

**INFLUENCE OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE IN THE
INSURANCE INDUSTRY IN KENYA**

BY

OWUOR PAMELAH ANYANGO

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

SCHOOL OF BUSINESS AND ECONOMICS

MASENO UNIVERSITY

© 2017

DECLARATION

This research project is my own original work and has not been presented in any other university for the award of degree.

Owuor Pamelah Anyango Sign: Date:
(MBA/BE/0024/2015)

SUPERVISOR:

This research project has been submitted for examination with my approval as University supervisor.

Dr. Charles O. Ondoro Sign: Date:
Department of Business Administration
Maseno University

ACKNOWLEDGEMENT

I want to thank our Almighty God for the care, good health and protection that He granted me during this program.

My special gratitude goes to the West Kenya Union Administration, my employer, who gave me ample time and conducive environment that enabled me to work as well as study without interruption, and also for facilitating my studies by according me study leave and financial assistance.

I appreciate the effort of all my lecturers and the entire School of Business staff for their support and contribution towards this project.

My singular gratitude to Dr. C. Ondoro my supervisor for his guidance and insightful effort made in advising and responding to my queries on this project.

I appreciate my fellow students who were always ready to assist in times of need. Not forgetting my respondents from Britam Insurance company who responded so fast by filling the questionnaire that made my work easy for analysis.

DEDICATION

This research is dedicated to all those who put their efforts in making this project a success. My employer the West Kenya Union for their moral and financial support, my spouse for taking care of the family while I was out most of the time studying, my children for being patient and understanding during my absence, and finally all my lecturers and supervisor for their untiring support.

ABSTRACT

Well-functioning financial markets and institutions like insurance companies are important factors in enhancing high economic growth. Evidence has been adduced that reward systems may influence employee performance, although there is limited information regarding the same at Britam Insurance. There has been a decline of revenue at Britam Insurance Company in the recent past despite implementation of reward system at the company. Additionally, studies linking reward system and employee performance have failed to focus on the influence of reward system on employee performance with regard to performance related pay system, team based reward system, and total reward system within insurance industry. The purpose of this study was to examine the influence of reward system on employee performance at Britam Insurance Company in Kisumu, Kenya. The specific objectives were to determine the influence of performance related pay system; examine the influence of reward based systems; and to establish the influence of total reward system on employee performance. The study was guided by Herzberg's Two factor Theory. Correlational study design was adopted on a target population of 100 employees. Census method was used to select all the 100 employees as study sample. A five-linkert scaled questionnaire was used for data collection. Validity and reliability were enhanced through expert consultation and test retest method during a pilot study respectively. Quantitative data was analysed using descriptive statistics while the relationship between reward system and employee performance was measured by means of regressions and correlations. It was found that employee performance is generally poor ($M=2.1111$; $SD=0.84096$), while performance related pay ($r= -0.164^{**}$; $p=0.000$), team based pay ($r=0.816^{**}$; $p=.000$), and total reward ($r=0.811^{**}$; $p=.000$) all have significant correlations with employee performance. These components of reward system together predicted about 79% of the observed variance in employee performance, with a significant model fitting ($F=360.83$; $p<0.000$). Moreover, team based pay was found to contribute highly ($\beta =.609$; $P=0.00$) to employee performance in Britam Insurance. This means that employees at Britam Company are motivated most by team based pay. It was concluded that performance related pay does not provide motivation to employees at Britam Insurance. The researcher recommended that teams should be formed in every department and remunerated appropriately; policies that address performance related pay should be formulated; and total reward should be expanded to include non-monetary rewards. Further studies are recommended on effect of team based tangible and intangible non-monetary rewards on employee performance, and the contribution of work councils and departmental teams on enhancement of employee performance. Human resource managers could use findings in this study to formulate reward systems that enhance employee motivation appropriately. This study may also arouse interest and provoke reactions that will encourage other researchers to do a further study in the area.

TABLE OF CONTENTS

TITLE PAGE.....	i
DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
ABSTRACT	v
TABLE OF CONTENTS	vi
LIST OF ABBREVIATIONS	viii
LIST OF TABLES	ix
OPERATIONAL DEFINITION OF TERMS	x
LIST OF FIGURES.....	xi
LIST OF APPENDICES	xii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Statement of the Problem	5
1.3 Objectives of the Study	5
1.4 Hypotheses of the Study.....	6
1.5 Scope of the Study.....	6
1.6 Justification of the Study	6
1.7 Conceptual Framework	7
CHAPTER TWO.....	8
LITERATURE REVIEW.....	8
2.1. Theoretical Review.....	8
2.1.1 Herzberg’s Motivational-Hygiene Theory	8
2.1.2 The concept of Reward Systems	9
CHAPTER THREE	25
RESEARCH METHODOLOGY.....	25
3.1 Research Design.....	25
3.2 Area of the Study.....	25
3.3 Target Population	25
3.4 Sample size and Sampling Techniques	26

3.5 Data Collection Instruments and Procedures	26
3.5.1 Pilot Testing	26
3.7. Data Analysis Procedures.....	28
3.10 Ethical Considerations.....	29
CHAPTER FOUR.....	31
RESULTS AND DISCUSSIONS	31
4.1 Demographic Characteristics of the Sample	31
4.2 Reward System and Employee Performance	32
4.2.1 Indicators of Employee Performance	32
4.3.2 Performance related pay and Employee Performance.....	34
4.3.3 Team based Pay and Employee Performance	36
4.3.4 Total Rewards and Employee Performance	38
4.3 Relationship between Reward System and Employee Performance	40
4.4 Model Relationship between reward system and Employee performance.....	42
CHAPTER FIVE.....	46
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	46
5.0 Introduction	46
5.1 Summary of the findings	46
5.2 Conclusion.....	47
5.3 Recommendation for improving reward system	47
5.4 Suggestions for Further Research.....	48
REFERENCES	49
APPENDICES	53
LETTER OF INTRODUCTION.....	53
QUESTIONNAIRE.....	54
BUDGET.....	58
WORK PLAN	59

LIST OF ABBREVIATIONS

ESOPs - Employee Stock Ownership Plans

GDP - Gross Domestic Product

PRPS - Performance Related Pay System

SGS - School of Graduate Studies

SPSS - Statistical Package for Social Sciences

TBRS - Team Based Reward System

TRS- Total Reward System

LIST OF TABLES

Table 3.2: Reliability Test.....	27
Table 4.1: Characteristics of Study respondents	31
Table 4.2: Indicators of Employee Performance.....	32
Table 4.3: Effect of performance related pay on employee performance	34
Table 4.4: Pearson’s Correlations between reward system and employee performance	36
Table 4.5: Team Based Pay and employee performance	37
Table 4.6: Correlations of team based pay and employee performance	38
Table 4.7: Total Rewards and employee Performance	39
Table 4.9: Descriptive analyses of Employee Performance.....	40
Table 4.10: Correlations between motivational variables and employee performance	42
Table 4.11: Model of prediction using linear regression	43

OPERATIONAL DEFINITION OF TERMS

Employee performance	Is the degree to which employees at Britam Insurance Company are successful in performing the tasks assigned to them using minimal inputs for maximum outputs
Reward systems	These are structures used by Britam Insurance on its employees in recognition of their performance, accomplishments, creativity, and innovation in their work .
Performance Related Pay System	The intrinsic or extrinsic rewards that employees get as a result of extra effort over and beyond basic pay
Team Based Reward System	Is a reward given to employees in a team framework to achieve cooperation and reduce time of handling individual employees
Total Reward System	Is the totality of reward Scheme written or otherwise that enable the employees to be present.
Efficiency	Is the deployment of minimum resources to get maximum output at Britam Insurance Company
Effectiveness	Is the degree to which Britam employees are successful in performing the assigned task

LIST OF FIGURES

Figure 1 Conceptual Framework	8
-------------------------------------	---

LIST OF APPENDICES

Letter of Introduction	8
Questionnaire	8
Budget	8
Work Plan	8

CHAPTER ONE

INTRODUCTION

This chapter provides the basis of this study. It consists of the background of the study, statement of the problem, objectives of the study, research hypotheses, scope of the study, justification of the study and the conceptual framework.

