THE IMPACT OF REWARDS AND EMPLOYEE PERFORMANCE

CASE STUDY: WELLS FARGO COMPANY IN KENYA.

BY

JOHN MUNGAI

BHR/10070/81/DF

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS

AND MANAGEMENT IN PARTIAL FULFILMENT OF THE

REQUIREMENT FOR THE AWARD OF DEGREE IN

HUMAN RESOURCE MANAGEMENT OF

KAMPALA INTERNATIONAL

UNIVERSITY

MAY 2011

DECLARATION

I, **JOHN MUNGAI,** hereby declare that this is my original work and has never been presented to any other educational institution for the award of degree.

Signature ...Mungai........ Date ...25th MAY 2011...

JOHN MUNGAI

(STUDENT)

APPROVAL

This is to certify that the research project of **JOHN MUNGAI** has been under my Supervision and is now ready for submission to the School of Business and Management for the award of a degree of Human Resource Management of Kampala International University.

Signature .... Date ....

MADAM PATRICIA ABIRIA

(SUPERVISOR)

DEDICATION

This book is dedicated to my beloved sister ***SHARON WENDOT.***

ACKNOWLEDGEMENT

To God who granted me His loving kindness and the unlimited gift of life. That He has granted me such an awesome gift, May the person I became in this life be the best gift back to Him.

A number of people have contributed both directly and indirectly at different stages of this study. It is impossible to mention them all. However, special consideration goes to the following:

I am greatly indebted to **MADAM PATRICIA ABIRIA** for her willingness to supervise me. Her distinguished expertise, outstanding commitment and positive criticism changed this work into its present form.

I am also indebted to my dear parents **ANGALA MUNGAI NDUTA** and **JANE NJERI MUNGAI** for the precious gift of education and whose tireless efforts throughout my education enabled me to embark on this piece of work.

I wish to extend my gratitude to my dear friends ***Fatuma, Sarah, Zachary, Zack, Sally, Albert, Judy, Richard, Ibrahim*** for their encouragement and support.

Finally to my dearest ***TALIE*** for her enduring love and encouragement

And to you all God bless you.

ABSTRACT

The study was about the impact rewards and its effect on employee performance in Wells Fargo in Kenya. The need to carry out the study was necessitated by the fact that there are complaints that the reward system has not been effectively implemented and identified as one of the reasons for decline in productivity. The purpose of the study was therefore to investigate the impact of rewards on employee performance in Wells Fargo. The specific objectives of the study were: (i) to examine the effect of intrinsic rewards on employee performance. (ii) to assess the effects of extrinsic rewards on employee performance. (iii) to establish the relationship between reward policy and employee performance.

The researcher used both primary and secondary data. The sample size was 250 respondents who were chosen through simple random sampling from various departments. The questionnaire and interview guide were used as the research instruments. Both open and clo0sed ended questions were used to identify research problem and collect relevant data. The data was then analyzed using frequencies and percentages as a statistical method and presented in table form. The result obtained revealed that a reward is a very crucial aspect in any organization and its presence cannot be undermined. Therefore, management has to ensure that its workforce is rewarded as a way of motivating them so as to oimp5rove on their performance thus increase the overall performance in the organization.

The study recommends: the management of Wells Fargo company should design jobs in am manner that makes them interesting and challenging to employees and involve them in decision making concerning their pay. Mechanisms should be put in place to ensure that employees are given benefits consistently and fairly and payrolls are prepared in time. Management should also ensure fair and equitable distribution of other financial rewards to employees.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

The study was about the effects of rewards on employee performance in Wells Fargo Company Nairobi, Kenya. The study was guided by the theory of motivation advanced by Hertzberg after an interview with 200 engineers and accountants. The theory states that, there were two types of factors which cause satisfaction or dissatisfaction of employees. Some job factors dissatisfy employees when absent, but their presence does not motivate employees in a strong way. They are also known as maintenance factors (dissatisfies) because they are necessary to maintain a reasonable level of satisfaction among the employees. Dissatisfies are extrinsic to the job. That is, they are the factors within the job environment but not within the job itself. For instance, work condition, interpersonal relationships, supervision, salary and other benefits, company polices and administrative practices.

Another set of job factors operate primarily to build strong motivation and high job satisfaction. Their absence however, does not create strong dissatisfaction among employee (employees can move on). These factors are called satisfiers or motivational factors. Satisfiers are intrinsic to the work itself that is; they are inherent in the job rather than being in the job environment. For example feeling of achievement, increased responsibility, challenging work, advancement and recognition. Hertzberg suggested that, the two factors are influenced by the worker's personality. Some individual seek for maintenance primarily by the job content (Mabel, 2006).

According to Kreitner (2004), rewards can be defined broadly as the material and psychological payoffs for performing tasks in the workplace. Rewards was also defined as anything perceived valuable that is given to an employee as recognition for good contribution made and once well chosen can be good motivators Woeffel (no date) on the other hand, Hornby (2000), defines rewards as a thing that were given or received in return of doing something good and working hard. The working definition of rewards for this study was adapted from Woeful (no date) and Kreitner (2004). Reward refers to material and psychological payoffs given to an employee as recognition for good contribution and for performing task well in the workplace. Reward was characterized by intrinsic rewards, extrinsic rewards and financial rewards.

Employee's performance means both behaviors and results of what employee achieved and how they achieved it Armstrong (2006). According to Hornby (2000), employee performance refers to an achievement often employee considered in relation to how successful it is. The working definition of employee considered in relation to how employee considered in relation to how successful it was and how they achieve it. Employee performance was characterized by productivity, labor turnover and absenteeism.

Intrinsic rewards are rewards related to our own internal experiences with successful performance such as; feeling of achievement, challenge and growth Barstul &Martin (1998). Employee performance was likely to improve when an employee has high towards job accomplishment since such feeling boosts ones' morale to perform until the task is accomplished.

According to Daft L.R (2002), extrinsic rewards are those rewards given by another person, typically a manager and includes promotions and pay increase. Extrinsic rewards attract and retain competent performance. Employees who are motivated by these rewards execute their duties as expected hence boosting their performance.

According to Armstrong (2006) financial rewards are defined as indirect motivators that enhance employee's financial wellbeing as they provide tangible means of recognizing achievements. For instance bonus and profit sharing. Financial rewards motivate employees in doing their jobs better than before and with less supervision, especially when profits are shared to employees hence improving their performance.

When employees are rewarded, they become highly motivated in doing their daily activities. For this reason, their performance improves leading to high productivity. On the other hand, when employees are not rewarded, they tend to be demoralized to carry out their tasks, thus low productivity. In Wells Fargo employees experience late payments and this is likely to demoralize them since they cannot make ends meet and so, failure to implement effective reward system in which the researcher believes could be a reason for low productivity since employees are not highly motivated.

Wells Fargo limited was incorporated in 1977 to provide dedicated, specialist professional security services to the banking sector and other financial institutions in Kenya. Its head office is located off the Nairobi-Mombasa road in wholly owned premises which accommodate a national wide control rooms, fully equipped technical and vehicle workshops, training facilities and administration department with branch offices opened in Nakuru, Malindi, Nyeri, Eldoret, Kisumu, Embu, Naivasha, Kericho, Kisii and Kitale.

Wells Fargo limited offers fully integrated security system using state of the art technology services include trained guards, cash in transit, ATM Replenishing, wage packaging automatic intruder and fire detection systems, closed circuit television , access control electric fencing, security audits, convoy escort, document archiving, storage and courier services and satellite vehicle tracking system. It recently formed a sister company, Fargo Courier, which is professional managed company providing courier services nationwide. It has competitive prices with a wide range of services ranging from overnight delivery services, same day bank vouchers deliveries, dedicated riders and messenger services and same day intra-city deliveries in Nairobi, Mombasa and Kisumu.

Wells Fargo's mission statement is "to remain the markets leaders in the professional manned guarding sector by providing quality services through selective recruitment, customized training, career development schemes and transparency " while its vision is

To build a stable, profitable one stop shop country wide network for the provision of security services." However, rewards in Wells Fargo Limited does not to a certain extent exhibit the above features and therefore may be a source of poor performance in the organization and hence the reason why the researcher will undertake his study.

