concluded that some employees have a high boarding costs expected by activities of the organization and can be run properly.

The respondents agreed that high-achieving performers who are happy with their income and work environment may be more likely to stay instead of exploring other opportunities ($M=3.94$, $SD=1.094$) and that the opportunity to earn a substantial income can lead to increased motivation ($M=3.82$, $SD=1.510$). These findings are in line with the findings of Aljumah (2015) study which reveal widespread dissatisfaction with the PRP schemes in place in two of the companies, and concerns among some management that the assessment processes and allocation of bonuses do not allow genuine assessment and reward for the best performing employees.

The respondents rated low the statements that employees who are paid based on their performance are typically judged by results rather than more subjective methods, resulting in increased flexibility ($M=3.37$, $SD=1.485$). These findings contradict with the findings of Kirunda (2014) study which established that performance-based rewards affect the performance of teachers by motivating them and increasing their productivity and efficiency.

4.5.3 Financial Programs and Employee Performance

The study sought to determine the influence of financial programs on employee performance in Agricultural Development Corporation in Kenya. The findings are shown in Table 4.6.

Table 4.6: Financial Programs

Statement	Mean (M)	Standard Deviation (SD)
Security benefits influences their employee performance	4.76	0.935
Health protection benefits influences employee performance	4.84	0.486
Retirement benefits influences employee performance	4.81	0.398
Recognition benefits influences employee performance	3.97	0.404
Life Insurance enables employees to stay long in the organization	4.48	1.141
Sabbatical leave leads to employee retention	4.76	0.862
Aggregate Score	4.60	0.704

Source: Field Data (2019)

The findings in Table 4.6 shows that the respondents strongly agreed that financial programs influences employee performance in Agricultural Development Corporation in Kenya as indicated by the aggregate mean score of 4.60 with significance variance of 0.704. This is in line with the findings of Robles (2018) who carried out a study on the influence of employee benefits on employee satisfaction in five stars hotels in Nairobi and revealed that there was a strong positive relationship between financial benefits, retirement and social benefits and employee satisfaction.

Most of the respondents strongly agreed that health protection benefits influences employee performance (M=4.84, SD=0.486), retirement benefits influences employee performance (M=4.81, SD=0.398), security benefits influences their employee performance (M=4.76, SD=0.935) and sabbatical leave leads to employee retention (M=4.76, SD=0.862). These findings agree with the findings of Kamau (2013) did a study on the influence of fringe benefits

effects on employee productivity in the public sector and established that security benefits such as meal, transport and house allowances contributed positively to employee productivity.

The respondents agreed that life Insurance enables employees to stay long in the organization (M=4.48, SD=1.141) and recognition benefits influences employee performance (M=3.97, SD=0.404). The findings are in line with the findings of Ju *et al.* (2009) whose study investigated the influence of employee benefits towards organizational commitment and denoted that fringe benefits fully mediated mandatory benefits when predicting organizational commitment.

4.5.4 Non-Financial Programs and Employee Performance

The study sought to identify the influence of non-financial programs on employee performance in Agricultural Development Corporation in Kenya. The findings are shown in Table 4.7.

Table 4.7: Non-financial Programs

Statement	Mean (M)	Standard Deviation (SD)
The type of nonmonetary recognition given can be designed to emphasize particular organizational or team goals.	4.06	1.158
Quality of work life influences employee performance	4.08	0.836
Enriched jobs influences employee performance	4.34	0.599
Strong organization values influences employee performance	4.11	0.832
Career development influences employee performance	4.52	0.593
Autonomy and control influences employee performance	4.50	0.621
Aggregate Score	4.26	0.773

Source: Field Data (2019)

The findings in Table 4.7 shows that the respondents strongly agreed that non-financial programs influences employee performance in Agricultural Development Corporation in Kenya as indicated by the aggregate mean score of 4.26 with significance variance of 0.773. These findings are in line with the findings of Kathure (2014) study which concludes that career development, development opportunities offered and employee recognition are the tools that

management can use to motivate employees in order for them to perform effectively and efficiently.

Most of the respondents strongly agreed that career development influences employee performance (M=4.52, SD=0.593), autonomy and control influences employee performance (M=4.50, SD=0.621) and that enriched jobs influences employee performance (M=4.34, SD=0.599). This is supported by a study carried out by Ahmed *et al.* (2015) study findings which indicate that working conditions, training and recognition all influence employee productivity.

