

# Effect of Employee Rewards and Recognition on Job Performance in Kenya's Public Sector, A Case Study of Nakuru Water and Sanitation Services Company Ltd

Muthoni M. Muchai<sup>1</sup>, Mwangi Benson<sup>2</sup>

<sup>1,2</sup>School of Human Resource Development, Jomo Kenyatta University of Agriculture and Technology  
Nakuru Town Campus, P.o Box 1063-20100, Nakuru- Kenya

**Abstract:** *Employee Engagement is an attribute that measures an employee's commitment to a given organization that they work for. Despite various forms of engagements employed by various employers, Employee performance remains an area of concern among various organizations. The study therefore sought to establish the effect of employee engagement on job performance in Kenya's public sector, taking a case study of Nakuru Water and Sanitation Company Limited. The study employed a descriptive research design. The target population comprised of 49 employees of Nakuru Water and Sanitation Company. A census method was used since the sample was equal to the target population. A pilot test was then conducted on 5 respondents which were randomly selected with the objective of determining both reliability and validity of the research instrument (Questionnaire). The researcher also used the Cronbach alpha to test for reliability of the instrument while the content validity of the instrument was determined by seeking the expert opinion of the University supervisors. A structured questionnaire was then administered to the respondents which captured the respondent's profile and data relevant to all the study variables. Data was collected, processed and then analyzed by use of Statistical Package for Social Sciences (SPSS) tool. Data was then analyzed both descriptively and inferentially. The findings of the study are presented in form of tables for summary statistics (descriptive and inferential statistics). The study concluded that organizational support and growth opportunities foster learning which enhances employee competence. It was further concluded that engaged employees are more involved in organization's issues and perform better. The findings also led to the conclusion that employees would work harder if they are recognized more. The study recommended that organizations should provide growth and development opportunities for their employees in attempts to enhance their competence and performance.*

**Keywords:** Employee engagement, Job Performance, Reward and Recognition, Employee growth, Employee satisfaction and Employee Involvement

## 1. Introduction

The Corporate Leadership Council conducted a global study of the engagement level of 50,000 employees around the world, based on a new, more precise definition of engagement and its direct impact on both employee performance and retention [3]. According to the study findings, employees who are most committed to their organizations perform 20% better and are 87% less likely to quit the organization. This outlines the importance of employee engagement to organizational performance. The study further reveals that the highly engaged employees outperform the average employees by two deciles (20 per cent). More illustratively, the study categorized the levels of engagement into three categories: the disaffected, the agnostics, and the true believers. The categories represented 13 per cent, 76 per cent, and 11 per cent of employees respectively. The "disaffected" employees were argued to exhibit very little commitment; and were poorer performers who often put in minimal effort in their work. The "agnostics" were asserted to demonstrate average commitment, and neither goes to greater lights in their jobs nor do they shirk from their work. Lastly, the "true believers" were observed to exhibit very strong commitment to their job. They were also found to be higher performers who frequently help others with heavy workloads, volunteer for other duties, and are constantly devising ways to perform their work more effectively.

Another study analyzed the 2012 trends in global employee engagement [1]. They argue that engaged employees deliver better performance, which, essentially is very critical for business success. This is supported by the fact that, such employees understand their role in the business strategy; have a strong connection and commitment to the organization; are more involved and strive to go beyond their job descriptions. Engagement is repeatedly seen as a leading indicator of business performance. It is further posited that during recovery periods, engagement becomes more crucial, as organizations ask fewer people to do more. This in turn, creates increased risk that top performing employees may leave the firm as conditions improve. In this light, it is argued that the first step to engaging top performers is understanding engagement itself.

The findings of yet another study [9] in Peru, South Africa, and Ghana, indicate that increased employee engagement increases net income growth rates by 17.5 per cent; employee productivity by 38 per cent; and profitability by 27 per cent. Highly engaged sales representatives were observed to have 8.8 per cent higher sales. All these revelations reflect the importance of employee engagement to organizational performance. In a case study of Zain Company, Kenya [7], it is argued that fair evaluation of employee performance is critical in determining the level of employee engagement. It is

further observed that an organization which follows an appropriate performance appraisal technique, that is, one which is transparent and free of discrimination, is bound to have high level of employee engagement. The capacity of an organization to manage employee engagement is said to be closely related to its ability to achieve high performance levels. Engaged employees are motivated and as such are bound to perform better. In another case study of Cooperative Bank, Kenya[8] it was noted that the respondents who participated in the study held the view that about 90 per cent of promotions are performance driven. The study, however, does not explain the factors that enhance performance.