1.1 Statement of the Problem

Good reward system was important to the functioning of an organization today. Organizations should have it in order to meet the objectives of rewarding namely, to reward employees past experience, to remain competitive in the labor market, integrate employees future performance with organization goal, control reward budget in order to attract new employees and reduce labor turnover in the organization. Gupta (1996), Wayne (1998)

The demerit of not having a good reward system caused demotivation hence lead to poor performance. In Wells Fargo company its rewarding system causing poor performance and with the current economic environment where the cost of living is high, employees need a good and fair rewarding to make ends meet.

1.3 Purpose of the Study

The purpose of the study was to investigate the impact of rewards on employee performance in Wells Fargo. Rewards wee characterized by intrinsic reward, extrinsic rewards and financial rewards and employee performance was characterized by productivity, absenteeism and labor turnover.

1.4 Specific Objectives of the Study

The objectives of study were;

i) To examine the impact of intrinsic rewards on employee performance in Wells Fargo?

ii) To find out the effects of extrinsic rewards on employee performance in Wells Fargo?

iii) To establish the relationship between reward policies and employee performance in Wells Fargo?

1.5 Research Questions

The research was guided by the following questions.

i) What measures should be taken to improve the effects of intrinsic rewards in order to improve employee performance in Wells Fargo?

ii) What were the effects of extrinsic rewards on employee performance in Wells Fargo?

iii) What was the relationship between reward policies and employee performance in Wells Fargo?

1.6 Significance of the Study

The study would guide the management of Wells Fargo Company in adopting fair and equitable reward system and thus motivating employees to improve their performance.

The study was found useful by other researchers who would wish to investigate the effects of rewards on employee performance.

1.7 Scope of the Study

The study was basically about effects of rewards on employees performance in Wells Fargo Company located in Nairobi- Mombasa road. The study was limited to intrinsic rewards, extrinsic and financial rewards.

1.8 Conceptual Framework

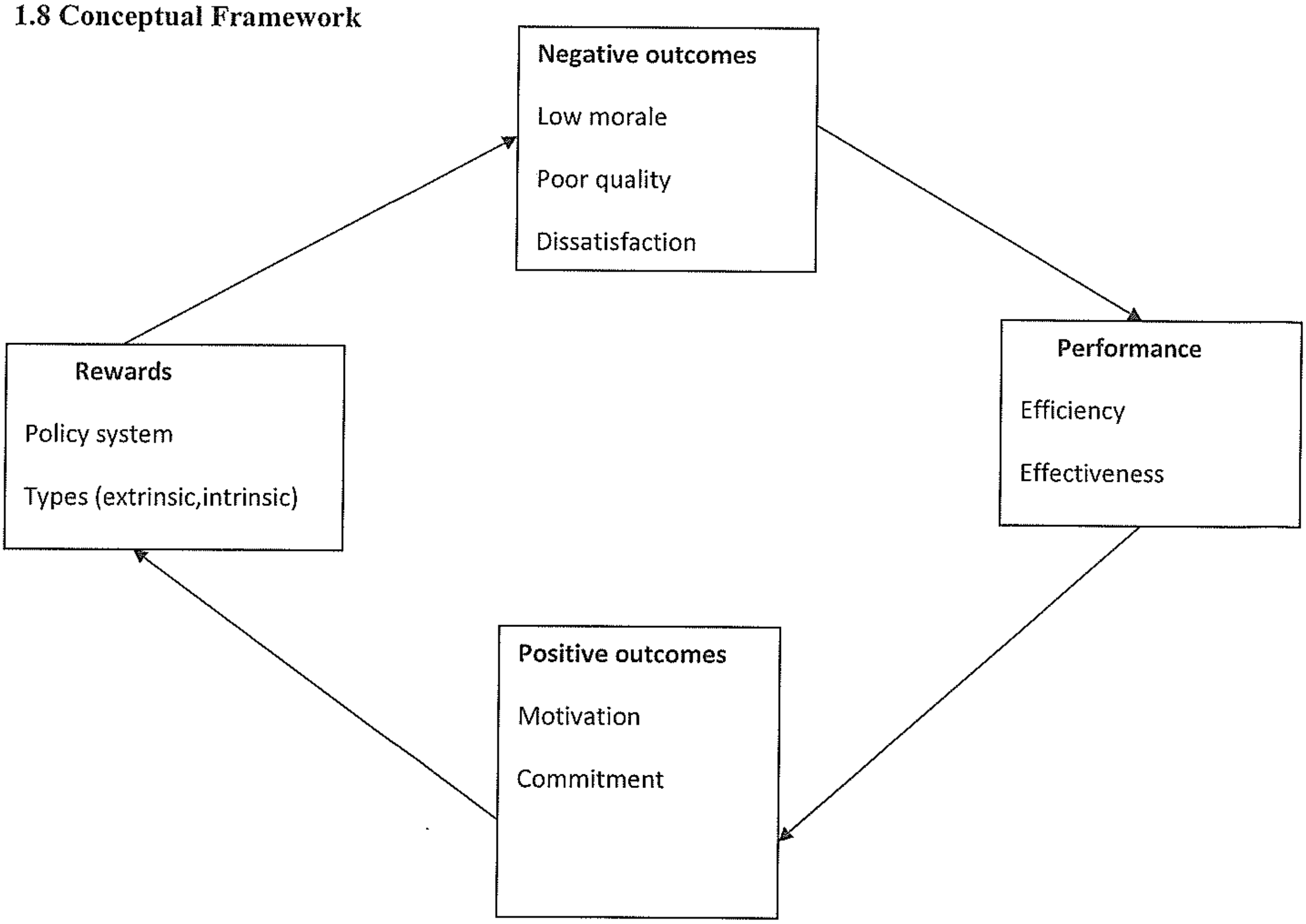


Figure 2.1: A conceptual framework showing the relationship between rewards and employee performance.

(Source: Krietner, (2004)

Figure 2.1: Conceptual framework relating rewards and employee performance.

In this conceptual framework, rewards are characterized by rewards and reward policies, and employee performance was characterized by labor turnover and absenteeism in the study of effects of rewards and reward policies on employee performance. It was perceived that the appropriate identifications and allocation of intrinsic, extrinsic and goo reward systems would boost employee performance. This could be indicated when employee performance increases, employees associate themselves with the organization, hence reducing labor turnover, and employee commitment which reduces rate of absenteeism. When intrinsic, extrinsic and good reward systems were not appropriately identified and allocated, employee performance may be lowered. This can be notified when rate of labor turnover and absenteeism goes high and productivity declines.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter was about literature related to the effects of rewards on employee performance. The study focused on intrinsic, extrinsic and financial rewards on employee performance.

2.1 The Effects of Intrinsic Rewards on Employee Performance.

Intrinsic rewards are rewards related to our own internal experiences with successful performance such as; feeling of achievement, challenge and growth Barstul & Martin (1998). According to Williams (2003), intrinsic rewards are the satisfactions a person receives in the process of performing a particular action Daft (2000). The working definition of intrinsic rewards of this study is adapted from Barstul & Martin (1998) and Daft (2000). Intrinsic rewards are the satisfactions related to our own internal experiences with successful performance or in the process of performing a particular action.

Intrinsic rewards include sense of accomplishment or achievement, feeling of responsibility, the chance to learn something new of the fun that comes from performing an interesting, challenging and engaging task Williams (2005).

According to George (1998), many managers who are intrinsically motivated derive a sense of accomplishment and achievement from helping their organizations to achieve their goals and gain a competitive advantage. Jobs that are interesting and challenging are likely to lead to intrinsic motivation than jobs that are boring or do not make use of a person's skills and abilities.

Need for achievement is represented by the drive o excel, accomplish challenging task and achieve a standard of excellence. The amount of achievement motivation people have depends on their childhood, their personal and occupational experiences and the type of organization for which they work Goodman (2001).