The respondents agreed that strong organization values influences employee performance (M=4.11, SD=0.832), quality of work life influences employee performance (M=4.08, SD=0.836) and that the type of nonmonetary recognition given can be designed to emphasize particular organizational or team goals (M=4.06, SD=1.158). These findings concur with the findings of Munga (2013) study which established a positive relationship between non-financial rewards and teacher retention.

4.5.5 Employee Performance

Table 4.8: Employee Performance

Statement	Mean (M)	Standard Deviation (SD)
Compensation programs has enabled employees to attain their goals	4.08	1.139
Compensation programs has improved that quality of work among employees	4.07	0.841
Compensation programs has increased the quantity of work done by employees	4.32	0.596
Compensation programs have enhanced employee work efficiency	4.10	0.838
Aggregate Score	4.14	0.854

Source: Field Data (2019)

The findings in Table 4.8 shows that the respondents agreed that compensation programs influences employee performance in Agricultural Development Corporation in Kenya as indicated by the aggregate mean score of 4.14 with significance variance of 0.854. According to Pearce (2010) compensation implies having a compensation structure in which the employees who perform better are rewarded much more than the average performing employees.

The respondents agreed that compensation programs has increased the quantity of work done by employees (M=4.32, SD=0.596), compensation programs have enhanced employee work efficiency (M=4.10, SD=0.838), compensation programs has enabled employees to attain their goals (M=4.08, SD=1.139) and that compensation programs has improved that quality of work among employees (M=4.07, SD=0.841). Serena *et al.* (2012) indicate that employee will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management.

4.6 Regression Analysis

Regression analysis was used to model, examine, and explore the relationships between the dependent variable against the four independent variables used for the study. The findings are shown in Table 4.9.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.833 ^a	.693	.671	.858	.693	31.096	4	55	.000

a. Predictors: (Constant), Non-financial programs, Performance related pay, Financial programs, Incentives

Source: Field Data (2019)

The four independent variables (Non-financial programs, Performance related pay, Financial programs, Incentives) that were studied, explain 67.1% of the employee performance as represented by the adjusted R square. This therefore means that other factors not studied in this research contribute 32.9% of the employee performance. Therefore, the study suggests that further studies should be carried out to address this gap.

Table 4.10: Analysis of Variance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	91.655	4	22.914	31.096	.000 ^a
Residual	40.528	55	.737		
Total	132.183	59			

a. Predictors: (Constant), Non-financial programs, Performance related pay, Financial programs, Incentives

b. Dependent Variable: Employee performance

Source: Field Data (2019)

The significance value is 0.000^a which is less than 0.05 thus the model is statistically significant in predicting how Non-financial programs, Performance related pay, Financial programs, Incentives influenced the employee performance. The F calculated at 5% level of significance was 31.096. Since F calculated is greater than the F critical (p value = 22.914), this shows that the overall model was significant.

Table 4.11: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.459	.996		1.835	.000
Incentives	.538	.469	4.015	4.081	.001
Performance related pay	.672	.260	2.280	2.581	.003
Financial programs	.664	.530	6.352	1.887	.002
Non-financial programs	.869	.093	1.886	9.333	.000

a. Dependent Variable: Employee performance

Source: Field Data (2019)

According to the regression equation established, taking all factors into account (on-financial programs, Performance related pay, Financial programs, Incentives) constant at zero, employee performance in Agricultural Development Corporation in Kenya would be at 45.9%. Non financial program was found to have a greater influence on the employee performance at 86.9%. This was followed by performance related pay (67.2%), financial programs (66.4%) and incentives (53.8%).

As per the SPSS generated table above, the regression equation model ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$) was: $Y = 0.459 + 0.538 X_1 + 0.672 X_2 - 0.664 X_3 + 0.869 X_4$

Where Y = Employee performance

X_1 = Incentives

X_2 = Performance related pay

X_3 = Financial programs

X₄= Non-financial programs

The study established that incentives had a positive and significant effect on employee performance by beta value ($\beta = 4.015$, $p < 0.05$). Kamau (2013) study established that security benefits such as meal, transport and house allowances contributed positively to employee productivity. Tumwet *et al.* (2015) study established that Financial and nonfinancial incentives are applied to a great extent to motivate the employees. Therefore, it can be argued that incentives and reward systems are important though they have a different meaning to different categories of employees.

