INFLUENCE OF INTRINSIC REWARDS ON EMPLOYEE PERFORMANCE IN SUGAR COMPANIES IN WESTERN KENYA

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DECLARATION

Declaration by the student

This Thesis is my original work prepared with no other than the indicated sources, support, and has not been presented elsewhere for a degree or other award.

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BHR/G/17/11

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DEDICATION

This study is dedicated to my parents Mr. and Mrs. Tuvei for their endless love support and encouragement.

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First, I thank my parents for their love and support throughout my life. Thank you both for giving me strength to reach this far and chase my dreams. My sister Mary deserves my wholehearted thanks as well.

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To all my friends, thank you for your understanding and encouragement in my many, many moments of crisis. Your friendship makes my life a wonderful experience. I cannot list all the names here, but you are always on my mind.

ABSTRACT

Intrinsic motivation occurs when people engage in an activity such as a hobby without external incentives. Social and educational psychologists have studied this form of motivation since the early 1970's. Research has found that it is usually associated with high achievement and enjoyment by employees. Research has shown that increased workforce motivation contributes to increased productivity and innovation, creative problem solving, reduced turnover and decreased absenteeism. However, these past researches have never touched on how quality of work, punctuality and commitment influence employee performance. This research therefore seeks to fill this gap. The objectives of the study were to determine the influence of intrinsic rewards on employee performance, to assess the influence of organizational factors on the relationship between intrinsic rewards and employee performance, to determine the influence of organizational factors on employee performance. It was hypothesized that, intrinsic rewards have no statistical significant influence on employee performance, organizational factors have no statistical significant influence on the relationship between intrinsic rewards and employee performance and organizational factors have no statistical significant influence on employee performance. The study was conducted in four sugar companies in the western Kenya. Employees at all levels of management were sampled. The research adopted the descriptive survey research design. The target population was 2000 employees of Mumias sugar company, Nzoia Sugar Company, West Kenya Sugar Company and Butali Sugar Company. Systematic random sampling was used to get the sample size of 200 employees. Data was collected using questionnaires, for primary data. Pretesting of the instruments was conducted to 15 employees of Chemilil Sugar Company. Reliability of data was measured using cronbach's alpha coefficient. Data was analyzed using descriptive and inferential statistics, using SPSS (version 20.0).Results indicated that, there existed a positive influence between intrinsic rewards and employee performance, organizational factors positively moderated the relationship between intrinsic rewards and employee performance and lastly, organizational factors had a statistically significant positive influence on employee performance. This study contributed to the advancement of academic knowledge on the utilization of proper rewarding strategies in enhancing employee performance in sugar companies. The study will provide empirical evidence on the moderating effects of organization training and development and working experience on the relationship between intrinsic rewards and employee performance in sugar companies. It was recommended that rewards should be given in public so as this will encourage hard work among employees and enhance equity. Supervisors in sugar manufacturing firms should closely monitor employees after training to make sure that they are implementing what they learnt. Deliberate action should be taken by sugar manufacturing companies to develop strong organizational cultures geared towards employee performance.

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ABBREVIATIONS AND ACRONYMS

GOK	Government of Kenya
HR	Human Resource
HHR	Head of Human Resources
I.T.	Information Technology
MSC	Mumias Sugar Company
MMUST	MasindeMuliro University of Science and Technology.
NCST	National Council for Science and Technology
OP	Organizational performance
SPSS	Statistical package for social sciences
TCD	Tons of cane per day

OPERATIONAL DEFINITION OF TERMS

Intrinsic rewards: Reward that is driven by an interest or enjoyment in the task itself or from the sense of satisfaction in completing the task.

Decision-making: Freedom of the employee being allowed to make decisions concerning his or her work by the organization.

Task autonomy: Freedom, independence, and discretion in carrying out a task, such as scheduling work and determining procedures to follow.

Recognition: Communication between management and employees which rewards them for reaching specific goals or producing high quality results in the workplace.

Employee Performance: An accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.

Training and development: Continuous equipping of an employee with the necessary skills through seminars, on the job training and workshops.

CHAPTER ONE

INTRODUCTION

1.1Background to the study

Reward management system is one of the most practicable appreciation techniques. It is the main feature of human resource management which attract and retain talented employees by motivating them to perform well, (Markova & Ford, 2011) Readiness of workers to use their creativeness, skills, and knowledge determines the success of an organization and improves the performance of employees, benefits, and incentives that can be used as an effective tool.

In the world today, every organization is working towards ensuring high performance. This is achieved mainly through employee motivation. Psychologists have found out that intrinsic rewards can be more powerful motivators than an external reward system like employee bonus programme, (Armstrong, 2010). Employees who are given more opportunities to meet new challenges are self-motivated versus those that rely upon feedback or direction from their employers.

In a study carried out by Pareek on work motivation and satisfaction in India found out that, work motivation is necessary for humans to complete their day-to-day tasks at their place of work and expresses their overall commitment to their job. The reasons why people are motivated answer the question of "why do we get up in the morning and go to work?" The level of motivation that people have can vary for an immense amount reasons. The level of work motivation of an individual can also relate to their satisfaction with their job and the enjoyment they receive from completing their tasks. Udai Pareek states that, work motivation "has come to mean work satisfaction, commitment to work, involvement in work" (Pareek, 1974). If an individual more satisfied with the work, they are doing and more committed to their company, they may exhibit a higher amount of work motivation.

In the literature, work motivation is defined as “a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work-related behavior and to determine its form, direction, intensity, and duration” (Latham & Pinder, 2005). The literature also states, “Motivation concerns energy, direction, persistence and equifinality all aspects of activation and intention” (Ryan & Deci, 2000). An individual needs to be stimulated and activated to actually do their tasks and what researchers aim to find is what causes that stimulation.

Latham and Pinder believe that a person’s needs help to cause thelevel of motivation a person has. They state that needs explain why a person must do something, but not why certain actions are chosen to be done in certain situations (Latham & Pinder, 2005). The needs of a person will help determine how motivated they are to get a task done in their environment, but they do not tell what a person will do to get the task done.

It can be said that “no single phenomenon reflects the positive potential of human nature as much as intrinsic motivation” because of the way humans seek out the challenges themselves and strive to learn on their own. Some find their work captivating on its own and believe that the work they are doing serves as the reward itself, which is intrinsic motivation. Authentic work done by intrinsically motivated employees and not for external factors can be found to be more genuine and can ultimately enhance their work performance, (Ryan & Deci, 2000).

On the other hand, people can be intrinsically and extrinsically motivated for different tasks and not everyone will be motivated in the same way as another. Some people may be motivated to work for the rewards they receive, such as their paycheck or benefits. This would be an example of extrinsic motivation because the activity they are doing is not bringing them the joy or motivation, the rewards outside of their job is what is propelling them to continue their work.

Goal setting is also a huge part of work motivation and is often elaborated on in research articles. When setting high goals versus those that are easy to attain, one puts in greater effort. This could be linked to a factor of motivation in their job; a high goal within the company makes them work harder and put in effort to achieve this and therefore, motivation may be higher overall. However, it could also be said that if there is little to no commitment to the job in the first place, the goals set might not be completed with as high a level of intensity. Simply put, if the work does not interest the employee, their motivation to complete goals is low. Someone who has high work motivation and is committed to their job may complete the goals set for them at a quicker pace or more thoroughly. In addition, if a goal is seen as a challenge the employee could be motivated to complete the challenge and conquer it. However, if the goal is set and it seems as though failure is inevitable, the employee may draw away from this and lack the motivation they need to complete it, (Locke & Latham, 2000).

Another key point that goes along with work motivation is organizational commitment and involvement in a job. In Cherian and Jacob's article they quote "job involvement and organizational commitment measures have been found to have an impact on employee motivation" (Locke & Latham, 2000). If the employee is committed to their job, they will make an effort to improve the skills needed for that job and motivate them to perform well. If organizational commitment and involvement is low, work motivation will also be low for employees.

Motivation is an important part of everyday life and especially important for corporations to have motivated employees. “In the real world, motivation is highly valued because of its consequences: Motivation produces” (Ryan & Deci, 2000). A motivated employee, whether for intrinsic or extrinsic reasons, can increase the level of productivity for their place of work and can contribute to meeting the goals of the company. As stated earlier in the definition for work motivation, the direction, intensity, and duration of an employee’s work motivation is what causes corporations to run smoothly and successfully. Without intrinsically or extrinsically motivated employees in a job, there is no output.

Intrinsic rewards are the most important techniques to keep employees motivated in accomplishing their tasks. The findings of studies carried out to date indicate that intrinsic rewards system play a vital role in motivating employees so that they can perform creatively, (Eisenberger & Rhoades, 2001). Organization’s procedures, policies, and implications constitute the reward management system and organizations reward their employees according to their participation, skills, and performance. For the purpose of obtaining the strategic goals and creating a helpful working environment, reward system is necessary for any organization to retain and attract skilled and competent employees,(Galbraith, 1973).

A study carried out in the Philippines by Hechanova, Yao and Presbitero Jr. (2005) described the average Filipino worker as someone who values job security, good pay, and opportunities for growth when choosing a prospective employer. The authors suggested that the importance of job security may be explained by the trend towards downsizing in companies. The importance of good pay reflects the economic situation and the need for majority of workers to make ends meet. However, beyond job security and good pay, Filipinos also value opportunities for growth. Aside from describing what Filipino workers look for when selecting organizations, the study also examined what is important for Filipino workers. The study found that family and interpersonal relationships are two of the most important elements in the lives of the Filipino worker, (Hechanova et al., 2005).