## 2. Statement of the Problem

Employee engagement is posited to be more important than employee satisfaction because not only does it encapsulate the latter but it also reflects the commitment of employees to an organization. Engaged employees are said to deliver better performance, which is critical for success of any business [2]. Disengaged employees are bound to compromise their output which is best reflected in customer complaints. In many water companies, there have been numerous complaints from customers ranging from water rationing to poor drainage and poor disposal of refuse. This implies that to a significant extent employees have not been very committed to their work, or in other words, they feel disengaged. The disengagement of the employees is a huge problem as it not only compromises the organizational performance but the effects are far-reaching since the customers and profitability of the firm is also affected. Globally, the engagement levels of employees are said to be significantly stable from Pacific-Asia to Europe to North America. A past study indicates that employee engagement is low in Kenya's organizations [7]. This has been blamed on among others, poor remuneration and lack of employees' contribution in decision making. However, how the employee engagement influences organizational performance is largely under-researched. This reality has, needless to say, necessitated the current study.

## 3. Objective of the Study

To determine the effect of employee reward and Recognition on job performance

## 4. Research Hypothesis

The study was guided by the following research hypothesis

**H<sub>0</sub>:** Employee reward does not affect job performance.

## 5. Conceptual Framework

The conceptual framework illustrates how the independent variable relates to the dependent variable. The dependent variable of the study is Job performance while the independent variable is employee rewards

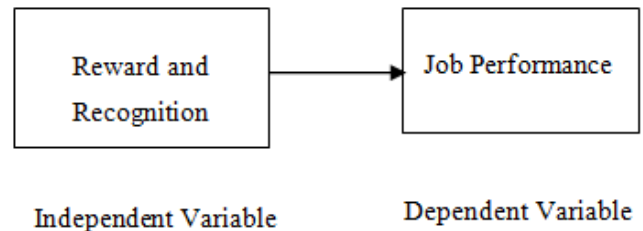


Figure 1: Conceptual Framework

## 6. Literature Review

This chapter presents a review of both the theoretical and empirical literature on working capital management with a specific interest in working capital financing. The theoretical framework encapsulates the reviewed theories which will form the basis of the study. The empirical studies were reviewed in line with the study objectives and were conceptualized into a framework.

### 6.1 Theoretical Literature

In this section, the researcher reviewed the theories relevant to employee rewards and Recognition

#### 6.1.1 Adair's Fifty-Fifty Theory

This theory was developed as a motivational factor that could influence an organization's performance. The theory argues that 50 per cent of motivation comes from within a person while the remaining 50 per cent emanates from the surrounding environment especially the people around us. Though the theory is not employed to assert the precise proportions, it attempts to explain that a half of our motivation comes from within us and the other half from external influences. Within the aforementioned important factors, the nature and quality of leadership present is essentially vital. Therefore, the link between leadership and motivation becomes important in determining employee's motivation.

The Fifty-Fifty rule does have the benefit of reminding leaders that they have a key role to play for the success or failure in the motivation of employees at work. Fortunately or unfortunately not all the cards are in their hands, for they are dealing with people who are self-motivating in various degree. These are the challenges that confront the human resource management (HRM) to galvanize employee motivation with the work environment [4]. In the context of the current study, the fifty-fifty theory is highly applicable as it does not only looks into how employees can be motivated but it also brings to the fore the link between engagement, motivation and performance. Engaged employees become motivated to perform even better in their jobs. The 50 per cent motivation which is asserted to originate from within a person can argued to be as a result of employee engagement.

### 6.1.2 The Corporate Leadership Council's Model of Engagement

The Corporate Leadership Council (CLC) presents a new model of employee engagement whose emphasis is on business outcomes. CLC defines engagement as the extent to which employees commit to something or someone in their organization, how hard they work, and how long they stay as a result of that commitment. The model enables the measurement of engagement benefits as shown in Figure 2. It is worth noting that rational commitment to the job is not measured due to its similarity to rational commitment to the team, direct manager, and organization. The model was developed following CLC's survey on employee engagement that involved 50,000 employees drawn from 59 organizations in 10 different industries in 27 countries around the world.