The study examined that performance related pay had a positive and significant effect on employee performance by beta value ($\beta = 2.280$, $p < 0.05$). Kwamanga and Achoch (2014) study results indicate that there is a strong positive relationship between management commitment and implementation of performance related pay. Siramiati *et al.* (2016) study also concluded that some employees have a high boarding costs expected by activities of the organization and can be run properly. Human resources owned should actually have full support in terms of performance-based compensation and motivation to work in order to produce job satisfaction and higher employee performance.

The study established that financial programs had a positive and significant effect on employee performance by beta value ($\beta = 6.352$, $p < 0.05$). Njanja *et al.* (2013) findings of the study showed that cash bonus have no effect on employee performance. Robles (2018) study also concluded there is clear evidence that five stars hotels in Nairobi uses various forms of employees' financial benefits such as allowances as recognition strategy to show the value of employees at work.

The study revealed that financial programs had a positive and significant effect on employee performance by beta value ($\beta = 1.886$, $p < 0.05$). Imbahale (2016) study reveals that TUK employees appreciate and value non-monetary incentives and they would like the institution to provide them with a variety of such rewards. Kathure (2014) study also concludes that career development, development opportunities offered and employee recognition are the tools that management can use to motivate employees in order for them to perform effectively and efficiently.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusions, recommendations for policy and practice and suggestions for further studies.

5.2 Summary

The study aimed at investigating the influence of compensation programs on employee performance in Agricultural Development Corporation in Nairobi City County, Kenya with a specific focus on how incentives, performance related pay, financial programs and non-financial programs influence the performance of employees. Descriptive survey research design was used to guide the study. The study collected data from human resource managers and support staff in the department of Human resource management using questionnaires. Data was analysed using descriptive statistics and regression analysis. The summary of the findings are presented as follows:

The study sought to examine the influence of incentives on employee performance in Agricultural Development Corporation in Kenya and examined that incentives had a positive and significant relationship on employee performance. Employees who have the ability to positively impact their earning potential through incentive plans are more likely to be loyal to the company they represent, providing incentives to the employees motivates and encourages them towards exhibiting the desired behavior to enhance performance and a negotiated and a well-designed incentive plan will enhance performance in the organization.

The study sought to establish the influence of performance related pay on employee performance in Agricultural Development Corporation in Kenya and established that performance related pay had a positive and significant relationship on employee performance. A pay-per-performance

plan can sometimes result in situations where the employee may be able to earn a substantial income and employee productivity may increase due to the employee's desire to earn a high income.

The study sought to determine the influence of financial programs on employee performance in Agricultural Development Corporation in Kenya and determined that financial programs had a positive and significant relationship on employee performance. Health protection benefits influences employee performance, retirement benefits influences employee performance, security benefits influences their employee performance and sabbatical leave leads to employee retention.

The study sought to identify the influence of non-financial programs on employee performance in Agricultural Development Corporation in Kenya and identified that financial programs had a positive and significant relationship on employee performance. Career development influences employee performance, autonomy and control influences employee performance and that enriched jobs influences employee performance.

5.3 Conclusions

On incentives, the study concludes that incentive plans motivate workers for higher efficiency and productivity. It can improve the work-flow and work methods. When employees are dedicated, supervision costs can be reduced which reduces employee turnover, absenteeism and lost time. Incentives play a major role in enhancing performance in an organization. While goals and feedback clearly boosts performance, adding an incentive will enhance job interest and persistence.

On performance related pay, the study concludes that performance related pay motivate employees and align their effort more closely with the aims of the organization. Managers can use a defined framework for setting goals. Employees are more likely to focus on what they need to do to improve if this is directly linked to pay and it provides a direct incentive for employees to achieve defined work targets.

On financial programs, the study concludes that financial program inspire employee loyalty and increase productivity among employees. The financial incentive is ranked top in motivating employees because money enables employees to fulfill not only their basic needs, but also their need of belongings and need of power.

On non-financial programs, the study concludes that non-financial motivation is seriously essential for workers. Among other things, it puts employees into action that their managers care about their feelings. Apart from that, it leads to the completion of organizational goals; it builds friendly relationship it leads to stability of the work-force.

5.4 Recommendations for Policy and Practice

On incentives, the study recommends that employees in the various departments should have the same type of incentive system to avoid discrimination. There is need for top management of organizations to design effective incentive schemes that comprise a mix of financial and non-financial incentives, with non-financial incentives being key, supplemented by financial incentives.