A number of studies suggest that despite the incidence of poverty in the Philippines, intrinsic factors remain more important than extrinsic factors. Franco (2008) found that challenge to ability, learning and growth, and enjoyment, respectively, ranked as the top three most valued intrinsic outcomes. However, the scores for external outcomes like career advancement and money to support the family did not fall far from the scores of the intrinsic outcomes on importance. Another study on what motivates the Filipino worker reported that majority of the workers are actually driven by intrinsic motivators rather than extrinsic motivators (Yao, Franco, & Hechanova, 2005). This means that for Filipino workers, intangible rewards such as self-satisfaction, autonomy, and recognition weigh more than tangible rewards.

Through intrinsic rewards, employees feel their work is important, interesting and challenging. It provides them with a reasonable degree of autonomy, opportunities to achieve and advance the scope to use and develop their skills and abilities. People seek the type of work that satisfies them but this process is through its values as well as empowerment, development and job design policies and practices. The job itself must provide variety, sufficient complexity, challenge and skill to engage the abilities of the worker (Katz, 1964). For instance, the productivity of Nigerian workers was blamed on several factors, among them, employer's failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity, (Akerele, 1991).

In summary, the real success of companies originate from employees' willingness to use their creativity, abilities and know-how in favor of the company and its organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place,(Markova & Ford, 2011). The importance of motivated employees cannot be highlighted enough in an organizational context, (Lotta, 2012). Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation,(Hunter & Schmidt, 1990).

1.2Statement of the problem

There is little theoretical and empirical attention paid in understanding the motives why or why not sugar companies motivate their employees. The impetus for this research came from the main reason that in modern organizations motivation is a key to competitiveness and employee performance. Like other countries, Kenyan organizations have also accepted this practice of intrinsically motivating their employees. Therefore, the central thesis of the present study was to assess the influence that intrinsic rewards had on employee performance in sugar firms. A motivating company should supersede its main objective of maximizing its shareholders wealth and extend its mandate through by training and developing employees through initiatives like involving employees in decision-making, task autonomy, and recognition and being transparent in its reward administration. Previous studies that have attempted to investigate the influence of intrinsic rewards on employee performance have demonstrated that they have a positive impact on employee satisfaction, their loyalty, their retention and trust but they have failed to address how these intrinsic rewards influence employee performance in sugar companies.

The study by Roshna & Dahivale (2006), done in Pune on how intrinsic rewards influence employee performance in co-operative sugar factories. They used descriptive and deductive approach. The findings revealed that reward systems in cooperative sugar factories plays vital role in enhancing employee performance. The study did not reveal how working experience and training and development influences employee performance.

Despite several studies having been done on intrinsic rewards and employee performance there is still lack of sufficient information to address the problem. Most research findings have not highlighted the factors that moderate the relationship between intrinsic rewards and employee performance (training and development and working experience). An empirical gap therefore, exists where literature is lacking on the moderating factors on the relationship between intrinsic rewards and employee performance. This study therefore sought to fill this empirical gap by establishing the influence of intrinsic rewards on employee performance in sugar companies in Western Kenya.

1.3 Objectives of the study

i) To determine the influence of intrinsic rewards on employee performance.

ii) To assess the influence of organizational factors on the relationship between intrinsic rewards and employee performance.

iii) To determine the influence of organizational factors on employee performance.

1.4 Hypotheses of the study

$H_0$1.Intrinsic rewards have no statistical significant influence on employee performance.

$H_0$2 Organizational factors have no statistical significant influence on the relationship between intrinsic rewards and employee performance.

$H_0$3performance.Organizational factors have no statistical significant influence on employee

1.5 Significance of the study

The study was important because its findings will assist the sugar board and the sugar company management in the review and improvement of intrinsic rewards policies in sugar companies to make them responsive to vision 2030.

This study contributed to the advancement of academic knowledge on the utilization of proper rewarding strategies in enhancing employee performance in sugar companies. Specifically, the study will provide empirical evidence on the moderating effects of organization training and development and working experience on the relationship between intrinsic rewards and employee performance in sugar companies.

1.6 *S*cope of the study

The study was conducted in sugar companies in the western region of Kenya. Employees at all levels of management were sampled. External and internal factors affect the performance of any organization, (Hunger & Wheeler, 2007). External factors such as political and legal policies, economic factors such as inflation as well as environmental factors such as weather may vary the performance in the sugar companies at one time, but these factors are completely out of the organization. However, internal factors are within the control of the organization and can be adjusted accordingly to achieve the desired results. This study specifically focused on employee involvement in decision-making, job design, task autonomy, and recognition that are a prerequisite to a successful reward administration policy.

The research also sought to establish if training, development, and working experiences moderated the relationship between intrinsic rewards and organizational performance.

1.7 The conceptual framework

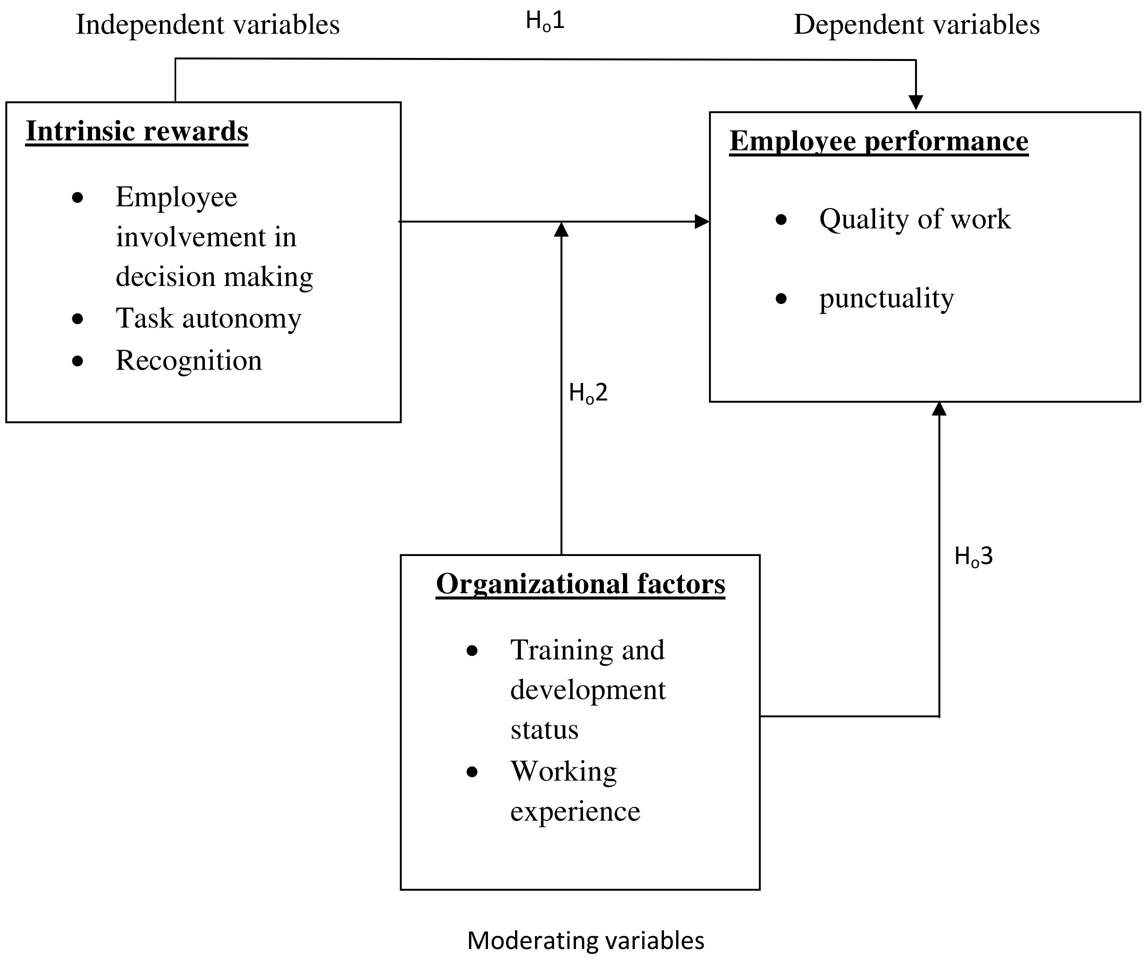

Figure 1.1Conceptual framework

Figure 1.1: shows independent factors namely employee involvement in decision-making, task autonomy and intrinsic rewards that have a direct impact on the employee performance.

The moderating factors are training, development, and working experience. These factors affect employee performance in a positive way.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature related to intrinsic rewards and employee performance in sugar companies. The concepts of employee performance and intrinsic rewards were defined and analyzed in relation to the study. The relationship between the concepts was discerned. A conceptual framework was then generated showing the relationship between the variables. The gaps to be filled by the study were also highlighted.