1.1 Background of the Study

Formal organizations have existed since industrial revolution was invented, and so has the need for reward system tendencies. Thus far, it is not farfetched to say that organizations from all strata and employees thereof are inexorably linked in a mutually beneficial manner. The linkage is so much so, that the organization's performance is ensured to the extent that employees are rewarded in a system put in place by management (Kabura, 2009). Reward systems, as Armstrong (2007) points out, are mechanisms around which intrinsic and extrinsic compensation are made available to the employees and the processes of evaluating the size of compensation and suitability for the same. In other words, reward systems take into consideration various elements such as organization structure, culture, job evaluation processes and even appraisal to help the management to design appropriate reward system in both private and public organizations.

In the Kingdom Denmark for example, performance related pay system (PRPS) is widely adopted by more than 70% of public corporations (Bryson and Freeman, 2004). Performance related pay system is a holistic approach that takes into consideration both hygiene factors and motivation factors. Human motivation has long been known as complex and evolves from time to time or from situation to situation. As demonstrated in the hierarchy of needs theory by Maslow, upon satisfaction of a lower need, a higher need takes shape with a great propensity for motivation. However, what most Danish organizations focus on is the need for reward system to improve organization performance.

As such, different organizations measure performance differently. Some organizations focus on timeliness of delivery, others focus on job satisfaction and many other areas of performance measurement strategies. Therefore, for performance related pay system to be accepted for policy and practice, more empirical testing becomes necessary using different performance matrices (Murphy, 2015).

However, as Williams (2004) points out, employee performance is generally measured by how well the activities within a process achieve predetermined target. Put differently, it is achievement against target. It can also be measured in terms of the degree to which an employee is successful in accomplishing a given task or a desired result (effectiveness). It can also be measured in terms of the levels of performance that utilizes lowest or minimum inputs to create highest or maximum output (efficiency). Efficiency becomes an important aspect because resources are normally scarce and as such profit can only be maximized when the amount of inputs are as low as can be. Employee performance thus, is the degree to which an employee is successful in performing the task assigned using minimal resources for maximum output. Time, raw material and money are generally limited, therefore it makes economic sense to try and conserve them while maintaining acceptable level of output or general level of production.

On the other hand, team based reward systems (TBRS) has also gained acceptance in its application in modern organizations. According to Armstrong (2007), team based reward is a system where every benefit and compensation is given to a team rather than individuals in the organization. This helps the organization to conserve time which can be spent in more important aspects of the organization. For example evaluating or appraising teams takes little time compared to dealing with every employee. Another aspect of team based reward system that is beneficial to the organization is that team members are embedded in team spirit and therefore feel more accepted in the organization which can boost satisfaction.

On a study conducted in South Africa to establish the contribution of TBRS to organization performance by Hotz and Hoole (2013), it was established that it had improved job satisfaction in education institutions. While there is semblance on the relationship of TBRS and performance in this study, it focused on education institutions leaving out corporate organizations.

In Kenya, most organizations especially in the public domain employ total reward system (TRS) to motivate employees. As Murphy (2015) points out, it is the total dimension of compensation to the employee that makes their minds and efforts to be at the work place without worry about uncontrollable components of work compensation and their comfort at the work place. As such, the totality of compensation and work environment from environment and culture to compensation is what constitutes total reward system in any given organization. A study conducted at Kenya Power and Lighting Company in Nakuru by Njanja et.al (2013) established that there was no significant correlation between total reward system and employee job satisfaction yet other studies have demonstrated significantly small correlation. This study also focused on total reward system and employee job satisfaction and leaving out the correlation of total reward system and efficiency and effectiveness as a measure of performance. The study (Njanja et.al, 2013) was also not conducted within the insurance industry.

According to Liyai (2014), Britam insurance company is one of the insurance companies in Kenya. The company was founded in 1920 and was known as British-American Investment company (Kenya) Limited. It traces its origins to Nasau Bahamas and as the British American Company, a branch was established in Kenya in 1965 before becoming a limited company in 1979 with a local shareholding of 33% and 17 years later it started underwriting both life and general policies.

The company has 12 executive management team headed by group managing director who is independent of its subsidiary companies.

But in overall, the human resource of Britam Company has grown from 29 employees and 50 agents in 1980 to 300 employees and 1000 agents in 2014. The importance of Britam Insurance Company just like other insurance companies in a young economy like Kenya cannot be overemphasized. In the broader risk management planning, insurance helps in losses arising from perils. The losses include financial losses, crop losses, losing the ability to earn living, premature deaths, accidents among others. Insurance also ensures financial stability and safety through investments portfolios. As such, insurance companies involve themselves in pension schemes, education arrangements, work benefit policy guarantees among other safety nets. It is common knowledge that the risks for which the insurance covers may not occur to everybody, however it is important to hope for the best and plan for the worst, a proposition that makes insurance companies important in any economy (Insurance Regulatory Authority, 2015)

But the Britam Insurance Company is not without its fair share of challenges. For example, the commitment of the insurance agents has been dwindling in the recent past. In point of fact, Britam made a loss of one billion shillings in 2015 and the loss has not been adequately recovered up to the year 2016 (Insurance Regulatory Authority, 2015). The system in place only takes care of the interest of insurance agents when they are producing businesses. As such, agents only get retainers by reaching a given sales portfolio that is not only discouraging but also difficult to realize. But on the other hand, reward systems can play a key role in ensuring that performance, in terms of ensuring profit maximization, is realized in Britam insurance company. Reward systems embodied in an organization structure and policy and properly implemented with the help of organization top management can be a turnaround strategy that can transform insurance company from the pinnacle of mediocrity, in terms of performance, into an object of excellence yet Britam insurance company has continued to be in the downward trend in terms of profit maximization.

1.2 Statement of the Problem

The potential of insurance in Kenya is enormous. However, according to Insurance Regulatory Authority (IRA), the industry revenue has been on the decreasing trend. For example, the combined industry profit before tax decreased by 13% to 15.46 billion in 2014 against 17.79 billion in 2013. Similarly, insurance penetration dropped by 2.93% in 2014 compared to 3.44% in the previous year. This trend is worrying to individual insurance companies like Britam whose branch is in Kisumu, as well as other stakeholders in general. Although scholars have established that adequate reward system has the potential of enhancing employee performance, insurances industry has suffered a dearth of attention in this regard. For instance, there is limited information with regard to the influence of performance related pay system, team based reward system and total reward systems on employee performance among firms within the insurance industry.

1.3 Objectives of the Study

The study was guided by the following specific objectives

- i. To determine the influence of performance related pay system on employee performance at Britam Insurance Company, Kisumu
- ii. To examine the influence of team based reward system on employee performance at Britam Insurance Company, Kisumu
- iii. To establish the influence of total reward system on employee performance Britam Insurance Company, Kisumu

1.4 Hypotheses of the Study

To realize the outcome, the following questions underpinned the study

- H01. Performance related pay system does not influence employee performance at Britam Insurance Company, Kisumu
- H02. Team based reward system does not influence employee performance at Britam Insurance Company, Kisumu
- H03. Total reward system does not influence employee performance at Britam Insurance Company, Kisumu

1.5 Scope of the Study

The study was limited to the influence of reward systems on employee performance in the insurance industry in Kenya. The study involved employees of Britam Insurance Company in Kisumu leaving out other insurance companies in Kenya. The study was conducted within six months from the start to completion. The study concentrated in determining the influence of performance related pay system; the influence of team based reward system and the influence of total reward system on employee performance at Britam Insurance Company, Kisumu

1.6 Justification of the Study

Findings in this study could aid insurance companies in instituting better reward structures to ensure performance of the individual insurance companies. Recommendations generated by the study might also inform policy formulation aiming at enabling insurance companies to attain profitability. This study also provides new areas where further research might be carried out by researchers. Findings of this study add new knowledge in the field of reward system and employee performance.