According to Goodman (2001), managers who want to motivate high achievers need to ensure that, such individuals have challenging but obtainable goals that allow relatively immediate feedback about their progress. Studies show that though almost all people feel they have an "achievement motive" probably only ten percent of United States population is strongly motivated to do what it takes to be successful entrepreneurs.

A high need to achieve does not necessarily lead to being a good manager especially in large organizations. Individual with high need for achievement like to set their own goals and favor tasks that provide immediate feedback they prefer to accept personal responsibility for success or failure rather than level of outcome to chance or the action of others Goodman (2001).

Responsibility is an obligation of an individual to perform activities or duties which are assigned to him,. Most of the people prefer challenging and responsible jobs rather than monotonous and routine type of jobs. If the job is responsible, it satisfies people's natural and inherent characteristics and they put more efforts for completing the job Prasad (2001).

According to Schermerhorn (1996), motivational stimulus of intrinsic rewards is internal and does not depend on the actions of some other person. Job enrichment and self managing work teams provides such internal feelings of accomplishment. If the job is designed in a such a manner that it becomes more interesting and challenging to the job performer and provides him opportunities for achievement, recognition, responsibility, advancement and growth. The job itself becomes a source of motivation to the individual.

According to Schermerborn (1996), all managers are advised to take value of intrinsic rewards and make every effort to create jobs and work environment that encourages "motivation from within". People are more motivated by being involved in action and decisions that will affect them.

Participation can be seen as a value attached to employees of it provides them sense of accomplishment. A manager who seeks to raise the performance of his subordinate could involve these subordinate in the planning and encouraging them to participate in the design of work planning schemes and schedules Mable (2006).

In Wells Fargo, employees do not receive highly challenging and obtainable goals that provides an opportunity for achievement, recognition, responsibilities, advancement and growth.

2.2 The Effects of Extrinsic Rewards on Employee Performance.

According to Daft (2002), extrinsic rewards are those rewards given by another person, typically a manager. Extrinsic rewards are payoffs granted to the individual by other people Kreitner

(2004). According to William (2005), extrinsic rewards are tangible and visible to other and are given to employee's continent on the performance of specific task or behavior. Working definition of extrinsic rewards is adapted from Daft (2002) and Williams (2005). Extrinsic rewards are tangible and visible rewards given to employees by another person typically a manager on the performance of a specific tasks or behavior. Example of extrinsic rewards includes money, employee benefits, promotions, status symbol recognition and praise.

Movement within an organization to a position in which responsibilities and presumably prestige are increased is ordinally labeled as promotion. Promotion possibilities influence the behavior of individuals in the organization and stimulate individuals to greater abilities to move ahead. Prasad (2001).

Promotion is used as a reward and an inducement to better work performance and other organizationally approved forms of behaviors. People will work harder if they feel this will lead to promotion. They have little motivation if they feel that better jobs are reserved for outsiders Prasad (2004).

Effective system of promotion permits organizations to match its need for competent personnel with the employees desire to apply the skills they have developed Gomez (2002).

There is a significant correlation between opportunities for advancement and high level of job satisfactions. An effective system of promotion can result to greater organizational efficiency and high level of employees' morale Gomez (2002).

According to Armstrong (2006), the aim of promotion procedure of a company should be to enable management to obtain the best talent available within the company to fill more senior posts and to provide employees with the opportunity to advance their careers within the company, in accordance with the opportunity available and their own abilities.

Most people have a need for high evaluation of themselves and feel that what they do should be recognized by others concerned Prasad (2001).

Recognition means acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform work at a similar or higher level Prasad (2001).

According to Cascio (1998), rewarding a behavior with recognition immediately following that behavior is likely to encourage its repetition.

Status in general terms is the ranking of the people in the society. In the organizational context, status means the raking off positions, rights and duties in the formal organization structure Prasad (2001).

The status system is an instrument of motivation because it is extremely important for most of the people. For this reason, status system should be closely related to the abilities and the aspirations of people on the organization Prasad (2001).

Money is a powerful motivator of those who seek security through material wealth, but the promise of money many mean little to a financially secure person who seeks ego gratification from challenging work. People's needs concerning when and how to be paid also vary Kreitner (2004).

According to Kreitner (2004), if extrinsic rewards are to motivate job performance effectively, need to be administered in ways that satisfy operative needs, foster positive expectations ensure equitable distribution and reward results.

Companies need extrinsic rewards to get people motivated to do things that they would not otherwise do. Williams (2005).

Kreitner (2004) commented that reward must be linked to performance. Ideally there should be a relationship between task performance and extrinsic rewards.

In Wells Fargo, extrinsic rewards are not administered in a way that satisfies operative needs and gets individual motivated to do things the way they would not otherwise do hence ineffective performance.

2.3 The Effects of Reward policies on Employee Performance

According to Armstrong (2006) reward policies are defined as indirect motivators that enhance employee's wellbeing through guidelines stipulated by the organization so as to provide tangible means of recognizing achievements. For instant, policies on bonuses and profit sharing. Reward policies are the policies that enhance the worker's financial wellbeing. The policies can be directed towards monetary for example wages, bonus and profit sharing Woeffel (no date). The working definition of reward policies is adapted from Armstrong (2006) and Woeffel, (no date). Reward policies are indirect motivators that enhance workers wellbeing as they provide tangible means of recognizing workers efforts towards performance.

For example policies on profit sharing are based on the actual profits that a business earns and rewards employees with share of those profits. In this case the entire organization is treated as one large team Hellriegel (2002).

Prasad (2001), points out that policies on profit sharing are an attribution of portion of organizations profit among employees at the end of financial year. It is as a result of efforts of all employees of the organization collectively. Therefore, it does not take into account individuals or group efforts. It recognizes the role of employees in organizational effectiveness and build supportive organizational climate if the scheme is properly followed.

According to Dessler (1988) findings, profit sharing policies are designed to improve productivity by making employee's compatible with employer's goals. For example, employee may gain greater sense of ownership which may help employee identify more closely with the organization, internalize its goals and work harder to achieve them.

Clearly reasoned out by Dessler (1988), profit sharing policies are not cost efficient since profit levels depend on many factors unrelated to employee behavior. For example, sharing profits with employees, if those profits were as a result of something other than their performance like market conditions and foreign exchange rate.

Gain sharing policies enable employees to share in the benefits of improved realized by the organization. Many of these plans cover managers and executives as well as hourly workers Harris (2000).

According to Hellriegel (2002), gains sharing programs are designed to motivate employees for making agreed upon improvements in productivity.

Harris, (2000) pointed out that, gain sharing guidelines encourage teamwork among all employees and reward them for their total contribution to the organization. In his view, basic principle of gain sharing is to establish effective structures and processes of employee's involvement and fair means of rewarding system wide performance improvement.

Gain sharing is an organizational program designed to increase productivity or decease labor costs and share monetary gains with employees. Inherent in gain sharing is an idea that involved the employee's will improve productivity through more effective use of labor, capital and raw materials and share the financial gains according to formula that reflects improved productivity and profitability. (Harris 2000).

Dessler, (1988) defined merit pay policy as any salary increase that is awarded based on his or her individual performance. In his view, merit pay policies represents a continuous increment and are often used with respect to white collar job employee's particularly professional, office and clerical employees.

Hellriegel (2002) reported that merit pay as a permanent increase in base pay linked to an individual's performance during the preceding year. Although employees generally prefer permanent pay rises, many companies have been reducing their reliance on merit pay because they believe other incentive policies are more effective for improving productivity.

Merit pay being directly tied to performance motivates improved performance. However, usefulness of merit pay plan depends on the validity of the performance appraisal system and if performance appraisals are viewed as unfair, so too will the merit pay that is based on them Dessler (1988).According to Williams (2006), policies on bonus awards given to employees who achieve specific performance objectives.Most firms have annual bonus plans that are aimed at motivating the short-term, performance of their managers and are tied to company's profitability. Generally, a size of bonus is usually greater for top level executive than lower level. Dessler (1988).