2.2 Overview of motivation and General Theories

Motivation is a psychological process resulting from the arousal, direction and persistency of voluntary action to attain organizational and personal goals. Pinder, (1998) highlights that "work motivation is a set of energetic forces that originate both within as well as beyond an individual's being, to initiate work-related behaviour and to determine its form, direction, intensity and duration." Wong, (1999) categorized job-motivating factors into two variables, which are intrinsic and extrinsic variables. Intrinsic variables include: feeling of involvement, supervisors help with personal problems, interesting work, promotion or career development and appreciation of a job well done Curtis, (2009) outlines extrinsic variables as: job, security, good salary, tactful discipline and good working conditions. Mahaney, (2006) says intrinsic rewards include issues related to the job itself such as achievement, autonomy, variety, responsibility, recognition, praise from superiors and co-workers, personal satisfaction and feelings of self-esteem. There are so many motivation theories but the researcher based only a few that bring out the concept of intrinsic rewards. These include:

One, the hierarchy needs theory which was formulated in 1943 by famed behaviorist Abraham Maslow identifies, five needs that might prompt individuals' action, (Armstrong, 2009).These are, in ascending order of importance: psychological (food, sleep, sex, breathing), safety (physical or psychological), social (family, friends and organization), esteem (self-respect and admiration from others) and self-actualization (self-expression, moral clarity, sense of purpose). It is unlikely that the first two will play much of a role in motivating workers, except for the obvious fact that earning a paycheck helps prevent starvation. But the latter three factors can be of great value, for instance, some workers might derive more satisfaction from their performance on the company bowling team than the actual job.

Expectancy theory of motivation emphasizes the mental processes regarding choice, or choosing (Armstrong, 2009). It looks at self -interest in the alignment of rewards with people's wants and the connections among expected behaviours, rewards and organizational goals. For organizations, it helps them to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients. According to Expectancy Theory, people are most motivated if they believe that they will receive a desired reward if they hit an achievable target. They are least motivated if they don't want the reward or they don't believe that their efforts will result in the reward. The key here is to set achievable goals for your employees and provide rewards that they actually want. Rewards don't have to come in the form of pay rises, bonuses or all expenses paid nights out. Praise, opportunities for progression and "employee of the month" style rewards can all go a long way in motivating your employee.

Job characteristics model theory, designed by Hackman and Oldham is based on the idea that the task itself is key to employee motivation. Job enrichment and job rotation are the two ways of adding variety and challenge to a job and encourage workplace motivation. It states that there are five core job characteristics like skill, variety, task identity, task significance, autonomy, and feedback which impact three critical psychological states that is, experienced meaningfulness, experienced responsibility for outcomes, and knowledge of the actual results, in turn influencing work outcomes like job satisfaction, absenteeism, workplace motivation, etc. The five core job characteristics can be combined to form a motivating potential score (MPS) for a job, which can be used as an index of how likely a job is to affect an employee's attitude and behaviour. Hackman and Oldham's job characteristics motivation theory proposes that high workplace motivation is related to experiencing three psychological states whilst working, these are, meaningfulness of work, responsibility, Knowledge of outcome, (Armstrong, 2009)

Frederick Herzberg's, two-factor theory or the motivator-hygiene theory states that, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction." Herzberg classified these job factors into two categories-:hygiene factors which include: pay, company policies, fringe benefits, physical working conditions, status, interpersonal relations and job securities and motivational factors which include: recognition, sense of achievement, growth and promotional opportunities, responsibility and meaningfulness of work. Hygiene factors do not give an employee satisfaction as motivating factors do. Motivating factors are intrinsic rewards derived from an individual's work satisfaction and they come from within making employees to produce more in order to feel a sense of self-accomplishment, (Herzberg *et al* 1959)

2.3 Concept of organizational performance

Debate has emerged among management practitioners and scholars centered on the definition of organizational performance. Organizational performance has traditionally been defined in terms of financial measures, but the construct has lately been expanded to include non-financial measures (Dimba*et.al*, 2008).According to Artley and Stroh (2001) performance measures are tools that help us understand, manage and improve what organizations do. Measurement of organizational performance is done to ensure employees are meeting objectives, staffs are motivated, comparison is done in relation to competitors' activities, individual, organizational objectives are aligned, and budget priorities determined, (Behn, 2003).

This study defined organizational performance as the process and the extent to which an organization attains what it planned to achieve in a given period. The study majorly utilized non-financial measures of performance, since they have strength and are more directly traceable to the motivation of the organization. Unlike financial measures that may be irrelevant due to accounting period delay or too summarized because of the length of accounting period, (Shank & Govindarajan, 1993).

Employees with high job involvement are more focused towards their jobs, understanding the links between work construct. The design of effective rewards package for employees is the most difficult task for the organization. Gaining employee satisfaction with rewards is not easy. It is important for the managers to understand the needs, expectations and desires of employees and offer those rewards, which lead to satisfaction of the employees. There are wide varieties of intrinsic rewards available, which increase satisfaction, and overall job related productivity of employees. Some of these rewards come in the form of job involvement, participation in decision-making, job autonomy, task significance and recognition. These rewards have their merits in creating a highly satisfied workforce. Creation of a positive and cooperative atmosphere within an organization and designing effective compensation package for employees leads to satisfaction, motivation and commitment towards the improvement of overall functioning of an organization, (Hackett, *et. al*, 200l).

2.4 Intrinsic rewards

As conceptualized in the study, intrinsic rewards include employee involvement in decision-making, task autonomy and recognition.

2.4.1 Employee involvement in decision making

Involving employees in decision-making is a very difficult task because there are a number of factors that have essential impact on the individual decision-making. These factors are personal belief, personal values and personality traits of an individual that differ from one individual to another. Whenever an individual has freedom of action, that individual's distinctiveness exerts their strongest influence on the employee's performance (Finkelstein & Hambrick, 1996).His personal beliefs, personal value and personality association between the organization characterize an individual and the employee, that results in improved productivity, reduced turnover, improved recruiting success and high rates of retention.

According to Cohen, (1995) support by organizations to their employees to participate in decision making usually plays a vital role in enhancing employees' affective commitment to the organization. Hales, (2000) stated that the need for employees to be involved in decisions that affect their work has been a centre of argument in current managerial issues. Direct participation can be thought of as three-dimensional: employee voice, actual influence employees have over decisions and providing employees with relevant information. (Strauss, (2006) & Marchington, (1992) supported the notion that employee participation in decision making enhances employee performance when they conducted a 25 in-depth case studies involving 38 sites in the United Kingdom and concluded that employee involvement was typically management initiated with the intention of improving and enhancing organizational commitment.

Individual decision makers serve as a boundary, which helps an alignment between organization and its environment, and therefore their decisions and actions are likely to influence the organization. Effectiveness of information sharing or involvement in decision-making strategies may be influenced by employees' attitude towards involvement. Employees who feel that their involvement in decision-making is likely to have some impact are more likely to become actively involved. An active orientation to involvements refers to the extent to which employees feel willing and able to influence the working arrangements. It is shaped by the work environment and is a continuous variable meaning that employees can be viewed as having a more or less active orientation, rather than active or inactive orientation. When the management provides information to the employees with a high active orientation, they may be more likely to read it or attend management-sponsored meetings to discuss change initiatives thus leading to improved performance, (Hambrick, *et.al*, 2005).

Warren *et.al* (2011) examined factors affecting strategic decision-making and found out that managerial cognition as well as individual and corporate values have an impact on strategic decision-making. Strategic competencies are important although there is no agreement within the literature on whether those competencies are focused on factors that may affect the process of decision-making and not how decision-making improves employee performance.

The Herzberg's theory specifies that a job will enhance work motivation and satisfaction only to the degree that "Motivators" are designed into the work itself (Herzberg, *et al*., 1959). The implication is that the Herzberg's two-factor theory is a job design theory. This theory proposes that the primary determinants of employee satisfactions are factors intrinsic to the work that is done, that is recognition, autonomy, achievement, responsibility, advancement, personal growth in competence. These factors are called "motivators" because they are believed to be effective in motivating employees to superior effort whereas company policies, supervision, control, pay plans, working conditions and so on are extrinsic and contrasting factors that dissatisfies workers on the job, (Braverman, 1974).

According to Fagbohungbe and Longe (1995) all motivators or satisfiers are job content factors because they are intrinsic in the job while demotivators or dissatisfiers are job context factors because they are extrinsic on the job. Pay or remuneration package according to Herzberg is not a motivator. This view is in contradiction with Taylor's belief that the best type of workers' inducement is money and economic reward. In Herzberg's view, satisfaction can only be achieved when job is enriched, and made more challenging through the process of job design. When job is enriched and made more challenging there is increase in employee autonomy and merit is rated based on individual performance, (Kreitner, 2000).

2.4.2 Task autonomy

Autonomy is the independence or freedom that someone has in their life. In the workplace autonomy can have a similar meaning for employees and their role within their corporation. People have a certain level of independence within their job and that level depends on many different aspects including where they work, their position within the company and their job description. In the literature autonomy is defined as 'the degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out.'(Hackman & Oldham, 1975) autonomy is low within a job it is possible that the work is very monotonous or that the employee has little choice in the tasks they complete or when they complete them.

Within the literature, researchers break down autonomy into three different areas and define each one. Work method autonomy can be defined as "the degree of discretion/choice individuals have regarding the procedures/methods they utilize in going about their work" (Breaugh, 1985). This could regard the manner or processes they use to complete the work they are given. Work scheduling autonomy is defined as "the extent to which workers feel they can control the scheduling sequencing/timing of their work activities," which can be extremely important to an individual because our day to day schedules can become hectic and busy very quickly, (Breaugh, 1985,). Finally, there is work criteria autonomy, which is defined as "the degree to which workers have the ability to modify or choose the criteria used for evaluating their performance." Many jobs have a set system in place for evaluating their employees. However, if the employee can choose how they want to be evaluated and what they want to be evaluated on it may benefit them more so than the company's system that is set in place.