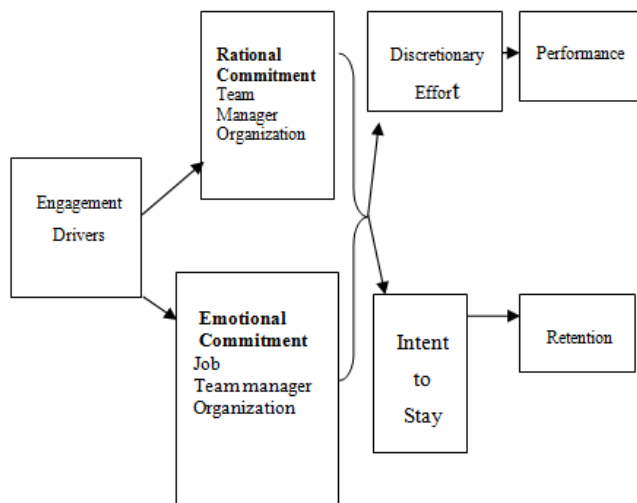


Figure 2: The CLC's Model of Engagement (CEB, 2004)

The CLC's model indicates that there are two major drivers of employee engagement, that is, rational commitment and emotional commitment of employees. When there is emotional commitment to the job as facilitated by workmates, management and the organization at large, the employee will have the intent to stay in the organization; and if the commitment is consistent, the employee is ultimately retained in the firm. On the other hand, rational commitment as facilitated by the colleagues in the work place, management team, and the organization in general, will lead to there being discretionary effort on the part of the employee which eventually enhances the performance [3]. The current study follows the top path: engagement drivers, rational commitment, discretionary effort, and performance. As illustrated in the model, when there is rational commitment of employees to the management, workmates, and the organization at large, they will put discretionary effort to do more than they are expected without any undue persuasion or supervision. This in turn will lead to enhanced performance. The model will assist the researcher to understand how the elements of employee engagement (employee growth, employee contribution, and reward and recognition) influence the performance of employees in an organization.

### 6.2 Empirical literature

In this section, the researcher reviewed empirical studies touching on the employee reward and Job performance. The studies were reviewed in tandem with the study variable which captures the study objective

#### 6.2.1 Employee Reward and Job Performance

Recognition of employees was identified as one of the leading global engagement drivers for year 2011[1]. It was asserted that employees need feedback and positive reinforcement in order to consistently go above and beyond. Recognition is argued to be crucial in the motivation and engagement equation. The study further noted that recognizing the extra effort of employees especially in tough business climate will pay dividends, with no additional costs to the organization concerned.

A study was conducted in USA, Arizona on the impact of reward programmes on employee performance. In their survey on the impact of rewards programs on employee engagement among 736 respondents from around the world [10] sought to determine how total rewards programs and employee engagement are related. Their surveys also aided in determining whether total rewards programs are associated with organization's performance or not. Their study established that the extent to which organizations employed methods to specifically engage employees varied considerably. This was exemplified by 44 per cent of the firms indicating that they explicitly included employee engagement in their organization strategy; while on the other hand, 31 per cent said they did not. 60 per cent of the respondents indicated that they employed variable pay to reward employee engagement which was argued to be high. The study findings further revealed that 42 per cent of the respondents were of the view that their organization's total rewards strategies had a positive effect on employee engagement, whereas 24 per cent held contrary opinion. Almost a quarter of the respondents believed that the efforts to engage employees through total rewards programs had reduced employee complaints about pay fairness and equity, and reduced general employee problems.

Many employees are of the opinion that they work harder if they were recognized more. A study of employee engagement in South Africa argued that an intrinsically rewarding job among other factors should be emphasized with the object of increasing employee engagement [11]. This is however contrary to the observations of a study on the psychological conditions of meaningfulness, safety and availability and the engagement of human spirit at work [6]. In their study [11] noted that rewarding interpersonal interaction with co-workers was not statistically significantly related to psychological meaningfulness.

In her study that takes the Kenya's context [7] advises that a firm should essentially have a proper pay system in order to motivate the employees to work in the organization. Moreover, it is opined that with the object of enhancing employee engagement levels, they (employees) ought to be provided with certain benefits and compensations. It is,

needless to say, rather obvious that an appropriate reward and recognition program for employees is likely to minimize employee exodus from their current organization. It is averred that firms that offer the most attractive reward packages, on average, have lower attrition rates than those who pay poorly. However, studies indicate that though better pay is vital in satisfying employees, it is bound to be inconsequential to retaining employees, if and when there other factors persuading the employees to quit the organization, [7] therefore, recommends that in spite of the fact that her study findings indicated that salary and benefits were the largest contributors of employee engagement, remuneration should be complemented by other factors in order to improve employee engagement.