Ivancevich (2001), reported policies on wages and salaries of employees are typically adjusted at some point during the year, historically; the adjustment has resulted in pay increase. In his view, most employees expect to get at least one raise annually. However, when the general economy is not health or in the case of increased foreign competition in some industries, employees have actually accepted decrease in pay. Pay is usually adjusted upward through four types of increase which include general across the board that is, increase for all employees', merit increase paid to some employees based on some indicators of job performance, cost living adjustment based on the consumer price index and seniority.

In Wells Fargo, employees are paid wages and salaries that cannot highly sustain themselves and their families. This does not motivate them to perform highly and for this reason, productivity reduces.

2.4 Employee Performance

Make up an employee's job. Performance refers to the amount of work produced but to other aspect, the quality of work is important for many jobs Harris (2000). Employee's performance means both behaviors and results of what employee achieved and how they achieved it Armstrong (2006). According to Hornby (2000), employee performance refers to an achievement of the employee considered in relation to how successful it is. The working definition of employee performance is adopted from Armstrong (2006) and Hornby (2000). Employee performance refers to an achievement of an employee considered relation to how successful it is and how they achieve it.

Rue and Byars (1995), comments that job performance is the net effect of an employee's efforts as modified by his or her abilities and role perceptions. Effort refers to the amount of energy used by an employee in performing a job. Abilities are personal characteristics used in performing a job. Role perception refers to the direction in which employees beliefs they should channel their efforts on their jobs.

According to Reece and Brandt (2002), we need to continuously re-examine our ideas about what actions and event increases employees productivity. Many organizations take that if employees work more hours, they will be more productive. Therefore, overtime pay is used to reward some employees who work extra hours. Critic of this approach says that employees perform optimally for six or seven hours, but then the fatigue factors surfaces. The critic also points out the need for the employee to have a life outside work.

Hellrigel (2002), argues that when pay linked is to strategically important behaviors, incentive pay can reduce turnover among high performers. High performers are more motivated to stay with the organization when they are rewarded more generously than poor performers. Productivity can be improved by either increasing the amount of output using the same level of input or reducing the number of inputs required to produce the output (Daft, 2000).

Rue and Byars (1995), reported that free enterprise system is based on the premises that rewards should depend on performance. This performance reward related relationship is desirable not only at the corporate level but also at the individual level. In their view, the underlying theory is that employees will be motivated when they believe good performance will lead to rewards.

According to Reece and Brandt (2002), the idea that pays is the major motivator for productivity has also been challenged. Many research studies indicate that pay is not the primary factor in productivity.

In Wells Fargo, managers need to investigate and continuously re-examine which actions and events can motivate their employees to enhance performance so that they may implement them hence increasing overall productivity.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter was about the method used in the research to arrive at the findings of the study. These includes; research design, research site, study population, sampling size and sampling techniques, presentation respondents, research instruments, data collection procedures and data analysis.

3.1 Research Design

The research design used for this study was cross survey and case study which were both qualitative and quantitative. The qualitative design was used to collect information from respondents on the attitudes and opinions in relations to the effects of rewards on employee performance in continental logistics company while quantitative design was used to collect numerical data. The researcher used both the primary and secondary data. Primary data was obtained using questionnaires and interviews while secondary data was obtained from the internet, magazines and journals.

3.2 Research Site

The study was to be carried out in Nairobi Kenya. Wells Fargo Company was selected as the case study. This was because employee pay and benefits are not motivating for them to improve their performance.

3.3 The Study Population

Wells Fargo Company has both male and female workers in different departments which included; administration, finance, production, marketing, clearing and forwarding departments. The respondents were employees from various departments and the administrator of the company. The total population was 400.

3.4 Sample Size, Selection and Techniques

The researcher used simple random sampling for selecting the respondents from departments mentioned above. The method to be used will be convenient to the researcher basing on the time available.

Purposive sampling was also to be used for selecting employees who are knowledgeable about the company operations. A total of 250 respondents will be sought for the study. This enabled the researcher to gather data on the effects of reward on employee performance from these departments in Wells Fargo Company.

3.4.1 Presentation of Respondents

Presentation of respondents is as per the table 3.1 below

Table 3.1: Presentation of respondents

Departments	Population	Sample size
Administration	60	40
Marketing	100	56
Production	120	64
Clearing and forwarding	80	60
Finance	40	30
Total	**400**	**250**

Source: Martin Amin (2005)

3.5 Research Instruments

The researcher had to edit the questionnaires and interview guide due to the challenges met in the field so as to make them more detailed. The questionnaire was to be used due to its systematic presentation and its ability to collect variety of data from the respondents. Interviews were chosen for they help the researcher to gather primary data necessary in obtaining the information required.

3.5.1 Questionnaire

The researcher was to use a set of questionnaires in which both open ended and closed ended questions were to be used to identify the research problem and collect relevant data in effort to answer the research question under investigation. The open ended questionnaires were used to probe for more information from respondents while closed ended were used to facilitate easy statistical data entry and analysis. The questionnaires were in two sections. That is; section A and B where section A entailed personal data and B reward related issues.

3.5.2 Interview

An interview was conducted on various employees. It was both structured and unstructured. For that reason, the researcher had to make it self-administered. The unstructured interviews enabled the respondents to open up and give more information while structured interviews helped the researcher to collect quantifiable data.

3.6 Data Analysis and Processing

It was the process of systematically applying logical techniques to describe how the information collected will be edited, coded, tabulated and presented either in tables or graphs. Data collection was used to analyze the effects of rewards on employee performance. The data collected was then analyzed using descriptive statistics and tabulated by use of tables and graphs.

CHARPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF THE RESULTS

4:1: Introduction.

In this chapter, the researcher involved presentation and analysis of the collected primary data. The presentation was done in tables with illustration to make sure that the research biases are eliminated. The study was entirely about the impact of rewards and employee performance in private security companies in this case focusing Wells Fargo Limited in Kenya. The data was collected across all the departments in the company and the results were presented expressing both the views of the quantitative nature through percentages and frequency distribution and the group interviews and documentation analysis. The characteristics of the participant which helped in putting the board an understanding on the types of respondents, the researcher dealt with through the study.

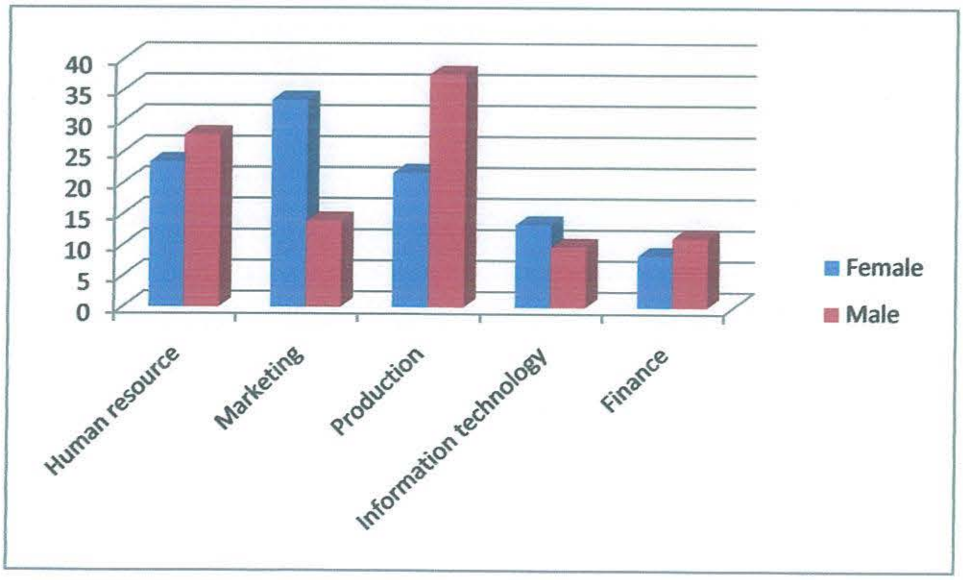
4:2: Presentation, analysis and interpretation of results are done under the following themes.