Some jobs may contain all three types of autonomy and the employee is free to create their schedule, complete tasks when they wish and choose how they structure their day. Even having one or two types of autonomy and not the third can improve the outlook an employee has on their employment. Some jobs may have very low autonomy or an amount where the employee can choose small aspects of their day and not others. Autonomy is important to the workplace because "when employees are given job autonomy, they can more effectively perform producing and servicing activities by more efficiently utilizing their knowledge, skills, and abilities" (Park & Searcy, 2011).

An employee may feel as though their talents are highlighted more when the work they do is completely scheduled and chosen by them. Employees may feel as though their talents are overshadowed if they are in a group setting or if someone else compiles their schedule and tasks.

There could be situations where employees could work their way up in a company or when they have worked at the company for multiple years that their job then becomes more autonomous. "When a company grants employees job autonomy, employees may consider these freedoms and discretions as indications that the company respects them and values their inputs" which can be extremely important because an employee's feelings towards the company can have a great impact on the work they produce, (Park & Searcy, 2011). Overall, individuals and employees do not want to be told what to do; they want the freedom and independence to choose their tasks and schedule that an autonomous job would give them. If they are given more freedom and choices, they may be more productive and committed to their job.

The notion of task autonomy, which is giving the individual who performs a task considerable discretion and control in deciding how to carry it out is as old as organizations themselves. The widespread and organized use of task autonomy in organizations, however, is a relatively modern phenomenon. Rarely used systematically before 1980, by the mid 1990s, task autonomy and related forms of employee participation were used in more than 90% of Fortune 1000 companies (Lawler, *et. al.*, 1995). Giving task autonomy to employees is generally expected to result in higher motivation, satisfaction, and performance.

The generally accepted causal mechanism linking task autonomy to task performance is motivation. The most explicit model of a motivational effect of task autonomy can be found within (Hackman & Oldham, 1976) job characteristics model, one of the most influential, broad theories of work motivation. To them, autonomy is one of five job characteristics that determine the motivating potential of a job. As one of a set of job characteristics, autonomy leads to the outcomes of increased motivation and work effectiveness. The job characteristics model provides a motivational explanation for how task autonomy relates to performance. More specifically, autonomy leads to the critical psychological state of "experienced responsibility for outcomes of the work," which in turn leads to outcomes such as high work effectiveness and high internal work motivation. More specifically, task autonomy will influence performance (high work effectiveness) through its effect on motivation. That is, motivation is one mechanism that explains the relationship between task autonomy and performance.

Although in general there is empirical support for the relationship between task autonomy and performance, (Spector, 1986) the effect size remains modest. In addition, the positive effects of task autonomy have shown themselves to be much more elusive in practice, than existing theoretical models have suggested (Godard, 2011). Negative effects of performance and satisfaction have been found (Farh& Scott, 1983).Unfortunately, there is no theoretical model to which practitioners or researchers can turn to, to identify and understand the effects (both positive and negative) of granting task autonomy to individuals in organizations.

On the other hand, the extent of the job depth designed into the work itself determines the extent of management control. Job depth according to Kreitner, (2000) is the extent to which an individual worker can control his or her work. When management set rigid standards, organizes the work to the least detail, prescribes methods and supervises the work closely, it means that the job depth of the employee is low. The implication is that there is increase in management control (Braverman, 1974).

On the other hand, if after objectives and general rules are set, employees are free to set their own pace and do the job as they think best, then the job depth of the employee is high. The implication therefore is that there is increase in employee autonomy (Herzberg *et al.*, 1959, Hackman & Oldham, 1976). The overall implication is that the lower the job depth of the employee the more the increase in management control and the higher the job depth of the employee the more the autonomy increases. High work effectiveness and employee satisfaction are identified as outcomes of increase in employee autonomy, (Mbah & Ikemefuna, (2012) whereas low work effectiveness and employee dissatisfaction are outcomes of increase in management control strategies.

2.4.3 Employee recognition

Numerous studies show that recognition is a much better retention tool and performance motivator than money. A study of over 2,000 employees by the Gallup, for example, found that 69% of employees prefer praise and recognition from their managers over and above money. Therefore, the key to developing and maintaining a highly engaged and motivated team is to use intrinsic motivators, not extrinsic motivators.

In a study carried out by shore & shore (2001) on Nigerian workers found out that, employees who are able to experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for. Thus, there is a need for the employers to really make an effort in showing the employees that their wellbeing is of concern to the organization and the management and that the contribution of the employees towards the organization is highly valued. This idea is further reiterated by Buchanan, (1974) who adds that the recognition of contributions towards the organization has a positive relationship towards increasing the commitment of the employee towards the organization and its objectives. The researchers failed to state whether recognition increases employee performance or not. This study therefore seeks to answer that.

A meta-analysis by (Denisi & Kluger, 2000) of 131 empirical studies that had tested how well feedback interventions worked indicated a modest but positive effect of feedback on performance overall. Recognition can be provided by positive and immediate feedback from managers and colleagues that acknowledge individual contributions and by managers who listen to and act upon the suggestions of their team members. Other actions that provide more recognition include allocation to a high profile project and enrichment of the job to provide scope for more interesting and rewarding work.

In the study carried out by (Andrew, 2007), on employee satisfaction and commitment stated that rewards and recognition enhances the loyalty and commitment of all employees. Recognition has significant impact on an employee's decision to stay or leave his her organization, (Blasé & Kirby, 1992). Recognition can increase motivation, and employee loyalty. The effective reward package enhances the productivity of the employees such as recognition and appreciation from the boss, which leads to the employees' job satisfaction. Recognition is one of the powerful motivators according to early researches. These researchers however failed to link recognition to employee performance. This research therefore seeks to find out if recognition enhances employee performance.

2.5 Organizational factors

As conceptualized in the study the organizational factors include: employee training and development status and employees' working experience.

2.5.1 Employee training and development

As the generator of new knowledge, employee training and development is placed within a broader strategic context of human resources management, that is, global organizational management, as a planned staff education and development, both individual and group, with the goal to benefit both the organization and employees. To preserve its obtained positions and increase competitive advantage, the organization needs to be able to create new knowledge, and not only to rely solely on utilization of the existing,(Vemic, 2007). Thus, the continuous employee training and development has a significant role in the development of individual and employee performance.

In a study carried out by Beardwell & Holden (1997) human resource management has emerged as a set of prescriptions for managing people at work. Its central claim is that by matching the size and skills of the workforce to the productive requirements of the organization, and by raising the quality of individual employee contributions to production, organizations can make significant improvements on their performance.

Imran, (2012) did a study on organization support system, training and development, compensation, pay and development and empowerment on human resource management practices and employee commitment among the service sector employees in Pakistan. He used survey research design. The findings indicated that compensation, training, and development were significantly related to employee commitment but did not study how it affects employee performance. This research, however aims at illustrating how training and development can influence employee performance.

2.5.2 Employees' working experience

Experienced workers can bring in diverse knowledge that enables innovation and performance. Yet most organizations do not explicitly hire to gain diverse knowledge. Instead, organizations seek employees whose prior work experience is similar to the current needs of the organization because they expect that these employees will bring knowledge that enables them to be immediately productive (Rynes, *et. al.*, 1997). At the same time, almost all research on the relationship between work experience and job performances has considered only experience within the current firm, overlooking the importance of work experience acquired in prior firms. Indeed, empirical investigation of the relationship between prior work experience and current job performance has been very limited despite its importance to organizations.

Most organizations hire on the basis of work experience because they expect experienced workers to perform better, (Rynes, *et.al.*, 1997). Indeed, employers often use prior experience as an expedient proxy for the knowledge and skill that contributes to performance. Similarly, researchers studying the relationship between experience and performance often treat work experience as a proxy for knowledge, yet the two constructs (experience and knowledge) are theoretically and practically distinct. Task-relevant knowledge can result from work experience, but it is not the only outcome. Prior work experience can also lead to habits, routines, and other cognitions and behaviors that may or may not be useful for performance when applied in a different context. It is important to understand the relationship between work experience and performance. Work experience may improve performance, but only indirectly via relevant knowledge and skill, because prior work experience provides the opportunity for individuals to acquire relevant knowledge and skill that can, in turn, enhance performance in the job,(Borman & Motowidlo, 1993)

2.6 The relationship between intrinsic rewards and employee performance

Reward had been seen to be a vital instrument in employee performance. Well-rewarded employees feel that the company that they are working for is valuing them. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self development is also being honored and taken care of by their company. Employees are the engine of organization vehicles while reward is the fuel. No organization can achieve its stated objectives without its employees. The more the employees are motivated the more they perform, (Ravinder*et.al* 1997).

In a study carried out by Amaledu *et,al.*,(2011) on financial performance analysis, found out that, the liquidity position was strong in case of both the selected companies. It reflected the ability of the companies to pay short-term obligations on due dates and they relied more on external funds in terms of long-term borrowings thereby providing a lower degree of protection to the creditors. Financial stability of both the selected companies has showed a downward trend and consequently the financial stability of selected pharmaceutical companies has been decreasing at an intense rate .The same happens in the four sugar companies which rely on external funds of long term borrowing to survive.

In a study carried out by Olagoke, (2010) on caregivers found out that employees are more satisfied with intrinsic rewards like self-growth and personal, emotional and psychological development. He used rewards such as task autonomy; task significance and task involvement to determine the level of performance of these employees. He concluded that there is significant relationship between intrinsic rewards and employee performance of which if it is offered from the higher level, the employee would be more satisfied with his work.