1.7 Conceptual Framework

The influence of reward system on employee performance can be presented in a diagram known as conceptual framework. The independent variable in the study is reward system, denoted by performance related pay; team based reward, and total reward. The dependent variable, on the other hand, is employee performance denoted by financial performance of the organization. This study conceptualised that financial performance of Britam Insurance Company depends on reward system employed by the company. Figure 1.1 presents the conceptual framework of the study. However, the whole system is affected by government policy.

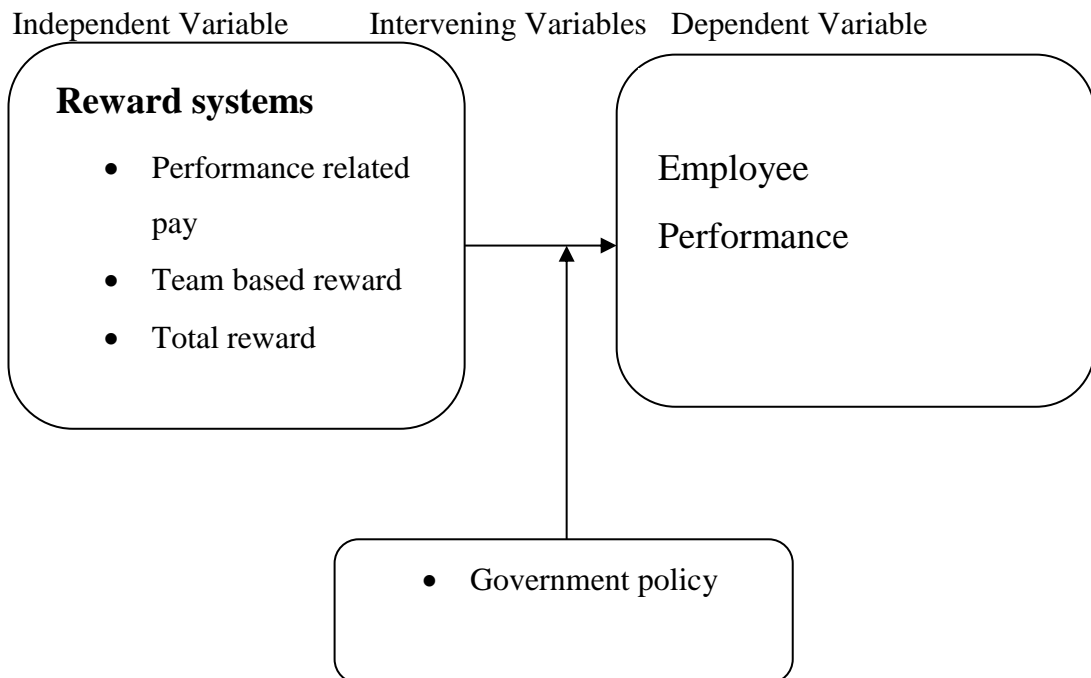


Figure 1: Conceptual framework showing the influence of reward system variables on employee performance variables and how they are affected by government policy.

Source: Self Conceptualization (2017)

CHAPTER TWO

LITERATURE REVIEW

This chapter presents literature related to influence of reward systems on employee performance. It begins by looking at theoretical review, which focuses on the theoretical model underpinning the study, the concept of reward system and the concept of performance. It further looks at empirical review of literature put under three sub-themes namely: the influence of performance related pay system on employee performance, the influence of team based reward system on employee performance, and the influence of total reward system on employee performance.

2.1. Theoretical Review

2.1.1 Herzberg's Motivational-Hygiene Theory

The study was underpinned by the Herzberg's motivational-hygiene theory also known as two factor theory as submitted in 1959 by Frederick Herzberg. According to Tan (2013), the study whose generalization came to be known as Herzberg's motivational-hygiene theory was conducted in the United States and involved engineers and accountants. The key goal was to establish the general feelings and attitudes of the employees' work environment. The two main categories of motivators according to the theory are motivation factors and hygiene factors. Motivation factors are the intrinsic motivation which are intangible but are responsive for the overall motivation of the employees. Another category is hygiene factors which are the tangible motivators such as salary and fringe benefits that an employee is entitled to. However, Herzberg realized that hygiene factors alone cannot be adequate motivators without intrinsic elements such as recognition and praising employee's good deed by the senior management.

The core of this theory according to Tan (2013) is that job context factors also known as extrinsic or reward system only mitigate employee dissatisfaction with their work.

But to ensure that employees put more effort for improved performance, job content factors also known as intrinsic or hygiene factors are necessary.

Hygiene factors are everyday human needs for recognition and appreciation which make employees to put more effort in their work. As such, the two factors are interdependent. The absence of one diminishes the effectiveness of the other. Herzberg established that when employees are motivated enough by both intrinsic and extrinsic factors, then their efficiency and effectiveness become more pronounced.

The current study is about the influence of reward systems on employee performance. Reward systems and performance and the two-factor theory are thus inseparably linked. The linkage is such that all the variables inherent in reward systems fall under intrinsic and extrinsic factors. For example, according to (Chepkwony, 2014) performance related pay systems are both intrinsic and extrinsic factors. They are incentives given to the employees upon appraisal according to the extent of their performance and whether such performance merit payment. On the other hand, team based reward systems are largely intrinsic factors given to the team of employees after meeting or surpassing certain predetermined goals. Total reward system goes beyond recognition and pay. It is a more comprehensive package that looks at all the dynamics of employee reward including environment and organizational culture and how they fit with employees. The two factor theory could not be any better for the current study.

2.1.2 The concept of Reward Systems

Reward systems according to Armstrong (2007) is the dimensions of compensations, extrinsic and intrinsic compensation included, that an organization avails to the employees and the structure and processes of evaluating the type of compensation suitable for the employees. Put differently, reward systems take into consideration diverse elements such as organization structure, culture, job evaluation processes and even appraisal to help the management to design appropriate reward system in both private and public organizations.

In the insurance industry, rewarding employees is probably more necessary than in any other industry. This is because selling insurance products is seen to be more challenging and unless the reward is made available, insurance agents can be more weakened than empowered. However, limited information is available with regard to how reward system could be influencing employee performance, particularly among companies within insurance industry.

2.1.3 The Concept of Employee Performance

Performance is an amorphous concept and as such must be defined in every context. In general, performance is the degree to which employee is successful in meeting the task assigned by the organization management (effectiveness). It is also seen as the utilization of minimum resources to get maximum output by employees. Thus, performance is efficiency and effectiveness of employees within the confine of organization (William, 2004). Performance can also be categorised as financial and non financial performance. Non financial performance encompasses employee satisfaction, good quality of work produced by employees as well as good public relation strategies.

Performance means ability to make profit from all the business activities of an organization, company, firm, or an enterprise (Kabajeh, Nu'aimat and Dahmash, 2012). It shows how efficiently the management can make profit by using all the resources available in the market. It is the ability of a given investment to earn a return from its use. It is an index of efficiency; and is regarded as a measure of efficiency and management guide to greater efficiency.

Performance is one of the most important objectives of financial management because one goal of financial management is to maximize the owner's wealth and performance is very important determinants of performance (Malik, 2011).

Performance ratios are indicators for the firm's overall efficiency. It's usually used as a measure for earnings generated by the company during a period of time based on its level of sales, assets, capital employed, net worth and earnings per share.

Accordingly, the term 'performance' is a relative measure where profit is expressed as a ratio, generally as a percentage (Kabajeh, et al, 2012). There exist different ways to measure performance such as: Return on assets (ROA) ratio, Return on owner's equity (ROE) ratio and return on investment (ROI). ROA ratio is calculated as net profit after tax divided by the total assets. This ratio measure for the operating efficiency for the company based on the firm's generated profits from its total assets.