**7. Research Methodology**

The researcher adopted a descriptive research design. Given that the data collected for this study was quantitative in nature, this type of research design was the most appropriate. Descriptive research design according to [5], attempts to answer “what” if types of questions. The target population of the study comprised of all the employees of Nakuru Water and Sanitation Company Ltd which were 49 employees. A census approach was used where the sample also comprised of the 49 employees of the aforementioned company. A structured questionnaire was then administered to the respondents to collect the primary data used for this study. In order to test the reliability of the research instruments, the instruments were pretested. A pilot test was conducted on 5 respondents which were selected randomly from the population. The five 5 respondents were therefore excluded from the main study leaving a sample of 44 respondents. Reliability of the research instrument was also determined using the cronbach alpha. The data was then processed using SPSS (Statistical Package for Social Sciences) and analyzed both descriptively and inferentially.

**7.1 Data Processing and Analysis**

The collected questionnaires were thoroughly checked to ensure that they were appropriately filled. The data was then edited and coded into the SPSS (Statistical Packages for Social Sciences) ready for processing and analysis. Data analysis was carried out to capture both descriptive and inferential statistics results. The descriptive statistics covered frequencies, percentages, means, and standard deviations while inferential statistics will be in form of Pearson’s correlation coefficient regression analysis. The findings were presented in form of frequency tables, descriptive statistics tables and inferential statistics tables. The following regression model was used;

$$Y = a + \beta X_1 + e$$

Where:

Y=Job performance

a= Constant value

β=Beta

X<sub>1</sub> = Employee reward and recognition

e =Error term

**7.2 Research Findings**

The results of this study were based on the questionnaires which were issued and returned by the respondents. Out of the 44 questionnaires which were issued to the respondents, 41 were returned within the research schedule. Therefore the findings of the study were computed using 41 questionnaires which represented 93% response rate.

**7.2.1 Employee Rewards and Job Performance**

The study aimed at establishing how reward and recognition affect job performance. Table 1 below shows the findings as provided by the respondents.

**Table 1:** Effect of reward and recognition affect job performance

	N	Min	Max	Mean	Std. Dev.
Recognition of employees is employee leading driver	41	3	4	3.27	.449
Recognition is crucial in motivation	41	2	4	3.49	.637
Effect of reward strategies	41	2	3	2.46	.505
Engagement efforts reduced employee complaints	41	2	4	3.15	.527
Employees work when more recognized	41	2	4	3.83	.495
Presence of proper pay system that motivates employees	41	1	4	2.41	.948
Requisite benefits and compensation	41	1	4	3.41	.741
Salary and befits contribute to employee engagement	41	1	4	2.44	1.074
Valid N (list wise)	41				

Table1.above indicates that respondents agreed (mean=3.27) that recognition of employees is one of the leading employee engagement drivers. When asked whether employee recognition is crucial in the motivation and engagement equation, majority agreed (mean= 3.49). However, respondents disagreed that the organization’s total reward strategies have a positive effect on employee engagement as indicated by a mean of 2.46. In addition, it was agreed that the efforts to engage employees through total rewards programs has reduced employee complaints about pay fairness and equity and that it reduced general employee problems in their company. This finding was presented by the results showing a mean of 3.15 as shown in the table above. The findings also showed that majority of the respondents strongly agree (mean=3.83) that they would work harder if they were recognized more. On the other hand, respondents disagreed (mean=2.41) that their company has a proper pay system that motivates the employees to work in the organization. In addition, respondents reported that they needed to be provided with requisite benefits and compensations as a way of enhancing their performance levels. This was reported by majority of the respondents who agreed (3.41) on the issue. The table further revealed that salary and benefits are not the largest contributors of employee engagement at Nakuru Water and Sanitation Company, this was reported by the majority of the respondents who disagreed (mean=2.44) on the matter during the study.

**Table 2:** Correlation between reward and employee job performance

		Reward/Job performance	
Reward	Pearson Correlation	1	.487**
	Sig. (2-tailed)		.001
	N	41	41
Job performance	Pearson Correlation	.487**	1
	Sig. (2-tailed)	.001	
	N	41	41

As shown in table 2 reward has r-value of .487 indicating a significant positive relationship between reward and employee job performance. This is satisfactory to the first objective of the study; to examine how reward and recognition affect job performance at NAWASSCO. The p values (.001) are below .05 thus led to the rejection of the null hypothesis that reward does not significantly affect employee job performance at NAWASSCO, at 5% level of significance. It is therefore concluded that employee reward is positively correlated with job performance.