Much of research conducted on intrinsic rewards is from a range of disciplinary perspective (e.g. psychology, sociology, economics and industrial relations). Most of the organizations understudy were non- profit making organizations and very little has been done in profit organizations especially the sugar industry in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces the methods employed in order to obtain information and data required for the study. Specifically the chapter discusses the study design, study area, study population, sampling techniques and sample size, instruments of data collection, validity and reliability of research instrument, data collection procedures and methods of data analysis.

3.2 Research Design

Descriptive survey research chosen because it involves collecting data in order to test the hypothesis or answering questions concerning the status of the subjects of the study (Kerliger, 2000, Mugenda & Mugenda, 1999.). They further note that the design seeks to identify the nature of factors involved in a given situation, determine the degree in which they exist and discover the links that exist between them. The research design was relevant in this study because a number of variables are involved, for instance, employee involvement in decision-making, job design, task autonomy and to what extent these intrinsic rewards have influenced employee performance in sugar companies.

3.3 Study area

The study was carried out in Bungoma and Kakamega counties in western Kenya. The study focused on four main sugar companies located within Kakamega and Bungoma counties, of the larger western province, namely: Mumias (in Mumias), Nzoia sugar company limited(Along Webuye-Bungoma road), West Kenya and Butali sugar factories.(in Kabras along Kakamega –Webuye road).The sugar belts comprise company owned nucleus estates and the out growers owned by individual farmers. The climate of the region is very conducive for cane farming and has fertile soils. The study focused on the four sugar companies in Bungoma and Kakamega County because of the so many strikes and employee turnover witnessed in the recent past. The researcher wanted to find out if lack of intrinsic rewards was the cause of employee strikes, turnover and hence low performance seen in appendix 11.

3.3.1 Overview of Mumias Sugar Company

Mumias sugar company (MSC) is located in Mumias District, Kakamega County, Kenya. The district lies between longitudes $34^{0}2^{\text{¢}}$E and $35^{0}0^{\text{¢}}$E and latitudes 0^{0} $15^{\text{¢}}$N.This district covers 96.6 square kilometers of land area this being 16.5% of all land. MSC is found in Mumias Division being one of the four administrative units of Mumias District. Matungu Division to the North, East Wanga to the east and south Wanga to the South border the division. Mumias Division is divided administratively into one location known as Nabongo and five Sub-locations, which are Ekero, Nucleus, Lureko, Township and Matawa (Kenya 2003). Kakamega County has a population of 1,660651 persons and covers surface area of 3,051 $km^2$with a population density of 544 per square km.

3.3.2 Overview of Nzoia Sugar Company

Nzoia Sugar Company Limited (NSC) is one of the key players in Kenya’s sugar Industry. Nzoia Sugar Company is located in Bungoma County, 5 Kilometers from Bukembe off the Webuye-Bungoma highway. The Company serves over 67,000 farmers in the larger Bungoma, Kakamega and neigbouring Counties. It is situated at a latitude of 0˚35’N and a longitude of 34˚40’E, and an altitude of between 1420-1490 meters above sea level. The Company was established in 1975, under the Companies Act Cap. 486 of the Laws of Kenya with Memorandum and Articles of Association and issued a certificate of incorporation No.C13734 dated 1st August,

1975. The Government is the majority shareholder owning 98% shares while Fives Cail Babcock (FCB) and Industrial Development Bank owning 1% each respectively.NSC produces sugar and supports cane production through the provision of extension services to farmers with an extensive Company nucleus estate covering 3600 ha and an out grower zone spanning more than 23,500 ha of cane.

3.3.3 Overview of west Kenya and Butali sugar companies

West Kenya and Butali Sugar companies are located in Kakamega north District, Malava sub county, Kakamega County. Both of them are along Kakamega-Webuye route. West Kenya is approximately 18Kms from Kakamega town with a daily crashing capacity of 900 TCD and annual production of 1800 tonnes per year while Butali Sugar Company is approximately 33kms from Kakamega town and has a cane crushing capacity of 2500 TCD.

3.4 Study Population

Western province has four-sugar companies two public: Mumias and Nzoia sugar companies and two private: West Kenya and Butali sugar companies with a population of 2000 employees, (Source: Kenya Sugar Board).

3.5 Sample size and Sampling procedures

According to Kothari, (2007) a sample must fulfill the requirements of efficiency, representativeness, reliability and flexibility of the population. The purpose of sampling, according to (Mugenda & Mugenda, 2001), is to secure a representative group which will enable the researcher to gain information about the population. Purposive sampling procedure was used to select the study area. Purposive sampling according to (Fraenkel & Wallen, 1997) is a sampling technique that allows a researcher to use cases that have the required information with respect to the objectives of the study.

In order to achieve experimental diversification, participants were identified by purposive selection. A population of 200 people were sampled from the four sugar companies, they included, managers, supervisors, clerks, secretaries, drivers, cane loaders and security men.

To single out information from respondents, the researcher used the systematic random sampling technique to select the respondents where every 5th respondent from every strata was selected. The sample involved in the study formed some 10% of the entire population. This, according to (Kothari C. , 2007), is deemed representative enough. The table below therefore shows the sample sizes of the employees from various companies who were the respondents.

$10/100 \times 2000 = 200$

Table 3.1: Sampling

Company	Study population	Sample size	%
Mumias sugar	600	60	10
Nzoia sugar	550	55	10
West Kenya	450	45	10
Butali	400	40	10
TOTAL	**2000**	**200**	

Source: Kothari, 2007.

3.6 Data Collection Instruments

This study used questionnaires as the primary instrument of data collection.

3.6.1 Questionnaire

Questionnaires were developed from the objectives of the study and were administered to the respondents. They had five point likert scale items open ended and closed ended questions. They sought personal information of the respondents and that concerning intrinsic rewards and organizational performance in sugar companies. The researcher and research assistants giving respondents sufficient time to answer the questions distributed questionnaires to the respondents. This method was appropriate for the respondents given that they were literate. The information needed could be provided in writing and it was easy to classify and analyze the data collected especially on closed ended questions. (Oso & Onen, 2004). This method was appropriate for the researcher since it catered for the whole population because it was large in relation to the available time.

The researcher resorted to use of questionnaires only because with questionnaires, large amounts of information can be collected from a large number of people in a short period and in a relatively cost effective way. The results of the questionnaires can usually be quickly and easily quantified by either a researcher or through the use of a software package and also questionnaires can be analyzed more 'scientifically' and objectively than other forms of research.

The questionnaire return rate was 100% since all the 200 questionnaires were returned. The response rate of at least 90 % is considered a good rate according to Saunders, *et. al.*, (2007). The reliability test was done and the questionnaire had an Alpha of Coefficient of 0.890 for all the 200 items. This implied that the research instruments were reliable since the score was above the recommended 0.7 in non-clinical research work.

3.6.2 Piloting

Questionnaires were developed and administered to employees of Chemilil Sugar Company for pretesting. Pretesting of the instruments was conducted to 15 employees of Chemilil Sugar Company, after which the researcher assessed the clarity of the questions and discarded or modified to improve the quality of the research instrument. The instrument was validated by expert content judgment with the help of supervisors in the School of Business and Economics of MasindeMuliro University of Science and Technology; data was analyzed using descriptive and inferential statistics.

3.7 Validity and reliability of research instruments

Although the data collection methods selected above were appropriate for the study, there was need to ensure they were valid and reliable. Validity is the extent to which a research instrument measures what it was intended to measure (Nsuguba, 2000).Reliability on the other hand is the extent to which a given instrument yields consistently the same results when repeated measurements are taken from the same subjects in a research under the same conditions. (Kombo & Tromp, 2006)

3.7.1 Validity

In the study content and construct, validity of the research instruments started at the design stage. Content validation ensured that the items in the questionnaire were adequately representative of the objectives; while construct validation ensured that the instrument actually measured what it was supposed to measure. (Best, 1981). According to Velma & Mallick, (1999) there seems to be a consensus amongst researchers that content and construct validity is established by referring to the test for professional judgment to check whether it measures what it claims to measure.

Consequently, the researcher sought the advice of the supervisors from the Department of Business Management of Masinde Muliro University of Science and Technology to validate the instrument. Their corrections and suggestions were used to produce the final copy of the questionnaire.

3.7.2 Reliability

Reliability of an instrument refers to its ability to produce consistent and stable measurements,(Mugenda & Mugenda, 1999).The most common reliability coefficient is the Cronbach'salpha which estimates internal consistency by determining how all items on a test relate by all other items and to the total test internal coherence of data. The reliability is expressed as a co-efficient between 0.00 and 1:00. Cronbach's alpha,(Mugenda & Mugenda, 1999).This indicates the extent to which a set of test items can be treated as measuring a single latent variable. The recommended value of 0.7 was used as a cut- off reliabilities. Cronbach's alpha is a general form of the Kunder-Richardson (K-R) 20 formulae used to access internal consistency of an instrument based on split–half reliabilities of data from all possible halves of the instrument. It reduces time required to compute a reliability coefficient in other methods, (Mugenda & Mugenda, 2003).The Kunder-Richardson (K-R)20 is based on the following formula;

KR_{20}=(K) (S^2–$s^{2)}$

$KR_{20=}$Reliability coefficient of internal consistency

K=Number of item used to measure the concept

S^2=Variance of all score

s^2=Variance of individual items

Thus a Cronbach's alpha coefficient of 0.890 was obtained from the respondents' questionnaires. This indicated that the instruments were reliable. Based on reliability, it was concluded that the scales used in this study were reliable to capture the constructs.