Financial performance is only seen in terms of revenue and profit margins in a given financial year. Thus, financial performance only put emphasis on monetary resources that come in the company (Murphy, 2015). Given that every business is put in place for the primary purpose of profitability, the current study examined financial performance and not non-financial performance.

2.2 Empirical Review of Literature

2.2.1 Influence of Performance Related Pay System on Employee Performance

Performance related pay (PRP) systems as Gohari et.al (2013) points out is a reward scheme in which employees either in a team or as individuals get over and above the basic pay as a result of extra effort and can be in terms of extrinsic or intrinsic form. Extrinsic rewards are the tangible reward that employees get for their effort including fringe benefits and cash bonuses.

On the other hand, intrinsic rewards are the intangible rewards that employees get as result of their hard work. Such benefits include promotion, praise by senior managers of the organization among others. It is worthy to note that performance related pay system has been empirically tested and certain generalizations documented, although much attention has not been to firms in insurance sector.

A study conducted in three Saudi Companies by Aljumah (2015) established that recognition improved job satisfaction among employees of the three companies involved in the study. This was based on the fact that recognition is a psychological human need and an intrinsic factor that when applied at work places, motivates employees. However, Tan (2013) established that intrinsic and extrinsic rewards are interdependent and one cannot work well without the other. This is so because recognition alone cannot pay bills no matter how high its source in the organization. It is clear however that the two studies are antagonistic in their generalization, but what is even clearer is that the first study focuses on recognition and job satisfaction whilst the second study put emphasis on the interdependence of intrinsic and extrinsic rewards. Therefore, the studies did not link recognition as a variable in performance related pay and performance in terms of efficiency and effectiveness, or improved financial performance. The current study sought to fill this gap by focusing on the influence of recognition and performance.

In the same domain, promotion pay is also within the context of performance related pay. Lucifora (2015) established that promotion pay increased performance by 60% in Portugal. The same study indicated that in the United States of America, the increment was only 20% for the organizations sampled. There is no explanation for the disparity in the study, but fundamentally, the study did not indicate the measure of performance. The gap of knowledge that ensues will be mitigated by the current study by looking at the influence of promotion pay on financial performance of Britam Insurance Company.

In regard to fringe benefits, Aljuma (2015) postulates that it can have a positive effect on performance if it is made something for employees to aspire for by giving them targets. On a study conducted to establish the effects of fringe benefits on productivity, Kamau (2013) established that employment security benefits reduced chances of absenteeism at the state department of water. Employment security benefits diminish worries from employees and as such they concentrate on their work in the organization.

Although the study attributes fringe benefits to reduced absenteeism, it was done in the public sector and not in the private sector yet the two sectors have documented differences in their mode of operation. Similarly, the study focused on absenteeism as a measure of productivity leaving out efficiency and effectiveness as a measure of performance. The ensuing knowledge gap will be addressed by the current study by focusing on fringe benefits as performance related reward system on efficiency and effectiveness in a private sector context.

Stock ownership is another of the variables in regard to performance related pay and which has also been investigated by pundits. For example, a study conducted by Bryson and Freeman (2004) established that there was no direct increase in productivity as a result of employee stock ownership plans (ESOPs). The study further established that the stock ownership plan arrangements came with conditionality that did not augur well with the employees. As such, productivity was not impacted favourably.

But on a different study, Zhu et.al (2013) established that employee stock ownership plans increased productivity and profitability in Huawei telecommunication and Networks Company in China. It is clear that the inconsistency of the two studies diminishes the objectivity of the generalization thereof and therefore, they cannot be depended upon either for policy formulation or for practice.

Furthermore, the studies focused on employee stock ownership plan on productivity thereby leaving out employee stock ownership on efficiency and effectiveness. Therefore, the resultant gap in knowledge cannot be clearer. The current study will mitigate the gap by utilizing case study design and focusing on employee stock ownership as a variable inherent in performance related pay system and its influence on employee performance with performance indicators being efficiency and effectiveness.

Aljumah (2015) conducted a study in Saudi Arabia national firms. The study utilized mixed methodology; the study established that night out pay increased employee performance in the national firms sampled.

Although this study indicates night out pay improves employee performance it utilized several methodologies and as such knowing what methodology yielded the best result is difficult. Furthermore, the study concentrated on national firms leaving out private organizations. The current study was set to mitigate the gap by finding out the influence of night out pay on private organization in Kenya

In a study conducted in Ireland public firms using a case study design, Murphy (2015) established that commission pay increases employee performance among the study respondents sampled. The study was however done in a developed country leaving out developing countries like Kenya. Similarly, the study focused on public firms leaving out private organizations. The current study will focus on private business organizations to establish the influence of commission pay on employee performance.

Chepkwony (2014) sought to establish the relationship between pay for specific duties and performance. The study sampled 55 employees at Kenya's teachers' service commission in Kenya. The study established that pay for specific duties increased performance in teachers service commission offices. However, the study only utilized a sample size of 55 study participants which is too small for global generalization.

The study also focused on public institution leaving out private business organization. The current study will focus on the influence of pay for specific duties on employee performance at Britam Insurance Company.

The literature reviewed has left several knowledge gaps to be filled. For instance, the literature on recognition as a variable in pay for employee performance, the literature leaves out efficiency and effectiveness as measures of employee performance.

In regard to promotion pay, the literature leaves out employee performance element. On fringe benefits on employee performance, the literature reviewed leaves out employee performance element.

In regard to stock ownership, the literature focuses on employee stock ownership plan on productivity leaving out employee stock ownership on employee performance. In regard to night out pay, the literature focuses on national firms leaving out private business organizations. On commission pay, the literature put emphasis on public firms leaving out private limited companies. Finally, on pay for specific duties, the studies reviewed have looked at government institutions leaving out private business enterprises. Therefore, the studies reviewed has dealt with how the specific variables of performance related pay system i.e. recognition, promotion, fringe benefits, stock ownership, night out pay, commission pay, pay for specific duties affect employee performance. As such, how the said dimensions affect performance in insurance industry is not known.

2.2.2 Influence of Team Based Reward System on Employee Performance

Team based reward (TBR) system according to Armstrong (2007) is a system for rewarding employees within a structured team. Management can thus leverage on the benefits that accrue as a result of employees working as a team such as synergistic cooperation and blending similar strength in accomplishing tasks. Teamwork also saves time for the management and hence focus can be shifted elsewhere to accomplish more tasks.

This is because instead of the management dealing with individual employees in terms of appraisals and monitoring, the management can divide employees into teams which makes it much easier for both the team members and management. There is more than one way in which teams can be rewarded.

For instance, a study conducted by Gohari et.al (2013) established that profit sharing improved employee motivation among radio station employees. Profit sharing according to Armstrong (2007) is a reward mechanism that allows the management to share part of the profit with the employees which encourages employees to work together while minimizing expenses to realize the predetermined organization profit objective.

Performance is thus realized when employees minimize expenses since they know that they will share the profit. In contradistinction, Murphy (2015) established that organizations that put emphasis on profit maximization at the expense of triple bottom-line are not sustainable in modern times. Triple bottom-line ensures that the organizations put emphasis in both internal and external environment and their exponents. It is clear that the two studies differ sharply, moreover, one study focused on employee motivation leaving out performance while the other concentrated on triple bottom-line leaving out both profit sharing and performance. The current study is designed to mitigate the gap by focusing on the extent to which profit sharing inherent in team based reward system influence efficiency and effectiveness.

Additionally, team based reward system go beyond profit sharing. Gain sharing has also dominated the discourse of team based reward system in the recent past. Gain sharing according to Gohari et.al (2013) is reward system in which employee groups get rewarded for measurable none-financial achievements pre-designed by the organization. For instance, when a more positive online review surpasses the previous ones, then marketing teams gets a bonus.