**Table 3:** Regression model results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	13.948	0.186		3.042	.004
Reward	.290	.136	.338	2.132	.040

Dependent Variable: Job Performance

From the regression model in table 3, the regression equation was obtained. Using the unstandardized beta coefficients, the following regression equation was developed.

$$Y = 13.95 + 0.290X + \epsilon$$

From the regression model, the beta values were obtained which explained the regression equation. The equation has a positive slope (0.290) which implies that employee reward and recognition positively affect job performance

## 8. Summary, Conclusions and Recommendations

### 8.1 Summary

The findings of the study showed that recognition of employees is one of the leading employee engagement drivers. When asked whether employee recognition is crucial in the motivation and engagement equation, majority agreed (mean= 3.49). However, respondents disagreed that the organization’s total reward strategies have a positive effect on employee engagement as indicated by a mean of 2.46. In addition, it was agreed that the effort to engage employees through total rewards programs has reduced employee complaints about pay fairness and equity and that it reduced general employee problems in their company. The findings also showed that majority of the respondents strongly agreed (mean=3.83) that they would work harder if they were recognized more. On the other hand, respondents disagreed (mean=2.41) that

their company has a proper pay system that motivates the employees to work in the organization. In addition, respondents reported that they needed to be provided with requisite benefits and compensations as a way of enhancing their performance levels. The study further revealed that salary and benefits are not the largest contributors of employee engagement at Nakuru Water and Sanitation Company.

### 8.2 Conclusion

Recognition of employees is one of the leading employee engagement drivers hence employee recognition is crucial in the motivation and engagement equation. It was also concluded that NAWASSCO’s total reward strategies have a positive effect on employee engagement. Engaging employees through total rewards programs has reduced employee complaints about pay fairness and equity and that it reduced general employee problems at NAWASSCO. The findings therefore led to the conclusion that employees would work harder if they are recognized more. Proper pay systems are crucial in motivating employees to work. In this regard, the study concluded that employees should be provided with requisite benefits and compensations as a way of enhancing their performance levels.

### 8.3 Recommendations

Successful organizations promote professional development throughout employees’. Organizations should therefore provide growth and development opportunities for their employees in attempts to enhance their competence, hence performance. Consequently, organizations should adopt equal opportunities for employees’ growth and development to enhance their engagement levels.

To effectively engage employees, they should be involved in formulation of organization’s strategies. It also recommended that engagement of employees can be enhanced by meeting their needs, provision of opportunities to contribute and a sense of belonging.

Employee recognition is crucial in the motivation and engagement equation. The study recommends that employees should be recognized and rewarded for any achievement made in enhancing performance. In addition, firms should adopt recognition measures to reduce employee complaints about pay fairness and equity and employee related.

#### 8.3.1 Recommendation for Further Studies

More studies should be conducted on the effect of employee engagement on job performance within other sectors of the economy such service industry and perhaps in the private sector.

In addition, more research should be conducted on various employee growth and recognition measures towards enhancing their job performance.

Further, studies focusing on the role of technological advancements on overall employee job performance can also be conducted.

## References

- [1] AON Hewitt. (2012). 2012 trends in global employee engagement. AON Corporation
- [2] Beddoes, Z.M. (2011). The Year of Self-Induced Stagnation. The Economist n.d.
- [3] Corporate Executive Board. (2004). Driving performance and retention through employee engagement. London: Corporate Executive Board Company (UK) Ltd.
- [4] John, A. (2007). Leadership and motivation. Kogan Page Publishers, Inc.
- [5] Kothari, C.R. (2004). Research methodology, methods and techniques. New Delhi: New Age International Publishers.
- [6] May, D.R., Gilson, R.L., & Harter, L.M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology*, 77, 11–37.
- [7] Mutunga, Ndanu, C. (2009). Factors that contribute to the level of employee engagement in the telecommunication industry in Kenya: a case study of Zain Kenya. MBA thesis, University of Nairobi, Kenya.
- [8] Njagi, L.K. (2009). Relationship between social capital and employee promotion. *International Journal of Business and Commerce*, 1(10), 1 – 13.
- [9] Peens-Hartman, B. (2012). Wellness indicators and their impact on employee engagement –A case study results from Ghana, South Africa and Peru. Mandala Consulting and Mandala Wellness. 1 – 30
- [10] Scott, D., & McMullen, T. (2010). The impact of rewards programs on employee engagement. Arizona, USA: The WorldatWork.
- [11] Sebastiaan, R, & Sebastiaan, R.J. (2010). *SA Journal of Industrial Psychology*, 36, (2) 1-12

## Author Profile



**Muthoni M. Muchai** has done Masters of Human Resource Management (Msc. HRM), Jomo Kenyatta University of Agriculture and Technology (JKUAT), Bachelor of Arts in Social Sciences (Political Science) Makerere University (Uganda). She is currently working at Jay Kay Enterprise Ltd in sales and marketing department.