On performance related pay, the study recommends that organizations should motivate staff by offering small tokens of appreciation and acknowledgement, enhanced job security, new opportunities for promotions, better performance appraisals, development and use of new skills

and competencies. It further recommends that the financial rewards need to be of a reasonably significant amount to be an effective motivator.

On financial programs, the study recommends that the organization need to make the employee understand the criteria for receiving the incentives and how the amount is determined. The organization should consider financial rewards as one of the factors in promoting job satisfaction that leads to employee performance among employees in the agricultural Development Corporation in Kenya.

On non-financial programs, the study recommends that the organization should ensure proper implementation of effective training opportunities for all employees at the to better their skills, there is the need for the organization to adopt to fair and equal recognition criteria for the motivation of its employees which will result to higher productivity. Also, the organization should ensure that employees' working conditions are improved for them to work effectively so as to achieve greater productivity in their respective departments.

5.5 Suggestions for Further Studies

The current study examined the influence of compensation programs on employee performance in Agricultural Development Corporation with a specific focus on incentives, performance related pay, financial programs and non-financial program. Therefore, the study suggest that further studies should be carried out to find out the extent to which other factors not studied influence employee performance in the public sector.

REFERENCES

- Abbas, Q., & Yaqoob, S. (2009). Effects of leadership development on employee performance in Pakistan. *Pakistan Economic and Social Review*, 3(1), 269-292
- Ahmad, S., & Shahzad, K. (2011). HRM and employee performance: A case of university teachers of Azad Jammu and Kashmir (AJK) in Pakistan. *African Journal of Business Management*, 5(13), 5249.
- Ainas, E. & Eman, A. (2017). Impact of Incentives on Physicians' Performance at Pediatric Hospital in Benghazi. *OSR Journal of Nursing and Health Science (IOSR-JNHS)*, 6(4), 32 - 35
- Aljumah, A. (2015). *The effect of the Performance Related Pay system on the performance of the employees in Saudi national firms: Three case studies* (Doctoral dissertation).
- Almutairi, D. O., Moradi, E., Idrus, D., Emami, R., & Alanazi, T. R. (2013). Job satisfaction and job performance: A case study of five-star hotels in Riyadh, Saudi Arabia. *World*, 3(1).
- Armstrong, M. (2010). *Armstrong's handbook of reward management practice: Improving performance through reward*. Kogan Page Publishers.
- Atambo, W. N., Munene, C., & Mayogi, E. N. (2013). The role of employee incentives on performance: a survey of public hospitals in Kenya. *Global Business and Economics Research Journal*, 2(12), 29 - 44
- Boachie-Mensah, F., & Dogbe, O. D. (2011). Performance-Based pay as a motivational tool for achieving organisational performance: an exploratory case study. *International Journal of Business and Management*, 6(12), 270.
- Boachie-Mensah, F., & Dogbe, O. D. (2011). Performance-Based pay as a motivational tool for achieving organisational performance: an exploratory case study. *International Journal of Business and Management*, 6(12), 270.
- Bonner, S. E. & Sprinkle, G. B. (2012). The effects of monetary incentives on effort and task performance: theories, evidence, and a framework for research. *Accounting, Organizations and Society*, 27(4), 303-345

- Copeley, Leto (2015). Applicability of Works' Compensation Acts to Mental Disabilities: The Plaintiffs Perspective.
- Dessler, G. (2011). *Human Resource Management*, Prentice - Hall, USA
- Eisenberger, H. P., Fasolo M. G., & Davis-LaMastro, G. A., (2010). Issues and case studies in teacher incentive plans, Washington, DC: Urban Institute Press.
- Engle, R. W., & Kane, M. J. (2004). Executive attention, working memory capacity, and a two-factor theory of cognitive control. *Psychology of learning and motivation*, 44, 145-200.
- Flippo, E (2014). *Personnel Management*. New York
- Gay L. (2002). *Education Research competencies for analysis and application* (4th ed). Macmillan publishers: New York.
- Gichuru, C, (2015). *Effects of Motivational Incentives on Employee Performance in Small and Medium Enterprises in Kenya: A Case Study of Family Bank, School of Business and Management Studies*, Technical University of Kenya.
- Gitongu, M. K., Kingi, W., & Uzel, J. M. M. (2016). Determinants of Employees' Performance of State Parastatals in Kenya: A Case of Kenya Ports Authority.
- Hameed, A., Ramzan, M., & Zubair, H. M. K. (2014). Impact of compensation on employee performance (empirical evidence from banking sector of Pakistan). *International Journal of Business and Social Science*, 5(2), 102 - 113
- Hameed, A., Ramzan, M., & Zubair, H. M. K. (2014). Impact of compensation on employee performance (empirical evidence from banking sector of Pakistan). *International Journal of Business and Social Science*, 5(2).
- Herzberg, F. (1964). The Motivation-Hygiene Concept and Problems of Manpower. *Personnel Administrator*, (27), 3-7.
- Huang, S. M., & Lai, W. H. (2014). A study of the effect of incentive system on job performance-locus of control as a moderator. *The Journal of International Management Studies*, 9(1), 89-98.
- Ju, S., Kong, L., Hussin, Z. H., & Jusoff, K. (2009). The influence of employee benefits towards organizational commitment. *Asian Social Science*, 4(8), 147.