A study conducted by Williams (2004) with a study population of 80 employees established that gain sharing improved employee satisfaction among employees under the scheme of gain sharing structure. However, the study utilized a small sample size for the study to generalize on a global scale. Furthermore, the study focused on gain sharing on employee job satisfaction, leaving out efficiency and effectiveness as a measure of performance. The current study will address the gap by focusing on gain sharing as a variable inherent in team based pay system on employee efficiency and effectiveness.

In addition, goal based incentives are also part and parcel of group reward system. A study conducted by Hollensbe and Gothrie (2000) established that goal based incentives encouraged employees to pursue challenging tasks to get the financial rewards.

This is because goal based incentives rewards employees for reaching a certain goal. For instance, in a sales environment, employees can be given cash bonuses for reaching a predetermined portfolio in sales. But on the other hand, Kabura (2009) established that when subjects reach the apex of their ability without realizing the goal, then it turns out to be a demotivator rather than the reason for hard work. It is clear that the studies have contrary outcomes.

But what is even much clearer is that the studies fail to indicate clearly how goal-based incentives influence efficiency and effectiveness in the organization. The resultant gap will be addressed by the current study by focusing on the extent to which goal based incentives influence effectiveness and efficiency as measures of performance.

Similarly, merit-based incentives also find itself in the range of team based reward system. According to a study conducted in education institutions by Podgursky and Solmon (nd), it was established that elementary teachers in private schools resisted merit-based incentives because it was difficult to evaluate. This is because a merit-based incentive is subjective groups reward strategy for effort even if tangibles are not realized.

For example, in a school setting, if teachers chose to teach for extra hours to cover the syllabus, they are rewarded even if the syllabus is not entirely covered. The effort being rewarded is for staying at school for extra hours and not for the actual measurable work done. This study however focused on learning institutions yet the mode of operation in schools is different from the cooperate organizations. Besides, the study fails to show the performance indicator around which merit-based incentives are measured. The ensuing gap will be filled by the current study by focusing on the extent to which merit-based incentives as a variable in team based reward system and how it influence performance in the organization.

A study conducted in Malaysian tourism companies by Gohari et.al (2013) sought to establish the impact of deadlines in organizations.

The study employed survey design and sampled 77 respondents. The study revealed that employees worked overtime to beat deadlines for fear of negative consequences as a result of laziness. Despite the fact that the study utilized a small sample for global generalization, it also left out the influence of deadline driven targets on employee performance. The current study will fill the gap by seeking to establish the influence of deadline driven targets on employee performance.

On a separate study conducted in Ireland on the impact of reward system on employee performance, Murphy (2015) utilized survey design and established that the size of reward determined the extent of performance. This study was conducted in a developed country and yet developed countries are different in context with developing economies like Kenya. Furthermore, the study focused on the size of reward on the extent of performance leaving out incentive bonus on employee performance. The current study sought to look at the influence of incentive bonus on employee performance at Britam insurance Company in Kisumu Kenya.

Furthermore, Williams (2004) conducted a study in the United Kingdom with a population of 80 study participants. The study indicated that employees appreciated holiday trips a team based reward system. This study also utilized a much small sample size for global generalization. Besides, the study laid emphasis on holiday trips as team based reward mechanism leaving out the influence of team based reward system on employee performance. The current study was set to fill the gap in knowledge by focusing on the influence of holiday trips as a team based reward on employee performance.

The foregoing reviewed studies did not cover several areas in knowledge with regard to how reward system influences employee performance, particularly among firms in the insurance industry. To begin with, the literature focuses on profit sharing on motivation leaving out profit sharing on employee performance.

Additionally, the literature focuses on gain sharing on employee job satisfaction leaving out gain sharing on employee performance. Moreover, the literature focuses on goal based incentives as a motivator for employee financial reward leaving out goal based incentives on employee performance. On merit based incentives, the literature reviewed leaves out performance metric component. In regard to deadline driven targets the literature focuses on overtime work as a means of beating deadline leaving out deadline driven targets on employee performance.

On incentive bonus, the literature focuses on size of reward on extent of performance leaving out incentive bonus on employee performance. The literature also focuses on holiday trips as a mechanism of team based reward leaving out holiday trips as a team based reward mechanism on employee performance. In summary, the studies have focused on how the specific variables of team based reward systems such as: profit sharing, gain sharing, goal based incentives, merit based incentives, deadline driven targets, incentive bonus and holiday trips affect employee performance. As such, how the said variables influence employee performance in insurance sector remains unknown.

2.2.3 Influence of Total Reward System on Performance

Total reward system as Murphy (2015) postulates, is the total dimension of compensation to the employee that makes their minds and efforts to be at the work place without worry about controllable components of work compensation and their comfort at the work place. Put differently, the totality of compensation and work environment from environment and culture to compensation that constitutes total reward system in any given organization. Pundits have tested the hypothetical proposition that total rewards system does not relate to performance with much more specific variables.

For example, a study conducted by Njanja et.al (2013) established that there was no significant correlation between compensation based on merit as a variable of total reward system and job satisfaction at Kenya Power and Lighting Company in Nakuru Kenya. This study show that compensation based on merit does not increase performance on its own.

Human satisfaction is complex and a single variable on its own cannot achieve it. But in sharp contradiction, a different study conducted in South Africa by Hotz and Hoole (2016) established that there was a small statistically significant correlation ($r=0.25$; $p<0.05$; small effect) between compensation based on merit and job engagement.

It is clear that the two studies have total different generalizations and therefore their dependability is thoroughly diminished. Similarly, although the studies compared total reward system variable on performance, their focus was different. One study focused on compensation based on merit and job satisfaction while the other focused on compensation based on merit and job engagement leaving out compensation based on merit, which is a variable of total reward system, on efficiency and effectiveness as measures of performance. There is therefore no question that there is a gap in knowledge. The current study will address the gap by utilizing case study design and focusing on the correlation between compensation based on merit and performance.

Additionally, total benefit also finds itself in the discourse of total reward systems (TRS) and the performance linkage. A study conducted by Gohari et.al (2013) and analysed using descriptive statistics, it was established that total benefits significantly reduced employee turnover. The study further revealed that there was no effect on lower level management. Despite that fact that the study generalization is contradictory, it also utilizes descriptive statistics alone. The problem with descriptive statistics is that it does not allow inferences to be made on the data. As such the dependability of the generalization is not solid.

Furthermore, the study focused on total benefits on employee turnover leaving out the correlation between total benefits and employee efficiency and effectiveness as a measure of performance. The gap left by this study will be mitigated by the current study by focusing on the correlation between total benefits and performance and utilizing both descriptive and inferential analysis tools for dependable generalization.

According to a descriptive study conducted by Hellensbe and Gothrie (2000) to establish the relationship between work life policies and job satisfaction, it was established that employees who had flexible working time were more satisfied with their jobs.

However another Meta-analysis conducted by Bowers (2015) revealed that 45% of employees who had flexible time did not perform their work well when they were not being monitored. There is thus a contradiction on work-life flexibility as inherent in total reward systems. The first study focused on work life policies and job satisfaction while the second study focused on flexible work on performance without indicating the measure of performance. Therefore, the studies left out the correlation between work-life flexibility on efficiency and effectiveness. The current study will fill the gap by seeking to establish the correlation between work-life flexibility as a variable of total reward system on efficiency and effectiveness as the measures of performance while utilizing case study design for a more dependable generalization.

Moreover, total reward systems is not limited to work-life flexibility, it also prompts career development. According to a study conducted in Ireland by Murphy (2015), it was revealed that career development practices such as training and mentoring increased job satisfaction by statistical significance. Although the study have some semblance of career development and performance, the study was done in the context of a developed economy which has advance technologies and systems compared to developing countries like Kenya and as such, generalization might be limited to the geographical scope.

Additionally, the study focused on career development and job satisfaction leaving out the correlation between career developments, as a variable inherent in total reward systems, on performance as measured by efficiency and effectiveness. The need to examine the correlation between career development and performance among employees thus informed the current study.