4.2.1: Background of the respondents

The respondence comprise of both male and female in the organisation of study there distribution

Table 4.1: Background of the respondents

Location	Category/ department	Targeted sample no respondent		Percentage	
		Female	Male	Female	Male
Wells Fargo	Human resource	14	20	23.3	27.7
	Marketing	20	10	33.3	13.8
	Production	13	27	21.6	37.5
	Information technology	8	7	13.3	9.7
	Finance	5	8	8.3	11.1
Total		60	72	100	100



Source: field finding

Figure 4.1: Background of the respondents

Interpretation:

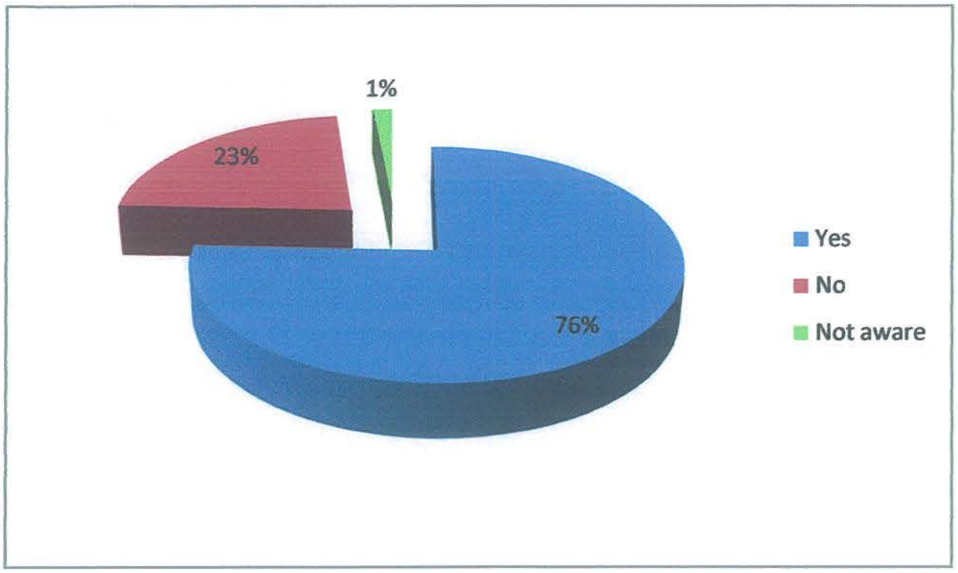
From figure 4.1 it shows that human resource has 27%, male, 23% female, marketing 13%, male, 33%, female, production, 37%, male ,21% female, information technology, 9% male, 13% female, finance 11% male, 8%, female, therefore from the above it shows that there was a higher percentage of male respondents who participated than female in the organization.

4:2:2: Whether employee are aware of employee's performance and rewards.

The researcher wanted to investigate whether employee were aware of rewards and performance in the organization. The results are presented in the table 4. 2 below

Table 4.2: Whether employee are aware of employee performance and reward.

Response	Frequency	Percent
Yes	100	75.7
No	30	22.7
Not aware	2	1.5
Total	132	100



Source: field findings

Figure 4.2 :whether employees are aware of rewards and perfomance.

Interpretation

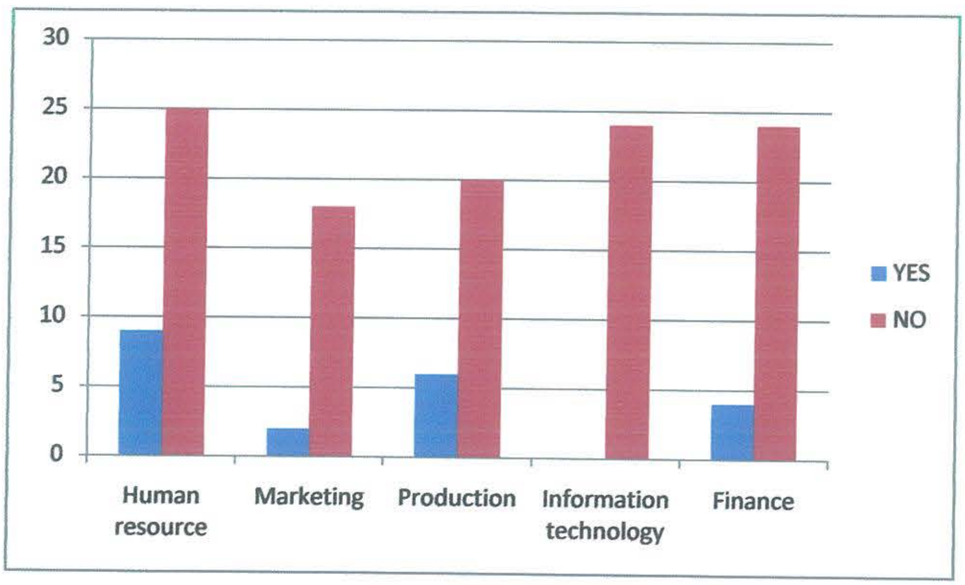
From figure 4.2 it was revealed that 76% of the respondents are aware of reward and performance, 23% aren't aware while 1% was not aware about reward and performance in the organization.

4.2.3: The organization is focused on rewarding its employees

From the administered questionnaire the researcher investigated on the focus of the organization towards employee performance.

Table 4.3: The organization is focused on rewarding its employees

Response	YES	NO	Total
Human resource	9	25	34
Marketing	2	18	20
Production	6	20	26
Information technology	0	24	24
Finance	4	24	28



Source: field findings

Figure 4.3: The organization is focused on rewarding its employees

Interpretation

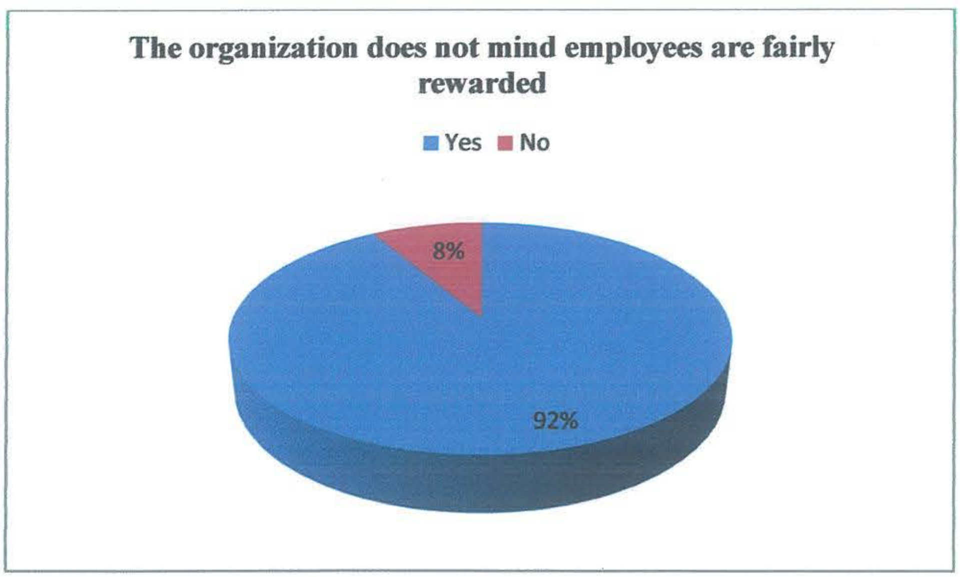
According to figure 4.3 the majority of the respondents indicated that the organization was not focused on rewarding employees while few of them agreed that the organization rewards its employees.

4.2.4 The organization does not mind whether people are fairly reward

The researcher wanted to inquire from the respondent about the organization concern about fair rewarding of employees.