- Kamau, H. N. (2013). *Fringe benefits effects on employee productivity in the public sector (a case of state department of water, Nairobi County, Kenya)* (Doctoral dissertation).
- Kelechi, N. G., Akpa, V. O., Egwuonwu, T. K., Akintaro, A. A., Shonubi, A. O., & Herbertson, A. E. (2016). The effect of compensation administration on employee productivity. *Arabian Journal of Business and Management Review (Oman Chapter)*, 5(8), 40.
- Kelidbari, H. R., Dizgah, M. R., & Yusefi, A. (2011). The relationship between organization commitment and job performance of employees of Guilan Province social security organization. *Interdisciplinary Journal of Contemporary Research in Business*, 3(6), 555.
- Kirunda, H. K. (2014). Performance-based rewards and the performance of teachers in private secondary schools in Kampala District. *Unpublished Masters Dissertation, Kampala*.
- Kwamanga, W., & Achoch, E. O. (2014). Factors affecting implementation of performance related pay in Kenya Revenue Authority. *International Journal of Management Technology*, 2(2), 29 - 37.
- Lazear, E. (2017). Salaries and piece rates. *Journal of Business*, 59, 405 - 411
- Lin, Z., Yao, X., & Zhao, Z. (2014). The direct and indirect impact of employee benefits on firm performance in China. *Asia Pacific Journal of Human Resources*, 52(4), 476-495.
- Mangale, N. M. (2017). *The Effects of Compensation on Employee Productivity: A Case Study of Kenya Literature Bureau, South C Nairobi*, (Doctoral dissertation, MUA).
- Manzoor, Q. (2012). Impact of Employees Motivation on Organizational Effectiveness. *Business Management and Strategy*, 1(3), 1-12
- Masea, I. N. (2016). *Influence of Compensation Practices on Performance of Employees in the Saving and Credit Institutions in Nairobi City County* (Doctoral dissertation, School of Business, University of Nairobi).
- McNabb, R., & Whitfield, K. (2017). The impact of varying types of performance-related pay and employee participation on earnings. *The international journal of human resource management*, 18(6), 1004-1025.
- Meyer, O. A. & Smith K., (2017). *Paying Teachers for What They Know and Can Do: New and Smarter Compensation Strategies to Improve Schools*. Thousand Oaks: Corwin Press

- Mohanta, G. (2013). Role of Compensation in Organization. <http://www.slideshare.net/GaurangaMohanta/role-of-compensation-in-organisation>. Accessed 10 November, 2015.
- Mowday, R. T. (1991). Equity theory predictions of behavior in organizations. *Motivation and work behavior*, 5, 111 - 131.
- Mugenda, O. M., & Mugenda, A. G. (2003). Qualitative and quantitative approaches. *Research Methods Africa Center for Technology Studies (Acts) Press*. Nairobi Kenya.
- Ndichu, J. N. (2017). *Effects of Incentives and Rewards on Employee Productivity in Small Banks in Kenya: A Case Study of First Community Bank* (Doctoral dissertation, United States International University-Africa).
- Nemeckova, I. (2017). The role of benefits in employee motivation and retention in the financial sector of the Czech Republic. *Economic research*, 30(1), 694-704.
- Njanja, L. W., Maina, R. N., Kibet, L. K., & Njagi, K. (2013). Effect of reward on employee performance: A case of Kenya Power and Lighting Company Ltd., Nakuru, Kenya. *International Journal of Business and Management*, 8(21), 41.
- Orodho A. J. (2005). *Techniques of writing research proposals and reports in Educational and Social Sciences*, (2nd Edition) Nairobi: Kaneja H.P Enterprises
- Premalatha, U. M. (2013). Impact of Compensation System on Employee Performance: A Study With Special Reference To Service Sector. *International Journal of Management, IT and Engineering*, 3(12), 38 - 45.
- Pritchard, R. D. (1969). Equity theory: A review and critique. *Organizational behavior and human performance*, 4(2), 176-211.
- Robles, A. S. (2018). *Influence of Employee Benefits On Employee Satisfaction: A Case Of Five Stars Hotels In Nairobi* (Doctoral dissertation, United States International University-Africa).
- Saks, A. (2015). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7), 600-619

- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students*. Upper Saddle River, NJ: Pearson Education
- Serena, A, Muhammad, K. S., & Emran, A. (2012). The impact of rewards on employee performance in commercial banks of Bangladesh: An Empirical Study. *IOSR Journal of Business and Management*, 6(2), 9-15.
- Shilongo, H. N. (2013). *The impact of performance related pay on employees-A case study of the performance incentive bonus scheme at the Motor Vehicle Accident Fund* (Doctoral dissertation).
- Siramati, N. W., Hadiwidjojo, D., & Rohman, F. (2016). Performance-Based Compensation Effect on Employee Motivation, Satisfaction of Employees, and Performance of Employees. *International Journal of Business, Economics and Law*, 11(2), 62 - 70
- Takeuchi, R., Lepak, D. P., Wang, H., & Takeuchi, K. (2017). An empirical examination of the mechanisms mediating between high-performance work systems and the performance of Japanese organizations. *Journal of Applied Psychology*, 92(4), 1069.
- Tumwet, E., Chepkilot, R., & Kibet, L. K. (2015). Effects of Employee Incentives on Employee Performance in Private Universities in Kenya A Case of Kabarak University.
- Vroom, V. H. (1964). On the origins of expectancy theory. *Great minds in management: The process of theory development*, 239-258.
- Woodbury, S. (2013). Substitution Between Wage and Nonwage Benefits. *American Economic Review*, 73(1), 166 -182.

APPENDICES

Appendix I: Letter of Introduction

Rahma Mumin

P.O Box 43844

Nairobi

Dear Sir /Madam

Re: Request for Participation in Research Study

I am a postgraduate student at Kenyatta University undertaking a study entitled: '*Compensation Programs and Employee Performance in Agricultural Development Corporation in Kenya*' as partial requirement for the award of Master's of Business Administration Degree in Human Resource Management.

In respect of this, you have been selected to participate in this research by providing the information of interest by filling in the questionnaire. Kindly note that this study is meant for academic purpose.

I am grateful in advance for your cooperation.

Yours Sincerely

Sign.....Date.....

Rahma Mumin

Kenyatta University

Appendix II: Questionnaires

Instructions:

- i. Please tick [✓] where appropriate or fill in the required information on the spaces provided
- ii. Do not write your name or that of your department anywhere on this questionnaire

Section A: Demographic Data

1. Gender: Male [] Female []
2. How long have you worked in the current station?
Less than 2 years [] 3 – 5 years []
6– 8 years [] 9 years and above []
3. What is your level of education?
Diploma/College [] University Degree []
MBA/MA [] Post-graduate Diploma []

Section B: Incentives

The statements below relate to the influence of incentives on employee performance in Agricultural Development Corporation in Kenya. Supplied also are five options corresponding to these statements:

Key: Strongly agree(SA)=**5**, Agree(A)=**4**, Undecided(U)=**3**, Disagree(D)=**2**, and Strongly Disagree(SD)=**1**.

Statement	1	2	3	4	5
Providing incentives to the employees motivates and encourages them towards exhibiting the desired behavior to enhance performance					
Providing both individual and team incentives will encourage the staff to work harder					
A negotiated and a well-designed incentive plan will enhance performance in the organization					

Irregular provision of incentives hinders employee performance					
Incentive plans that reward employees for reaching pre-established goals provide encouragement and give employees something to aim for					
Employees who have the ability to positively impact their earning potential through incentive plans are more likely to be loyal to the company they represent					

4. Briefly explain how incentives influence employee performance in Agricultural Development Corporation in Kenya?

.....