The research established the reliability of the research instruments before proceeding to the field to collect data. The questionnaires were administered to 15 employees of Chemilil Sugar Company selected for a pilot study. The sugar company was however not included in the study. This was done to determine whether the instrument yielded the data needed, identify the problems that the participants encountered in responding to the items and to find out if items were clear or ambiguous. The researcher assessed clarity of the questionnaire items so that those items found to be inadequate or vague were modified to improve the quality of the research instrument thus increasing its reliability.

3.7.3 Ethical considerations

In order to protect the rights and welfare of respondents and to ensure that the study does not psychologically, socially and financially harm them as emphasized by Mugenda, (2008). The study got informed consent from respondents and interviewees before they participated in it. They were made aware of the purpose of the research and expected benefits of the research. They were also assured of their anonymity, privacy and confidentiality of the information they gave, therefore, the instruments for data collection were also designed in such a way that the above was achieved.

3.8 Data Collection Procedures

The researcher to acquire a research permit and authorization letter from the National Council of Science and Technology used an approval letter from the school of Graduate studies at Masinde Muliro University of Science and technology. The research permit was then used to seek permission from the participants. The research assistants therefore explained the nature and purpose of the research to the respondents during collection of data.

Two research assistants were hired and inducted on how to administer the questionnaires to the respondents. Through the induction process, clarification of questions to be asked and procedure to be followed presumably minimized possible errors while in the field. A pilot study was done between September 10th to October 28th, 2015 at Chemilil Sugar Company. Each set of questionnaire was prefaced by a covering letter that explained the purpose and importance of survey and provided assurances that all responses were treated with strictest confidentiality. The questionnaires were then hand delivered by the research assistants to all the sampled sugar company employees. This was carried out over a period of five months from January 27th, 2016 to May 20th 2016, in the four sugar companies (Nzoia in Bungoma, Mumias, West Kenya and Butali in Kakamega.)

3. 9 Data Analysis and presentation

The study used both descriptive and inferential statistics to analyze data. Serekan, (2003) refers descriptive statistics to statistics that describe the phenomena of interest. Descriptive statistics included the use of means and standard deviations. On the other hand, inferential statistics gave information on how the variables related to each other. Inferential statistics included the use of Pearson's correlation and regression models. Zero order correlation was used to test the influence of intrinsic rewards on the organizational performance. On the other hand, first order partial correlation was used to measure the moderating effect of individual factors on the relationship between intrinsic rewards and organizational performance. The results between intrinsic rewards and organizational performance were expected to follow a regression model of the nature; $P=\alpha+\beta_1 IR+e$ while the relationship between individual factors and organizational performance was expected to follow a regression model of the nature $P=\alpha+\beta_2 IF+e$, where, P=Organizational performance, α=intercept term, β_1 and β_2=Beta coefficients, IR=Intrinsic rewards IF=Individual factors and e= constant term/ error term. The following table shows how the tests and modeling was done.

Table 3.2 Hypothesis testing and regression

Hypothesis	**Hypothesis test**	**Regression model**
Ho_1: Intrinsic rewards have no statistically significant effect on organizational performance.	Karl Pearson's zero order coefficient of correlation (Beta test)	RejectHo_1if $\beta_1 \neq 0$
Ho_2: Organizational factors have no statistically significant effect on the relationship between intrinsic rewards and organizational performance.	First order partial correlation coefficient	RejectHo_2if $r_{xy.z1} \neq r_{xyz} r_{x}$ $_{y.zn} \neq r_{xy}$. $P=\alpha+\beta_2 IF+e$
Ho_3: Organizational factors have no statistically significant effect on organizational performance	Karl Pearson's zero order coefficient of correlation (Beta test)	RejectHo_3if $\beta_2 \neq 0$ $P=\alpha+\beta_3 RD+e$

Source: Researcher 2017

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The chapter presents and interprets data that was collected from the respondents of the study. The research sought to establish the extent to which intrinsic rewards influenced organizational performance in sugar companies in Western Kenya. The findings are presented in terms of the response rate, data preparation and screening, demographic characteristics of respondents, influence of intrinsic rewards on organizational performance in sugar companies in Western Kenya. The findings include both descriptive and inferential analysis results.

4.2 Data collection process and response rate

The study sought to get views of how intrinsic rewards influenced organizational performance from 200 employees of sugar companies. All questionnaires were filled and returned. The reliability of the questionnaire items, established through the Cronbach alpha coefficient test (α =0.898) was higher than that suggested by Hair *et. al.,* (2006). It indicated high level of reliability for the items. All statistical tests were performed using SPSS version 20.0. Commonly accepted descriptive statistics including measures of central tendency for frequency distribution, correlation, regression and standard deviation as a measure of variation were determined, as advocated by (Neuman, 2003).

4.3 Background information of the respondents

The study sought to find out general information from the respondent that was crucial for the research. This information included, gender, age bracket, marital status, terms of service, educational level and work experience. The following were the findings.

4.3.1 Gender of the respondents

Table 4.1: Gender of the respondents

	Frequency	Percentage
Male	131	65.5
Female	69	34.5
Total	200	100.0

Source: Researcher 2017

The study found out that, majority of the respondents were male, (131) 65.5%. The number of women who participated in this study was lower because women's traditional reproductive roles have to be combined with other activities, like employment leaving little energy and time for the latter (UDEC, 2002). Despite the disparity, the number of women is representative enough to help in carrying out the study since both male and female have been represented.

4.3.2 Age of the respondents

Table 4.2: Age of the respondents

	Frequency	Percent
Below 30 years old	30	15.0
30-40 years old	73	36.5
40-50 years old	68	34.0
Above 50 years old	29	14.5
Total	200	100.0

Source :Researcher 2017

The results shown in Table 4.2 indicate that majority of the respondents 70.5% (141) were in the youthful and productive ages of between 30 to 50 years. This age group being youthful in nature provides an opportunity for an organization to develop an appropriate reward policy that can support positive employee performance.

4.3.3 Marital status

The results in table 4.3, indicate that majority of the respondents (163) 81.5% were married. This means that most of the sugar company employees have settled hence less problems of employee turnover as a result of looking for marital partners or relocating to where their partners are.

Table 4.3 Marital status of the respondent

	Frequency	**Percent**
Separated	13	6.5
Married	163	81.5
Single	24	12.0
Total	200	100.0

Source: Researcher 2017

4.3.4 Terms of service

Table 4.4: Terms of service

	Frequency	Percent
Permanent and pensionable	107	53.5
Contract	75	37.5
Casual	18	9.0
Total	200	100.0

Source: Author's Research 2017

The results in table 4.4, indicate that majority of the respondents 107(53.5) were permanent and pensionable therefore their job security is guaranteed so they tend to be more comfortable and secure thus higher productivity. However, 46.5% (93) of the respondents were on contract and casual employment an indication that a significant portion of employees could still curtail productivity as they see themselves as being job insecure.

4.3.5 Training

The results from Table 4.5 indicate that, a large number of the respondents, (161) 80.5%were trained. The remaining (39)19.5% were not, meaning that majority of the employees in sugar companies in Western Kenya are well trained to handle their respective positions in sugar companies, if employees are well trained this motivates them to work harder hence increasing their performance. This simply explains why there should be continuous training and development to create new knowledge that has a significant role in the development of individual and employee performance, (Vemic,1997)

Table 4.5: Training status

	Frequency	Percent
Yes	161	80.5
No	39	19.5
Total	200	100.0

Source: Author's Research 2017

4.3.6 Level of education

Table 4.6 : Educational level of Respondent

	Frequency	Percent
Diploma	40	20.0
Degree	105	52.5
Masters	22	11.0
Certificate	33	16.5
Total	**200**	**100.0**

Source: Researcher 2017

The results in Table 4.6 indicate that majority of the respondents 83.5%, (167) had diploma qualifications and above meaning that the employees in sugar companies found in Western Kenya are highly learned. Employees with a high level of education have a high reasoning capacity and can perform so well leading to high employee performance.

4.3.7 Work experience

The results in Table 4.7 indicate that majority of the employees (118) 59% have been working from between 3 years and above. Experienced employees are more efficient meaning they make very little mistakes hence higher product output. This is in line with Rynes*et.al,*(1997) who observed that work experience may improve performance.

Table 4.7: Work experience

	Frequency	Percent
Below 1 year	24	12.0
Between 1 to 2 years	58	29.0
Between 3 to 5 years	51	25.5
Above 5 years	67	33.5
Total	**200**	**100**

Source: Researcher 2017

4.3.8 Adequacy of salary and other incentives

Table 4.8: Adequacy of salary

	Frequency	Percent
No	189	94.5
Yes	11	5.5
Total	**200**	**100.0**

Source: Author's Research 2017

The results in table 4.8 indicate that(189) 94.5% of the respondents were not satisfied with the extrinsic rewards they get. The remaining (11) 5.5% are of the opinion that the salaries and incentives they receive is adequate in relation to the work they do which means the only thing that keeps employees working in the company and satisfies them are the intrinsic rewards they get. This is in line with past researches (Herzberg *et.al.*, 1959) who proposes that intrinsic rewards are primary determinants of employee satisfaction while extrinsic rewards dissatisfy workers on the job.