Table 4.4: The organization does not mind whether people are fairly rewarded

Response	Frequency	Percent
Yes	121	91.6
No	11	8.4
Total	132	100



Source: field findings

Figure 4.4: The organization does not mind employee are fairly rewarded

Interpretation

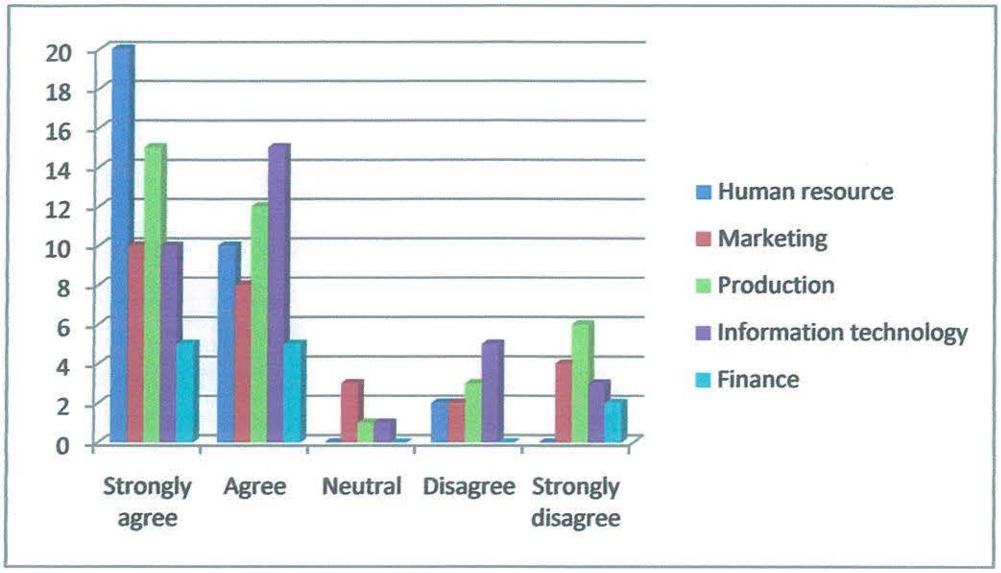
From figure 4.4, 92% of the respondents agreed that the organization does not mind if employees are fairly rewarded while 8% indicated that the organization mind about employees fair rewarded.

4.2.5: There is poor remuneration system in the organization

The researcher wanted to investigate whether the organization has poor remuneration system which demotivated employees and the results were presented in the table 4.5 below

Table 4. 5: There is poor remuneration system in the organization

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Human resource	20	10	0	2	0
Marketing	10	8	3	2	4
Production	15	12	1	3	6
Information technology	10	15	1	5	3
Finance	5	5	0	0	2
Total	60	40	5	12	15



Source: field finding

Figure 4.5: There is poor remuneration system in the organizations.

Interpretation

From figure 4.5 a total of 60 respondents strongly agreed, 40 agreed, 5 were neutral, 12 disagreed, while 15 strongly disagreed that there was poor remuneration system in the organization. These results were drawn across all the departments.

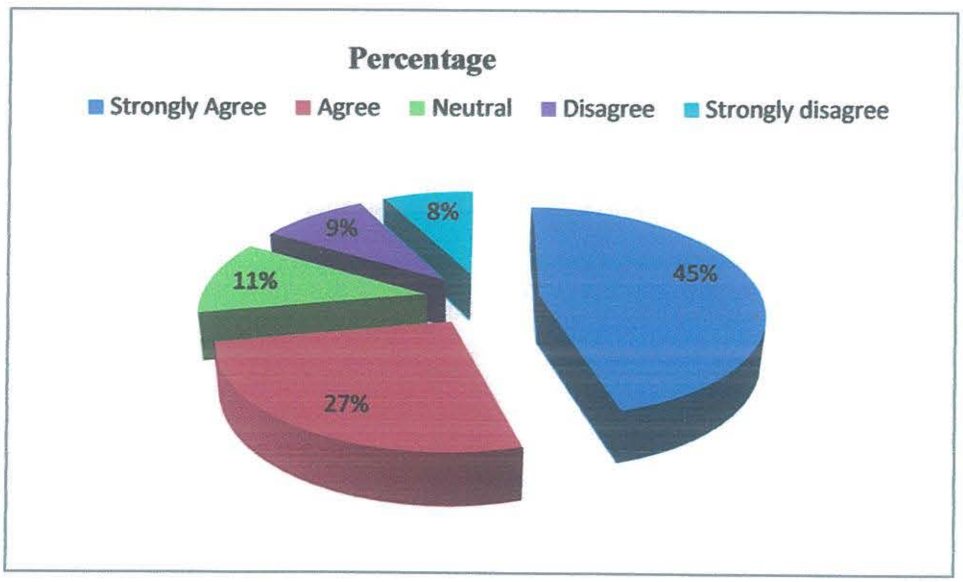
4.2.6: Is the reward system favoring all employees in the organization

The researcher inquired from the respondents on whether the reward system is favoring all the employees in the organization.

Table 4.6: is the reward system favoring al the employees in the organization.

Response	Frequency	Percent
Strongly Agree	60	45.4
Agree	35	26.5
Neutral	15	11.3
Disagree	12	9.0
Strongly disagree	10	7.5
Total	132	100

.



Source: field findings

Figure 4.6: Is the reward system favoring all employees in the organization

Interpretation

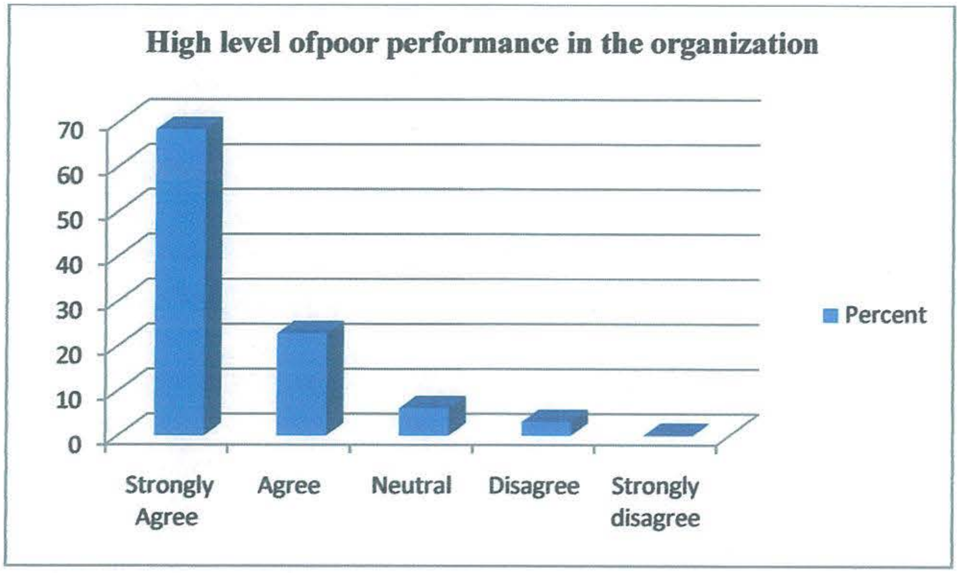
From figure 4.6 (2), (45% the respondent strongly agreed that the reward system is favoring all the employees, 27% agreed, 11% were neutral, 9% disagreed and 8% strongly disagreed.

4.2.7: There is high level of poor performance in the organization.

Through the questionnaire the researcher wanted to establish the level of poor performance in the organization the result from the respondent are presented in the table 4.7.

Table 4.7: There is high level of poor performance in the organization.

Response	Frequency	Percent
Strongly Agree	90	68.1
Agree	30	22.7
Neutral	8	6
Disagree	4	3
Strongly disagree	0	0
Total	132	100



Source: field findings

Figure 4.7: High level of poor performance in the organization.