.....

Section C: Performance Related Pay

The statements below relate to the influence of performance related pay on employee performance in Agricultural Development Corporation in Kenya.

Statement	1	2	3	4	5
A pay-per-performance plan can sometimes result in situations where the employee may be able to earn a substantial income.					
The opportunity to earn a substantial income can lead to increased motivation.					
Employees who are paid based on their performance are typically judged by results rather than more subjective methods, resulting in increased flexibility					
Employee productivity may increase due to the employee's desire to earn a high income					
High-achieving performers who are happy with their income and work environment may be more likely to stay instead of exploring other opportunities					

5. Briefly explain how performance related pay influence employee performance in Agricultural Development Corporation in Kenya?

.....

.....

Section D: Financial Programs

The statements below relate to the influence of financial programs on employee performance in Agricultural Development Corporation in Kenya.

Statement	1	2	3	4	5
Security benefits influences their employee performance					
Health protection benefits influences employee performance					
Retirement benefits influences employee performance					
Recognition benefits influences employee performance					
.Life Insurance enables employees to stay long in the organization					
Sabbatical leave leads to employee retention					

6. Briefly explain how financial programs influence employee performance in Agricultural Development Corporation in Kenya?

.....

.....

Section E: Non Financial Programs

The statements below relate to the influence of non financial programs on employee performance in Agricultural Development Corporation in Kenya.

Statement	1	2	3	4	5
The type of nonmonetary recognition given can be designed to emphasize particular organizational or team goals.					
Quality of work life influences employee performance					
Enriched jobs influences employee performance					
Strong organization values influences employee performance					
Career development influences employee performance					
Autonomy and control influences employee performance					

7. Briefly explain how non financial programs influence employee performance in Agricultural Development Corporation in Kenya?

.....

.....

Section E: Employee Performance

Statement	1	2	3	4	5
Compensation programs has enabled employees to attain their goals					
Compensation programs has improved that quality of work among employees					
Compensation programs has increased the quantity of work done by employees					
Compensation programs have enhanced employee work efficiency					

Appendix III: Data Collection Letter



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 14th January, 2019

TO: Rahma Mumin
C/o Business Administration Dept.

REF: D53/CTY/PT/33596/2015

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 10th January, 2019 approved your Research Project Proposal for the M.B.A Degree Entitled, "Compensation Programs and Employee Performance in Agricultural Development Corporation in Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

ANNBELL MWANIKI
FOR: DEAN, GRADUATE SCHOOL


c.c. Chairman, Business Administration Department.

Supervisors:

1. Dr. Jedidah Muli
C/o Department of Business Administration
Kenyatta University

AM/Inn

Appendix IV: Research Authorization



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

Telephone: +254-20-2213471,
2241349, 3310571, 2219420
Fax: +254-20-318245, 318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/19/36434/28001** Date: **6th February, 2019**

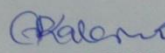
Rahma Ali Mumin
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Compensation programs and employee performance in Agricultural Development Corporation in Kenya”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **5th February, 2020.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.


GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:


The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

Appendix V: Research Permit

THIS IS TO CERTIFY THAT:
MS. RAHMA ALI MUMIN
of KENYATTA UNIVERSITY, 43844-100
Nairobi, has been permitted to conduct
research in Nairobi County
on the topic: COMPENSATION
PROGRAMS AND EMPLOYEE
PERFORMANCE IN AGRICULTURAL
DEVELOPMENT CORPORATION IN KENYA
for the period ending:
5th February, 2020

Permit No : NACOSTI/P/19/36434/28001
Date Of Issue : 6th February, 2019
Fee Recieved :Ksh 1000



Applicant's Signature


Rahma Ali Mumin
Director General
National Commission for Science, Technology & Innovation

THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013
The Grant of Research Licenses is guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014.


CONDITIONS

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.

National Commission for Science, Technology and Innovation
P.O. Box 30623 - 00100, Nairobi, Kenya
TEL: 020 400 7000, 0713 788787, 0735 404245
Email: dg@nacosti.go.ke, registry@nacosti.go.ke
Website: www.nacosti.go.ke



REPUBLIC OF KENYA



NACOSTI
National Commission for Science, Technology and Innovation
RESEARCH LICENSE
Serial No.A 23002
CONDITIONS: see back page