Furthermore, safe working environment also finds itself in the interplay of total reward systems so much so that it has been subject of investigation by research experts. A survey design study conducted by Williams (2004) established that safe working environment was a motivation factor for improved productivity in all the organizations sampled. The utility of survey design in this study justly allows the conclusion that there could be some bias in data collection given that it captures a wide area and respondents some set of question options differently. The study also focused on safe working environment on improved productivity leaving out safe working conditions on performance measure by efficiency and effectiveness. The current study will solve the gap problem by utilizing case study design and focusing on safe working environment and performance.

A separate study was conducted by Way et.al (2011) to establish the impact of health insurance cover on employee job anxiety and withdrawal symptoms in the United States of America. The study utilized a sample of 591 health care employees and established that there was no significant correlation between employees' job anxiety or withdrawal behaviors and health insurance cover. The study was however conducted in a more developed country and not a developing country like Kenya. The study also concentrated on health insurance cover on employees' job anxiety and withdrawal behavior. As such the study left out the relationship between health insurance cover and employee performance. The current study will address the gap by conducting a study on the relationship between health insurance cover and employee performance at Britam Insurance Company, Kisumu.

Additionally, a Meta-analysis study conducted in the United States of America by DiCenzo (2014) sought to establish retirement benefit plans on job choices. The study revealed that provision of retirement benefit plans played a role in employee job choices. The study utilized meta-analysis design yet researchers disagree greatly on the criteria of inclusion and exclusion.

As such the generalization of such design can only be treated with caution. Besides, the study focused on benefit plans on employee job choices leaving out retirement benefits on employee performance. In due cognizance of the resultant gap, the current study is structured to focus on the relationship between retirement benefits and employee job satisfaction in Britam insurance company and with case study design.

Furthermore, Mruma (2013) conducted a study to establish the relationship between leave of absence and teachers' performance in Tanzania. The study utilized as sample of 148 respondents and a descriptive research design. The study established that extrinsic factors such as leave of absence motivated teachers in a small way since such factors were not adequate. This study was however conducted in a learning organization context and not private business enterprise yet the two contexts differ greatly.

Additionally, the study concentrated on leave of absence and teachers' motivation leaving out paid education leave for employees on employee performance. The resultant knowledge gap will be mitigated by the current study. As such the current study will focus on the relationship between paid education leave and employee performance at Britam insurance Company in Kisumu Kenya. The literature reviewed leaves several knowledge gaps to be mitigated by the current study. For instance the literature focuses on compensation based on merit on job satisfaction leaving out employee performance element.

In regard to total benefits, the literature concentrates on total benefits on employee turnover leaving out the relationship between total benefits and employee job satisfaction. Additionally, the literature reviewed focuses on work life balance and job satisfaction leaving out the relationship between work life balance and employee performance. On career development the literature focuses on the relationship between career development and job satisfaction leaving out the relationship between career development and employee performance.

In regard to safe working environment, the literature focuses on the relationship between safe working environment and improved productivity leaving out employee performance element. Furthermore, on health insurance cover, the literature concentrates on the relationship between health insurance cover and employee job anxiety and withdrawal behaviour leaving out the relationship between health insurance and employee performance. In addition, the literature focuses on retirement benefit plans on employee job choices leaving out retirement benefits on employee performance. Finally, the literature concentrates on the relationship between leave of absence and teachers' motivation leaving out paid education leave on employee performance. In summary, the empirical literature reviewed herein above focuses on the dimensions of total reward systems such as compensation based on merit, total benefits, safe working environment, health insurance cover, retirement benefits, paid education leave as well as work life policies and how they affect employee performance. As such, how the said dimensions affect employee performance within insurance industry remains unknown.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents information on the study area, research design, target population, sample design, data collection instruments, and data collection procedures. It also looks at data analysis techniques.

3.1 Research Design

The study employed correlation study design. According to Mugenda and Mugenda (1999), correlation research compares a wide range of variables and their interrelations. It also allows the application of inferential statistics. As such it was suitable for the current study since the study used inferential statistics to draw generalizations.

3.2 Area of the Study

This study was conducted in Britam Insurance Company, in Kisumu County. It is one of the 47 Counties in the devolved government of Kenya. The County has a population of 952,645. In terms of economy, the County has wholesale and retail chains as well as hotel industry and malls. There are also small business operators and service providers. Kisumu city is the main commercial and administrative center and is the third largest city in Kenya. It has a devolved government headed by a governor with a legislative arm for making by-laws and approving budgetary allocations. Kisumu was chosen for the study because it has the lowest penetration of insurance products compared to other cities in Kenya (Kenya National Bureau of Statistics, 2010).

3.3 Target Population

The study targeted all employees at Britam insurance company in Kisumu numbering 100 in total. The employees included all levels of management such as the top level management, the middle level management and lower level management. This population was justified for the study given their knowledge on the influence of reward systems on employee performance.

3.4 Sample size and Sampling Techniques

The study used census sampling method. According to Saunders, Lewis and Thornhill (2012) census sampling method is the total enumeration of all the population under study. As such, the benefit of census is that it allows gaining a vast knowledge on the subject matter especially in cases where the population is small in number. The study thus included all the employees at the Kisumu branch, thus obtaining a sample size of 100 respondents.

3.5 Data Collection Instruments and Procedures

Questionnaire was developed for the purpose of data collection. The questionnaire was divided into four sections. Section A dealt with demographic characteristics of respondents. Section B assessed performance related pay system on employee performance. Section C looked at influence of team based reward system on employee performance. Finally, section D handled the influence of total reward system on employee performance.

The advantage of using questionnaire was that it enabled each respondent to be asked to respond to the same set of questions, thus providing an efficient way of collecting responses from a large sample prior to quantitative analysis. Questionnaire also reduces time and cost. The study used self-administered structured questionnaire to collect data from sampled respondents. The questionnaire was scored on a five point linkert scale as: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1).

3.5.1 Pilot Testing

To ensure reliability and validity of the questionnaire, a pilot test was done using 10 employees from Liberty Life insurance Company, an insurance firm operating a branch within Kisumu County. The time of completion was recorded and how well the questions were understood and answered was also ascertained. The pilot test was meant to test and improve the study questionnaire.

3.5.2 Validity of the Study

Mugenda and Mugenda (2003), notes that validity is the degree to which the results obtained from the analysis of the data actually represent the phenomenon under study. The validity of research instruments was realised by scrutinizing the questionnaire items during their construction. Questions were discussed with the supervisor and further adjusted according to corrections from independent lecturers from the school of Business studies, Maseno University. These experts examined the instruments to assess the relevance of the questions to the objectives of the study. This helped in improving both content and face validity of the instrument.

3.5.3 Reliability of the Study Instruments

Reliability is a measure of the degree to which a research instrument yields consistent results after a repeated trial (Amin, 2005). To attain instrument reliability, test- retest was conducted in a pilot study involving 10 randomly selected from Liberty Life Assurance, Kisumu branch. The instruments were administered on these selected respondents twice, after which data from the two tests was cleaned, and analysed with the aid of Statistical Package for Social Science (SPSS) to determine whether they (instruments) yield reliability index of 0.7 and above. Table 3.2 presents reliability test.

Table 3.2: Reliability Test

Variables	Cronbach's Alpha	No of Items
Performance related pay	0.832	7
Team based pay	0.816	7
Total rewards	0.768	7
Employee performance	0.822	7

Source: Survey data, 2017

Table 3.2 shows the results obtained from a reliability analysis test carried out using Cronbach's alpha test. Results revealed very good reliability measures for the constructs which all above 0.7 as recommended by Nunnally (1978).

3.6 Data Collection Procedures

The researcher got an introductory letter from the School of Graduate Studies of Maseno University. Research permit was then sought from the National Commission of Science, Technology and Innovation (NACOSTI). These documents were presented to the management of Britam Insurance Company to enable data collection from its employees. The questionnaires were then left during the first visit, then during the second visit, questionnaires were scrutinized for completeness and all corrections made before a final round was made for collection of the questionnaires.