Interpretation

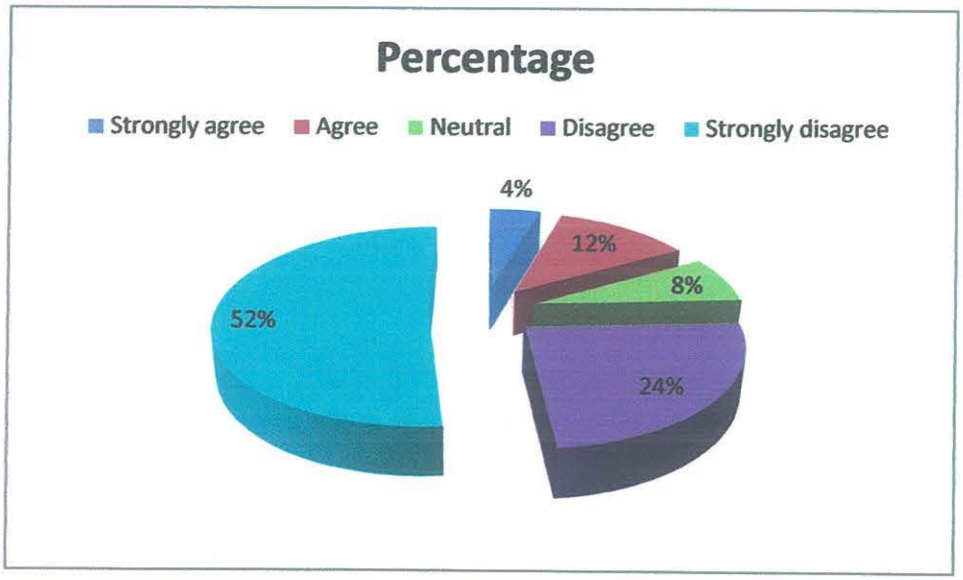
It shows that there is high level of poor performance in Wells Fargo where 68% of respondents strongly agreed with the statement, 22% agreed thus showing there is high level of poor performance.

4.2.8: The causes of poor performance usually communicated to all the employees.

The researcher inquired from the respondents on whether they are aware of the causes of poor performance in the organization and whether it was usually communicated to them. The results are indicated in table 4.8 below.

Table 4.8: The causes of poor performance usually communicated to all the employees.

Response	Frequency	Percentage
Strongly agree	6	4.5
Agree	16	12.1
Neutral	10	7.5
Disagree	32	24.2
Strongly disagree	68	51.5
Total	132	100



Source: field findings

Figure 4.8: The causes of poor performance usually communicated to all the employees

Interepretation

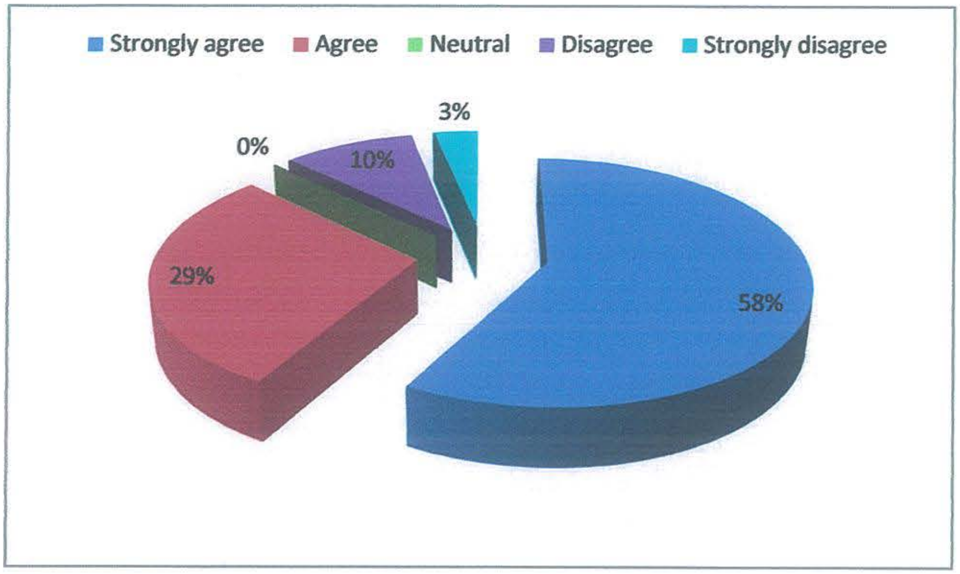
From figure 4.8, it indicates that employees are not communicated the causes of poor perfoemance that is why 52% strongly disagreed,24% disagreed,8% were neutral,12% agreed, and 4% strongly agreed.

4.2.9: Employees are aware of poor performance in the organization.

From the administered questionnaire the researcher investigated whether employees are aware of poor performance in the organization.

Table 4.9: Employees are aware of poor performance in the organization.

Response	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Human resource	18	9	0	3	1
Marketing	9	8	2	1	4
Production	13	12	1	3	5
Information technology	14	6	1	4	4
Finance	6	5	1	1	1
Total	60	40	5	12	15



Source: field findings

Figure 4.9: Employees are aware of poor performance in the organization.

Interpretation

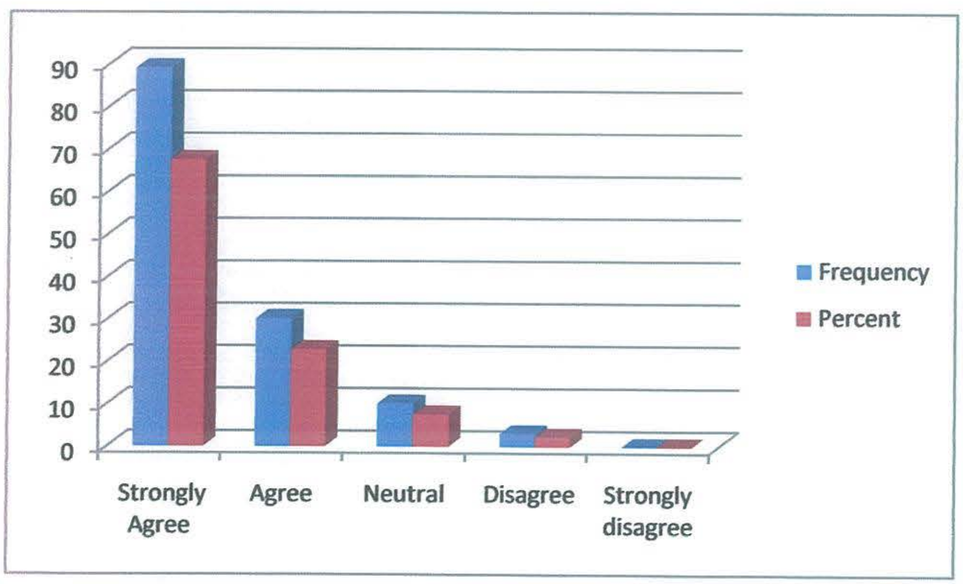
From figure 4.9, the employees from various departments agreed that always the employees are not aware of poor performance .The respondents indicated that 58% strongly agreed, 29% agreed, 0% were neutral, 10% disagreed and 3% strongly disagreed.

4.2.10: The organization has a poor rewarding system in the company

In the study the researcher was concerned about the nature of the reward system adopted by Wells Fargo Company limited. In this case she went ahead inquire about the reward system of the company. The results are as follows.

Table 4.10: The organization has a poor rewarding system in the company

Response	Frequency	Percent
Strongly Agree	89	67.4
Agree	30	22.7
Neutral	10	7.5
Disagree	3	2.2
Strongly disagree	0	0
Total	132	100



Source: field findings

Figure 4.10: The organization has a poor rewarding system in the company

Interpretation

From figure 4.10 it can be depicted that the organization has poor rewarding system. This was indicated by high frequency of 89 and therefore obtained a high percentage of 67.4% of respondents who strongly agreed. There were no respondent who strongly disagreed.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECCOMENDATIONS

This section summarizes the study, drawing conclusions and recommendations on the study findings in line with objectives of the study. Recommendations were proposed for further improvement.

5.1 Summary

The first objective of the study was to examine the effects of intrinsic rewards on employee performance. From the findings of the study, it is revealed that the majority of the employees are not intrinsically motivated and their work is not designed in the way that provides opportunities for achievement. In fact, 68% of the respondents strongly agreed that there is high level of poor performance, 22.7% agreed, 6% were neutral, 3% disagreed and none of them strongly disagreed. This is not in line with Mabel (2006), who indicated that people are more motivated by being involved in actions and decisions that will affect rewards will concern them. According to him, compensation can be seen as a value attached to employees for it provides them with a sense of accomplishment.