4.4 Descriptive statistics of intrinsic rewards

Table 4.9: Descriptive statistics of intrinsic factors

QUESTIONNAIRE	**Mean**	**Std deviation**
I am involved in making decisions in the sugar company	3.1901	0.6181
Does a person express his or her candid judgment on which choices would advance the company's performance	3.23223. 7812	0.51621 0.5411
I do monitor if my decisions are working promptly in order to modify them	3.3491	0.6512
I am allowed to decide how to go about getting my job done	3.3718	0.8192
I have control over the sequencing of my work activities	3.5431	0.6512
My job allows me to modify the normal way we are evaluated so that I can emphasize some aspects of my job and play down others	4.5123	0.3281
I am recognized for my contributions or achievements	4.4712	0.6715
I receive recognition for individual accomplishments		
The management recognizes employees whose efforts make a difference	4.2381	0.1281
TOTAL	**3.7432**	**0.5472**

Source: Author's research 2017

The general feeling among the respondents is that intrinsic rewards greatly influence employee performance since the overall mean was 3.7432 while the overall standard deviation was 0.5472. As shown by the results in Table 4.9, this is in line with Fagbohungbe and Longe,(1995) who stated that all motivators or satisfiers are job content factors because they are intrinsic rewards and it is these job content factors that increase employee performance.

4.5 Descriptive statistics of organizational factors

Table 4.10 Descriptive statistics of or organizational factors

QUESTIONNAIRE	Mean	Std deviation
My company has training and development policies applicable to all employees	3.2311	0.4321
Supervisors tell employees whether they are doing their job as per the training imparted on them or not	4.2319	0.5643
My company links training and development with the company's strategy	2.4382	0.8756
I need assistance in performing my duties	2.6517	0.6731
My work experience does affect my performance at work	2.7162	0.6732
Do I have a positive attitude towards the company	2.5612	0.4532
I arrive at work before reporting time	2.3261	0.5123
Do I complete my work within the stipulated time I leave work at the right time daily	2.4718	0.3123
TOTAL	**2.8285**	**0.56201**

Source: Researcher 2017

The general feeling among the respondents show that moderating factors influence employee performance since the overall mean was 2.8285 while the overall standard deviation was 0.56201 as shown by results in table 4.10. This is reiterated by Beardwell & Holden,(1997) who stated that matching skills of the workforce to the productive requirements of the organization can make significant improvements on employee performance.

4.6 Hypothesis testing and discussion

The central thesis of this research was to test the following hypotheses; intrinsic rewards have no statistically significant influence on employee performance, organizational factors have no statistically significant influence on the relationship between intrinsic rewards and employee performance and organizational factors have no statistically significant influence on employee performance. The study used simple regression analysis beta (β), which is equivalent to the Karl Pearson correlation coefficient (r) (Sekaran, 2003) to answer the questions. The questions were tested at 0.05 % significance level, with 95% confidence, which is acceptable in social research work. The findings are in line with past studies done by Andrew,(2007)who stated that rewards and recognition enhances the loyalty and commitment of all employees. Recognition has significant impact on employees' decision to stay or leave their organization, (Blasé & Kirby, 1992). Recognition can increase motivation, and employee loyalty.

4.7 Effect of intrinsic rewards on employee performance

In order to determine whether intrinsic rewards had any influence on employee performance, the study had the following hypothesis; intrinsic rewards have no statistically significant influence on employee performance. The study used the correlation r (beta, β) to answer the question. The test criteria were set such that the study establishes either a positive or negative effect if $\beta_1 \neq 0$.To test the question, mean of employee performance (OP) was correlated with mean intrinsic rewards. The results are as shown in the table 4.11. The correlation results between the mean of intrinsic rewards and the mean of employee performance (P) had a beta term $\beta_1=0.858$ at $p=0.01$. The study therefore established that there exist some positive influence between intrinsic reward and employee performance since the value of beta, $\beta_1 \neq 0$

Table 4.11: Correlation results of self intrinsic rewards on employee.performance

Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the estimate**
1	.858[a]	.736	.729	.32034

a. Predictors: (Constant), Intrinsic rewards

ANOVA[a]

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	10.876	1	10.876	105.985	.000[b]
	Residual	3.899	38	.103		
	Total	14.775	39			

a. Dependent Variable: Employee performance

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	.818	.441		1.855	.071
	Self assessment	.827	.0810	.856	10.295	.000

Dependent Variable: Mean of employee performance

Level of significance = 0.05

Source: Researcher 2017

This correlation results in Table 4.11 above show that intrinsic reward account for 73.6% of employee performance (r^2=0.736). The study therefore rejected the null hypothesis and concluded that intrinsic rewards had statistically significant positive influence on employee performance. The results are in line with Olagoke, 2010) who found out that there is a significant relationship between intrinsic rewards and employee performance of which if offered from a higher level,the employee would be more satisfied with his work and therefore perform better.

4.8 The effect of organizational factors on the relationship between intrinsic rewards and employee performance.

In order to determine whether organizational factors had any influence on the relationship between intrinsic rewards and employee performance, the study had the following hypothesis; organizational factors have no statistically significant influence on the relationship between intrinsic rewards and employee performance. To test the hypothesis, zero order partial correlation was carried out to establish the relationship between intrinsic rewards and employee performance. The study established that the zero order partial correlation value was (r = 0.858).

Table 4.12 Results of the regression of moderating effect

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.858[a]	0.736	0.729	0.32034

a. Predictors: (Constant), Aggregate Mean of intrinsic rewards

Source: Author's research 2017

The zero order correlation coefficients were then compared with the first order partial correlation coefficients generated when individual organizational factors were introduced into the study in order to determine the magnitude and direction of the moderating influence of the organizational factors. The study was to reject the stated hypothesis if $r_{xy.\,z1} \neq r_{xyz2.}$

Table 4.13 summarizes the results of moderating influence of organizational factors on the relationship between intrinsic rewards and employee performance. The values of first order partial correlation coefficients were compared. The results indicate that $r_{xy.z1}$ = 0.876,p=0.003, r_{xyz2} =0.874, p= 0.001

Table 4.13 Correlation results when organizational factors are held constant

Moderator(Control variable)	First order partial correlation coefficient $r_{xy.z1}$ $\neq$	Effect of organizational factor moderation (Compared to zero order simple correlation coefficient of intrinsic rewards and empl. performance $r_{xy.z2}$=0.858	Significance (p-value) (p=0.05, 2tailed)
Training & development	0.876	Slightly positive	0.003
Working experience	0.874	Slightly positive	0.001
		Overall significance	0.003

Source: Researcher, 2017

The results in Table 4.13 suggest that overall, organizational factors significantly moderate the relationship between intrinsic rewards and employee performance (overall significance p=0.003). From the results, training and development had a significant positive moderating influence on the relationship between intrinsic rewards and employee performance ($\mathbf{r_{xy.z}}$=0.876, p =0.003), thus indicating that the relationship between intrinsic rewards and employee performance is higher when training and development is put in the relationship. On overall, we reject our null hypothesis since $r_{xy.\ z1} \neq r_{xyz2}$ i.e. 0.858$\neq$ 0.874.Organizational factors positively moderate the relationship between intrinsic rewards and employee performance.

4.9 The effect of organizational factors on employee performance.

The other objective of the study was to establish the influence of organizational factors on employee performance. To answer the study objective, the study formed the following research hypothesis; organizational factors have no statistically significant influence on employee performance. The study used the correlation r (beta, β) to test the hypothesis. The test criteria were set such that the study rejects the null hypothesis if $\beta_2 \neq 0$. The correlation results between mean of organizational factors and mean of employee performance had a beta term $\beta_2=0.810$ at $p=0.01$. The study therefore established that organizational factors had statistically significant positive influence on employee performance since the value of beta, $\beta_2=0.810 \neq 0$ is positive. This correlation results in Table 4.14 show that organizational factors account for 66.1% of employee performance ($r^2=0.661$). The study therefore reflected the null hypothesis and concluded that organizational factors had statistically significant positive influence on employee performance. This is in line with Borman and Motowidlo, (1993) study who found out that work experience and training provides an opportunity for individuals to acquire relevant knowledge and skill that can in turn enhance performance on the job.

Table 4.14 Correlation results of organizational factors and employee performance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813[a]	.661	.652	.36308

a. Predictors: (Constant), organizational factors

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	9.766	1	9.766	74.080	.000
1	Residual	5.009	38	.132		
	Total	14.775	39			

a. Dependent Variable: Organizational factors

b. Predictors: (Constant), employee performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.028	.503		2.046	.008
1	Self assessment	.781	.091	.810	8.607	.000

Dependent Variable: Mean of employee performance

Level of significance=0.05

Source: Researcher 2017

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the major findings of the study sequentially in relation with the objectives. From the summary, appropriate conclusions and recommendations were drawn on the influence of intrinsic rewards on employee performance. It also presents the suggestions for further research.