3.7. Data Analysis Procedures

The process of data analysis involved editing, coding and data entry into a computerized system for onward analysis. Qualitative data obtained from financial statements as well as payroll were grouped into themes corresponding with the study objectives, whereby outstanding themes from the statements formed outcome of the specific question. These outcomes (themes) assisted in supporting the findings from quantitative analysis.

Quantitative data was analysed using descriptive and inferential statistics with the aid of SPSS version 20. SPSS package is able to handle a large amount of data and given its wide spectrum in the array of statistical procedure which are purposefully designed for social sciences; it was deemed efficient for the task. Section one of the study (demographic background of respondents); the first objective (performance related pay); the second objective (team based pay); as well as the third objective (total rewards) as well the dependent variable (employee performance) were analysed using descriptive statistics and presented in frequency tables.

Regression analysis was used to investigate the relationship between reward system and employee performance.

Regression analysis is the most widely applied data analysis technique for measuring linear relationships between two or more variables (Oso & Onen, 2009).

By using this analysis, the researcher was able to discover which independent variables most influence employee performance among firms in the insurance industry. In addition, regression analysis also helped to find the variable that is most significant in influencing employee performance.

These variables were tested from a general multiple regression equation of the form:

$$Y_i = a_i + b_i X_{ij} + \epsilon_i$$

Where

Y_i = Employee performance measured on a summated scale of 1= strongly disagree and 5 = strongly agree

a_i = Constant employee performance ($\alpha_1 \dots \dots \dots \alpha_2$)

b_i = Coefficients of the predictors (performance related pay; team based pay; total reward)

x_i = Independent variables ($X_1 \dots \dots \dots X_3$)

$i = 1, 2, 3$

ϵ = Margin term. A partial regression coefficient represents the change in dependent variable, due to one unit change in independent variable; e is the margin term.

3.10 Ethical Considerations

Ethics is defined as use of moral ideologies in designing, conducting and writing research outcomes, with the essential moral standards focusing on the right and the wrong. In social research, ethics involves protection and respect for respondents taking part in the study (British Psychological Society, 2010). Transparency, openness privacy and honesty were the guiding principle during this research. In this study the ethical issues entailed respecting the respondents' individual rights in the data collection. The respondents were also selected on the basis of their willingness and interest to participate in the study. Once they were briefed on what it entails, the researcher ensured that the respondents felt comfortable and had time to participate in the study.

All data collected was stored under lock and key and only accessible to research team and the researcher. To maintain the confidentiality of the study respondents, the study instruments did not bear names, addresses or any identifiers that could link the information provided to the respondents. The respondents were issued with serial numbers and the interview was also conducted in privacy to ensure that the respondent felt free and comfortable to provide truthful information. The respondents were also assured of utmost confidentiality (Kombo & Tromp, 2006). The consideration of these issues was necessary for the purpose of ensuring the privacy and the security of participants.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter presents data analysis and findings of the study in two major sections. The first section provides demographic characteristics of the respondent of the study, while the second section gives out the results and discussions of this research.

4.1 Demographic Characteristics of the Sample

The first section of the study questionnaire enquired about demographic information of the study respondents. This information was categorised as gender, academic level, and period of service of the respondents. Characteristics of respondents are presented in Table 4.1.

Table 4.1: Characteristics of Study respondents

Characteristic	Category	Frequency	Percentage
Gender	Male	34	34
	Female	66	66
Total		100	100
Level of Education	Primary	00	00
	Secondary	16	16
	Under graduate	28	28
	Post graduate	26	26
	Diploma	20	20
	Others	10	10
Total		100	100
Number of years in the company	0-1 years	12	12
	1-5 years	25	25
	6-10 years	32	32
	Above 10 years	31	31
Total		100	100

Source: Survey data, 2017

Table 4.1 Illustrates that majority (66%) of the sampled respondents were female, while male respondents were 34%. This result is an indication that most job positions at Britam Insurance have been taken up by women. The Table also analyses the education levels of the study respondents. It illustrates that 28% of the respondents had undergraduate level of education; 26% had post graduate level of education; 20% had diploma level of education; 16% had secondary level of education, while 10% had other levels of education that were not presented in the questionnaire.

With only 16% of the sampled respondents with secondary level of education, it can be concluded that employees at Britam Insurance were fairly qualified academically. This is equally suggestive of the fact that there may be quality of human capital in Britam Insurance.

Table 4.1 also indicates that 32% of the sampled respondents had served in Britam Insurance for between 6 and 10 years. Additionally, 31% of the employees had been at Britam for over 10 years while 25% of them had stayed for between one and five years. The remaining 12% of the sampled employees had stayed in the company for less than one year.

4.2 Reward System and Employee Performance

4.2.1 Indicators of Employee Performance

The second section of the study tool sought to establish the indications of employee performance in Britam Insurance. In this regard, respondents were asked to state the extent to which various performance indicators presented in the questionnaire have been realised at Britam Insurance using a scale of: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1).

Table 4.2 illustrates the Mean (*M*) of the performance indicator and percentages obtained through descriptive statistics.

Table 4.2: Indicators of Employee Performance

No	Items	Mean	1	2	3	4	5
1	There is improvement in Market share	1.36	47.3	26.3	12.3	13.4	14.1
2	Expansion or penetration has improved	2.12	25.4	29.6	5.2	27.2	12.6
3	Amount earned in net profit of the company has increased	1.56	40.1	28.4	10.3	14.8	6.4
4	Reduction in liabilities has been realised	1.27	49.5	28.6	12.6	4.6	4.7
5	Return on investment has become better	1.32	46.8	23.4	13.4	10.3	6.1
6	There is improved Return on assets	3.12	26.1	21.5	34.2	10.2	8.0
7	Return on Equity has become poorer	3.61	2.9	18.4	38.2	18.9	21.6
8	Diversification in portfolio has been enhanced	2.14	34.1	25.1	27.6	8.2	5.0
9	Prompt payment of indemnity has not been continuously attained	3.52	9.9	18.1	12.1	38.7	21.2
10	Premium growth rate has been realised	2.21	42.6	28.6	10.5	6.1	12.2

Source: Survey data, 2017

Key: Interpretation of Mean Ratings

1.00 – 1.44:	Strongly Disagree
1.45 – 2.44:	Disagree
2.45 – 3.44:	Neutral
3.45 – 4.44:	Agree
4.45 – 5.00:	Strongly Agree

Table 4.2 illustrates that, according to respondents: improvement in market share (73.6%; $M=1.36$); penetration (55%; $M=2.12$); amount earned in net profit (68.5%; $M=1.56$); reduction in liabilities has been realised (78.1%; $M=1.27$); return on investment has become better (70.2%; $M=1.32$); there is improved return on assets (47.6%; $M=3.12$); diversification in portfolio has been enhanced (59.2%; $M=2.14$); Premium growth rate has been realised (71.2%; $M=2.21$) has been realised in a small extent in Britam Insurance. On the other hand, return on equity has become poorer (40.5%; $M=3.61$); and prompt payment of indemnity has not been continuously attained (59.9%; $M=3.52$) were disagreed with by the sampled employees to have been occurring in the company. These findings tend to indicate that performance at Britam Insurance is poor, going by the rating scale in the study instrument.

Findings in this study confirm Herzberg's assertion that employees are motivated by internal values rather than values that are external to the work, which are intrinsic variables. These intrinsic variables include achievement, recognition, the work itself, responsibility, advancement, and growth. Conversely, certain factors cause dissatisfying experiences to employees; these factors largely results from non-job related variables (extrinsic). These variables have been called hygiene factors (Herzberg, 2003) which must be present in the workplace to make employees happy. The dissatisfiers are organization policies, salary, co-worker relationships, and supervisory styles (Bassett-Jones and Lloyd, 2005).