The second objective of the study was to assess the effects of extrinsic rewards on employee's performance. The data collected revealed that 67.4% strongly agreed that there is poor rewarding system to the employees in Wells Fargo are not sufficiently remunerated. This is not in line with Williams (2003), who said that managers should understand that rewards are not likely to improve employee's motivation and performance. However, rewards do affect job satisfaction, employee's decision about staying or leaving the company and company's attractiveness of the job applicant.

The third objective was to investigate the effects of reward policy on employee performance. From the findings of the study, it is indicated that policies are not effectively implemented in

Wells Fargo Company. Indeed 80% of the respondents have complained about the reward system and 56% of the respondents have not acquired any profit sharing and bonuses or given other incentives apart from their salaries. This contradicts Armstrong's (2006), who indicates that reward systems are indirect motivators which enhance employee's wellbeing as they provide means of identifying recognition.

5.2 Conclusions

Basing on the objectives set when piloting this study, it can be concluded that; employees in Wells Fargo are not intrinsically motivated at work. This has led to demoralization of employees leading to low performance.

From the data collected, it was revealed that employees in Wells Fargo are not sufficiently provided with extrinsic rewards. This has affected their level of job satisfaction as well as labor turnover and so affecting overall performance of the company.

According to the data collected, employees in Wells Fargo are not adequately provided with good policies that fair with them in reward. This led to low motivation of employees thus affecting their performance negatively.

5.3 Recommendations

The following recommendations were drawn basing on the field study.

Ensure all employees are intrinsically motivated, the management of Wells Fargo should design jobs that are interesting and challenging to employees. This will provide them with opportunities for achievement and thus improve performance.

Management should also involve employees to participate in decisions that affect them extrinsically. This will motivate them to actively implement as per the requirements due to the fact that they were part and parcel of the decision process and thus, affecting the employees performance positively.

Mechanisms should also be put in place to make sure that the organization has well set guidelines that ensure that employees are consistently provided with benefits. This is to sustain employees job satisfaction and replace labor turnover with stable workforce and better performance.

Management should establish a mechanism to ensure that pay is prepared in time so as to avoid delay in employee's payment. This will ensure that employees are motivated extrinsically in order for them to perform better.

REFERENCE

Armstrong,M.(2006). *A hand book of Human Resource management practice*(3rd edition).Great Britain: Bath press.

Bartol, K. M., Martin, C.D. (1998). *Management* (3rd edition). New York: Mc Graw Hill.

Cascio, (1998) *Managing Human Resource (* 5th Edition), New York: Mc Graw Hill.

Gomez. M, Davis, B. B. (2002). *Management.* MC Graw Hill, New York.

Daft, R. T. (2000), *Management.* Dryden Press, New York.

Dessler, G. (2004). *Management* (3rd edition) New Jersey Pearson Education.

Dessler, G. (1998). *Human Resource Management* (8th edition). New Jersey: prentice Hall

Hellbrigel, D. Jackson S. E. & Slocum, J. R. (2000) *Managemen.* South-Western, Mexico.

Hornby, A.S. (2000) *Oxford Advanced Learner's Dictionary of Current English* (6th Edition). Oxford University Press.

Ivancevich, J. M. (2001). *Human Resource management.* (8th edition) McGraw Hill. New Delhi

Jones, Georga & Hill. (1998) *Contemporary Management.* (3rd Edition) MC Graw Hill, New York

Kreitner. (2004) *Management.* (9th Editon) Houghton Mifflin Company, New York.

Lewis, P. S, Good man, S. H. & Fandt, P. M. (2001) *Management.* (3rd Edition) South West College Publishing New Zealand.

Mabel, K. B, (2006), *Human Resource Management Simplified.* (2nd Edition) Mukono Bookshop Printing and Publishing Company, Kampala.

Prasad, L. M. (2001) *Principles and practices of management.* (3rd edition). New Delhi: Education

Robbins, S.P., Decenzo, D. (1998). *Fundamentals of management.* (2nd edition). New Jersey: Prentice Hall.

Rue and Byars (2000) Management. (9th Edition) MC Graw Hill, New York.

Schemerhorn, JR (2001) *Management* (3rd edition) New York; John Willey and Sons.

Whelen, T. L. & Hungen,J.D. (1998) Strategic Management. Addison-Wesley, New York.

Williams, C (2005). *Management* .(3rd edition) USA: South Western, Mexico.

Williams, K. (2006) Management (2nd Edition) MC Graw Hill, New York

APPENDIX 1: Interview Guide

What is your;

i. Gender
ii. Age
iii. Number of years served in the company
iv. Level of education

1. What is the position of the respondent in the organization?
2. Do you think the management is aware of employee performance and rewards?
3. Do you think the organization is focused on rewarding employees?
4. Is the organization mindful of whether employees are fairly rewarded?
5. Is there a poor compensation system in the organization?
6. Do you think that the reward system is favoring all employees in the organization?
7. Do you think there is a high level of poor performance?
8. Are the causes of poor performance communicated to the entire employees?
9. Do you think that employees are aware of poor performance in the organization?
10. Does the organization have a poor reward system?

APPENDIX 2: QUESTIONNAIRE

SELF ADMINISTERED QUESTIONNAIRES FOR WELLS FARGO SECURITY COMPANY FOR REWARD AND EMPLOYEE PERFORMANCE.

Wells Fargo Company

Department of human resource

Dear sir/madam

I am carrying out survey in Wells Fargo Company whose purpose is to establish the relationship between rewards and employee's performance which is necessary for the achievement of the organization goals. The questionnaire below is for human resource manager. The human resource managers use the following rewards to enable them to achieve their objectives. Your contribution to the outcome of this study by answering the questions will highly be appreciated. Your responses will be kept confidential. Please endeavor to fill the questionnaire within two weeks and return it to human resource management.

Yours faithfully

……………………

Part A; Background information

1. What is your gender?

   Male [ ]   Female [ ]

2. What is your age bracket? {Tick as appropriate]

   15-19[ ]   20-24 [ ]   25-29[ ] 30-34 [ ] 35-39[ ] 40-44[ ] 45-49[ ] 50+ [ ]

3. How many years have you served the company?

Less than 1 year [ ]   1-3years [ ]   4years and above [ ]

4. What is the level of your education?

Primary [ ]   secondary [ ] college [ ]   university [ ] others (specify) [ ]

5. What position is the respondent in the organization?

… … …………… … … … ……….. … … … … … … ……….. … … … … … ………………………… … … ..

6. Is management aware of employee's performance and rewards?

Yes ☐

No ☐

If yes how and if not why? ……………………………………………………………

7. Is the organization focused on rewarding the employees?

Yes ☐ No ☐

8. Does the organization mind whether people are fairly rewarded?

Yes ☐ No ☐

9. Is there poor remuneration system in this organization?

Yes ☐

No ☐

10. Is the reward system favoring all employees in the organization?

Strongly agree ☐

Agree ☐

Neutral ☐

Disagree ☐

Strongly disagree ☐

12. Is there a high level of poor performance in this organization?

Strongly agree ☐

Agree ☐

Neutral ☐

Disagree ☐

Strongly disagree ☐

13. Are the causes of poor performance usually communicated to the entire employees?

Yes ☐

No ☐

If yes why ………………………………………………………………………………..

14. Are employees aware of poor performance in the organization?

Yes ☐

No ☐

15. Does the organization have a poor rewarding policy system?

Strongly agree ☐

Agree ☐

Neutral ☐

Disagree ☐

Strongly disagree ☐

Thanks for your time and contribution. Now kindly pass the questionnaire to human resource department.

APPENDIX 3: PROPOSED BUDGET

ITEMS	COST USH
STSTIONARIES	20,000
LABOR	80,000
RESEARCH,INTERNET AND OTHER MATERIALS	60,000
TRANSPORT CHARGES	100,000
MISCELLANEOUS EXPENSES	80,000
TOTAL	340,000

APPENDIX 4: TIME SCHEDULE OF THE STUDY

The study was conducted within the period stated below:

Table 3: Time Schedule of the Study.

Activities	**Months/years**
Research proposal writing and sub-mission	November- March 2010-2011
Data collection and analysis	March-April 2011
Dissertation writing	April -May 2011
Sub-mission of dissertation	May 2011