5.2 Summary and key findings

The study sought to find out whether organizational factors had any influence on the relationship between intrinsic rewards and employee performance. In order to attain this, the study formulated three objectives to be pursued and three hypotheses related to the objectives. To test the hypothesis, zero order partial correlation was carried out to establish the relationship between intrinsic rewards and employee performance. The study established that the zero order partial correlation value was (r= 0.858). The zero order correlation coefficients were then compared with the first order partial correlation coefficients generated when individual organizational factors were introduced into the study in order to determine the magnitude and direction of the moderating influence of the organizational factors. The study was to reject the stated hypothesis if $r_{xy.z1} \neq r_{xyz2}$. The values of first order partial correlation coefficients were compared. The results indicated that rxy.z1 = 0.876,p=0.003, r_{xyz2} =0.874,p= 0.001.From the results, organizational factors significantly moderate the relationship between intrinsic rewards and employee performance (overall significance P =0.003). From the results, training and development had a significant positive moderating influence on the relationship between intrinsic rewards and employee performance ($r_{xy.z}$=0.876, p =0.003), thus indicating that the relationship between intrinsic rewards and employee performance is higher when training and development is put in the relationship. On overall, we reject our null hypothesis since$r_{xy.z1} \neq r_{xyz2}$ i.e. 0.856 ≠ 0.874.Organizational factors positively moderate the relationship between intrinsic rewards and employee performance. The findings are in line with past studies which reveal that any organization that wants to preserve its obtained positions and increase competitive advantage, it needs to be able to create new knowledge, and not only to rely solely on utilization of the existing (Vemic, 2007). Thus, the continuous employee training and development has a significant role in the development of individual performance.

The other objective of the study was to establish the influence of organizational factors on employee performance. To answer the study objective, the study formed the following research hypothesis; organizational factors have no influence on employee performance. The study used the correlation r (beta, β) to test the hypothesis. The test criteria were set such that the study rejects the null hypothesis if $\beta_2 \neq 0$. The correlation results between mean of organizational factors and mean of employee performance had a beta term β_2=0.810 at p=0.01. The study therefore established that organizational factors had statistically significant positive influence on employee performance since the value of beta, β_2=0.810 ≠0 and is positive. The results indicated that organizational factors account for 66.1% of employee performance (r^2=0.661). The results were in line with past studies, which reveal that experienced workers can bring in diverse knowledge that enables innovation and performance. Yet most organizations do not explicitly hire to gain diverse knowledge. Instead, organizations seek employees whose prior work experience is similar to the current needs of the organization because they expect that these employees will bring knowledge that enables them to be immediately productive (Rynes, *et. al.*, 1997).

5.3 Conclusion

Based on the study findings, it was concluded that there is some positive effect between intrinsic reward and organizational performance since the value of beta, $\beta_1 \neq 0$. The results show that intrinsic reward account for 73.6% of organizational performance (r^2=0.736). The study therefore rejected the null hypothesis and concluded that intrinsic rewards had statistically significant positive effect on employee performance and also organizational factors positively moderate the relationship between intrinsic rewards and employee performance.

The study also established that organizational factors had statistically significant positive effect on employee performance since the value of beta, $\beta_2=0.810 \neq 0$ was positive. The results indicated that organizational factors account for 66.1% of employee performance (r^2=0.661).

5.4 Recommendations

The following recommendations were made based on the findings and conclusions of the study;

i. Rewards should be given in public so as this will encourage hard work among employees and enhance equity.

ii. Supervisors in sugar manufacturing firms should closely monitor employees after training to make sure that they are implementing what they learnt.

iii. Deliberate action should be taken by sugar manufacturing companies to develop strong organizational cultures geared towards organizational performance. Although sugar companies have core values articulated to their reward systems, the leadership of these entities should strive to build strong organizational cultures that support superior performance through revising policies and procedures to ensure that they build the desired culture. The desired outcome will be achieved through praising, involving employees in task autonomy, job design and decision-making.

5.5 Suggestions for further studies

The study was done in sugar manufacturing firms from western Kenya only. Further research is encouraged to include other sugar firms across the country and find out if the results are the same.

Secondly, the study was done in food processing industry. Future research is encouraged to cover other industries like education, banking and others and they can be undertaken utilizing other data analysis methods that were not utilized in this study like structural equation modeling to determine the appropriate intrinsic rewards that determine employee performance in sugar companies.

Lastly, the study had two organizational factors namely training, development, and working experience. Further research is encouraged to include other factors like information and technology and find out if they have any moderating effect on the relationship between intrinsic rewards and employee performance.

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APPENDIX I

THE RESEARCH QUESTIONNAIRE

This questionnaire is meant to make a study on influence of intrinsic rewards on employee performance in sugar companies operating in western Kenya. Please respond to the questionnaires as honestly as possible so that the findings can help improve the administration of intrinsic rewards in sugar companies. Your responses will be used for purposes of this study only, will not be shared with anyone and will be kept anonymous. **DO NOT** indicate your name or number anywhere. Please answer by ticking the box or writing in the spaces provided.

<u>SectionA</u>

BACKGROUND INFORMATION

Put a tick (√) in the appropriate box.

1. Please indicate your gender

   Female ☐

   Male ☐

2. Indicate your age bracket

   Below 30 years. ☐

   30-40yrs. ☐

   40-50yrs. ☐

   Above 50 years ☐

3. State your marital status

   Single ☐

   Married ☐

   Separated ☐

   Widowed ☐

4. What are your terms of service?

   Permanent and pensionable ☐

   Contract ☐

   Casual ☐

5. Are you trained?

   Yes ☐

   No ☐

6. State your highest level of education

   Certicate ☐

   Diploma ☐

   Degree ☐

   Masters ☐

7. Please indicate your working experience

   Below 1 year ☐

   1-2 years ☐

   2-5 years ☐

   Above 5 years ☐

8. 8 Is the salary and other incentives you receive adequate in relation to work you do?

   Yes ☐

   No ☐

SECTION B: Intrinsic rewards, organizational factors and performance

In this section please tick (√) the most appropriate response for each of the questions in the table below with the scores in the bracket. **Strongly agreed (SA) = 5, Agree (A) = 4, undecided (U) = 3, Disagree (D) = 2 and strongly disagree (SD) = 1**

Q.	Intrinsic rewards	SA	A	U	D	SD
	DECISION MAKING					
9	I am involved in making decisions in the sugar company					
10	Does each person express his or her candid judgment on which choices would advance the company's performance					
11	Do you monitor whether your decisions are working and promptly modify them					
	TASK AUTONOMY					
12	I am allowed to decide how to go about getting my job done					
13	I have control over the sequencing of my work activities					
14	My job allows me to modify the normal way we are evaluated so that I can emphasize some aspects of my job and play down others					
	RECOGNITION					
15	I am recognized for my contributions or achievements					
16	I receive recognition for individual accomplishments					
17	The management recognizes employees whose efforts make a difference					
	Organizational factors					
	TRAINING AND DEVELOPMENT					
18	My company has training and development policies applicable to all employees					
19	Supervisors tell employees whether they are doing their job as per the training imparted on them or not					

20	My company links training and development with our company's business strategy					
	WORKING EXPERIENCE					
21	I need assistance in performing my duties					
22	My work experience does affect my performance at work					
	Organizational performance					
	QUALITY OF WORK					
23	Do I have a positive attitude towards the company					
24	Does the company group employees into quality circles					
	PUNCTUALITY					
25	I arrive at work before reporting time					
26	Do I complete my tasks within the stipulated time					
27	I leave work at the right time daily					

APPENDIX II

Map showing relative location of Sugar companies within the larger Western Kenya

KEY

- West Kenya Sugar Company
- Butali Sugar Company
- Nzoia Sugar Company
- Mumias Sugar Company

APPENDIX III

Letter of Introduction

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

DINAH NELIMA TUVEI

P.O BOX 190-50100

KAKAMEGA
29TH JUNE, 2015

TO,
THE SUGAR COMPANIES IN WESTERN KENYA
………………………………..
………………………………

Dear Sir/Madam

RE: RESEARCH ON EFFECT OF INTRINSIC REWARDS ON EMPLOYEE PERFORMANCE IN BOTH PUBLIC AND PRIVATE SUGAR COMPANIES IN WESTERN KENYA.

This letter is meant to inform all respondents that a research is being carried to investigate the impact of Intrinsic Rewards on employee performance in both private and public sugar companies in western Kenya. I would like to reassure all the respondents that the information offered will remain confidential and will only be used for research purposes.

I therefore request all the respondents to cooperate and incase of any inquiries, kindly call 0724531518.

Thank you for your support.

Yours faithfully

……………………..

Dinah Nelima Tuvei.

Department of Business Management Masinde Muliro University of Science and Technology

APPENDIX IV

Research Authorization Letter

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

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

NACOSTI/P/16/84072/9729

Date:

20th June, 2016

Dinah Nelima
Masinde Muliro University of
Science and Technology
P.O. Box 190-50100
KAKAMEGA.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Effect of intrinsic rewards on employee performance in both public and private sugar companies in Western Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Bungoma County** for the period ending **20th June, 2017.**

You are advised to report to **the Chief Executive Officers of selected Sugar Companies, the County Commissioner and the County Director of Education, Bungoma County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officers
Selected Sugar Companies.

The County Commissioner
Bungoma County.

APPENDIX V

Research Permit

THIS IS TO CERTIFY THAT:
MISS. DINAH NELIMA
of MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY, 1823-50200 BUNGOMA,has been permitted to conduct research in *Bungoma* County

on the topic: *EFFECT OF INTRINSIC REWARDS ON EMPLOYEE PERFORMANCE IN BOTH PRIVATE AND PUBLIC SUGAR COMPANIES IN WESTERN KENYA*

for the period ending:
20th June,2017

Permit No : NACOSTI/P/16/84072/9729
Date Of Issue : 20th June,2016
Fee Recieved :Ksh 1000

....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation

CONDITIONS

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No. A 9685

CONDITIONS: see back page