4.3.2 Performance related pay and Employee Performance

The third section of the study instrument sought to establish how aspects of reward system have been practiced to enhance employee performance in Britam Insurance. In this regard, respondents were asked to state the extent to which various items presented in the questionnaire have enhanced employee performance at Britam Insurance. A scale of Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1). was used to measure the responses from respondents. The Mean (*M*) of the items as well as percentages obtained through descriptive statistics is presented in Table 4.3.

Table 4.3: Effect of performance related pay on employee performance

No	Items	Mean	1	2	3	4	5
1	My supervisor recognizes me when I do well	3.26	18.2	17.8	28.5	25.2	10.3
2	I have been promoted based on my performance	4.13	15.5	14.7	21.3	23.8	24.7
3	I get fringe benefits based on my performance	2.29	32.1	24.6	15.3	15.8	12.2
4	Employers share stock with employees	4.21	12.4	10.2	0.3	32.6	44.5
5.	I get paid for night outs	2.47	29.6	23.5	6.5	20.8	19.6
6	I get paid commission on my work as required	2.32	30.7	22.9	5.8	18.9	21.7
7.	When am given specific duties, I get paid	4.35	14.3	9.6	4.8	32.7	38.6

Source: Survey data, 2017

Table 4.3 indicates that the sampled employees believe that performance is enhanced to a small extent when the supervisor recognizes when they do well (36%; $M=3.26$), with 35.5% of them stating that it enhances performances to a large extent. However, 28.5% of the sampled respondents were of the opinion that this neither enhances performance to small nor large extent. The table also illustrates that promotion based on performance enhances performance to a large extent (48.5%), with 30.2% of them disagreeing. Some 21.3% of the sampled respondents however agreed that being promoted based on performance enhance employee performance to neither small nor large extent.

As to whether getting fringe benefits based on performance enhances employee performance, 56.7% ($M=2.29$) of the sampled respondents stated that it does to a small extent while 28% of them indicated that it does to a large extent. The remaining 15.3% of the respondents stated that it enhances performance to neither large nor small extent.

With regard to employer sharing stock with employees, 77.1% ($M=4.21$) of the sampled respondents agreed that this enhances performance to a large extent while 22.6% indicated that it enhances performance to a small extent. The remaining 0.3% of the respondents stated that it enhance performance to neither large nor small extent. As to whether getting paid for night out enhances employee performance, 53.1% ($M=2.47$) stated that it does to a small extent while 40.4% indicated that it does to a large extent. Some 6.5% of the sampled respondents stated that it enhance performance to neither large nor small extent. Equally, getting paid commission on their work as required was indicated by 53.6% ($M=2.32$) of the respondents to be enhancing performance to a small extent while 40.6% stated that it does to a large extent. The remaining 5.8% of the employees indicated that it enhance performance to neither large nor small extent. Finally, the respondents were requested to indicate the extent to which getting paid when given specific duties result into improved employee performance. To this end, 71.3% ($M=4.35$) of the sampled employees stated that it leads to enhanced performance to a large extent while 23.9% indicated that it does to a small extent. The remaining 4.8% of them stated that it enhance performance to neither large nor small extent. Findings in Table 4.3 indicate that the manner in which qualifications, overtime, and shifts are being rewarded is not satisfactory to the sampled employees. Similarly, non-financial gifts and vacations & picnics as rewarded to employees are not providing satisfaction, according to the sampled employees. Therefore, these are the key aspects of reward system that seem to determine employee performance in Britam Insurance.

Findings in this section seem to support Cao, et al (2013) who found that the five elements of total rewards, salary, rewards, and work-life, among others are not automatic predictors of employees' turnover intention. However, Tan (2013) established that intrinsic and extrinsic rewards are interdependent and one cannot work well without the other. This is so because recognition alone cannot pay bills no matter how high its source in the organization.

It is clear however that the two studies are antagonistic in their generalization.

Moreover, Lucifora (2015) established that promotion pay increased performance by 60% in Portugal. The same study indicated that in the United States of America, the increment was only 20% for the organizations sampled. Other findings that concur with the present study was by Zhu et.al (2013) who established that employee stock ownership plans increased productivity and profitability in Huawei telecommunication and Networks Company in China.

The researcher was also able to correlate the mean of components of employee performance and those of performance related pay. Table 4.4 presents result of Pearson’s correlations between performance related pay and employee performance.

Table 4.4: Pearson’s Correlations between performance related pay and employee performance

		Employee performance	Performance related pay
Employee performance	Pearson Correlation	1	-.164**
	Sig. (2-tailed)		.000
	N	100	100
Performance related pay	Pearson Correlation	-.164**	1
	Sig. (2-tailed)	.000	
	N	100	100

****.** Correlation is significant at the 0.01 level (2-tailed).

Source: Survey (2017)

Table 4.4 illustrates that at significant level of 0.01 (2-tailed), there is a negative relationship (-.164**) between performance related pay and employee performance. This implies that with more favourable performance related pay, there will be improved employee performance at Britam Insurance.

4.3.3 Team based Pay and Employee Performance

The fourth section of the questionnaire investigated how aspects of team based pay have been practiced to enhance employee performance in Britam Insurance. In this regard, respondents were asked to state the extent to which various items presented in the questionnaire have enhanced employee performance at Britam Insurance.

A scale of Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1), was used to measure the responses from respondents. The mean (M) of the items as well as percentages are presented in Table 4.5.

Table 4.5: Team Based Pay and employee performance

No	Items	Mean	1	2	3	4	5
1	Employer share profits with teams	1.23	36.9	30.8	5.9	10.4	6.0
2	Employer share the company gains with the team	4.56	16.2	11.4	6.3	32.1	34
3	Teams get incentives based on goals	1.48	34.9	28.8	4.1	13.6	8.6
4	Teams get incentives based on merit	3.17	25.2	23.9	31.8	10.2	8.9
5.	Teams get incentives when they beat deadlines	1.35	38.2	26.8	4.8	19.6	10.6
6	Teams get incentive bonuses for given periods	3.16	10.6	17.9	28.7	20.2	22.6
7.	Teams are rewarded with holiday trips when they do well	1.22	29.4	24.6	12.9	18.4	14.7

Source: Survey data, 2017

As illustrated in Table 4.5, aspects of team based pay which respondents indicated as enhancing employee performance to a small extent was employer sharing profits with teams (67.7%; $M=1.23$); teams getting incentives based on goals (63.7%); teams getting incentives when they beat deadlines (65%); to employee relations (34%; $M=4.56$). In the meantime, most respondents considered disputes resolution process (42.8%; $M=1.17$); work-life balance (38.2%; $M=1.35$); supervisor – employee relations (36.9%; $M=1.23$); recognition of work councils (34.9%; $M=1.48$); grievance handling procedures (31.4%; $M=1.23$); and manner of tasks (duties) distribution (29.4%; $M=1.22$) to be enhancing employee performance to a very small extent. However, effectiveness of participation through trade unions (31.8%; $M=3.17$); tasks complexity (28.7%; $M= 3.16$); and administration of rules and regulations (22.8%; $M=3.43$) were considered by employees of Britam Insurance to be enhancing employee performance neither to a very small extent nor a large extent.

A number of researchers came up with similar findings while others obtained contradicting results. by Gohari et.al (2013) established that profit sharing improved employee motivation among radio station employees.

But in contradiction, Murphy (2015) established that organizations that put emphasis on profit maximization at the expense of triple bottom-line are not sustainable in modern times. In addition, Podgursky and Solmon (nd), it was established that elementary teachers in private schools resisted merit-based incentives because it was difficult to evaluate.

The relationship between team based pay and employee performance was also analysed through Pearson’s Correlations. Table 4.6 presents correlations between team based pay and employee performance.

Table 4.6: Correlations of team based pay and employee performance

		Employee performance	Team based pay
Employee performance	Pearson Correlation	1	.816**
	Sig. (2-tailed)		.000
	N	100	100
Team based pay	Pearson Correlation	.816**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data, 2017

Table 4.6 illustrates that there exist a positive relationship (.816**; $p < .01$) between team based pay and employee performance. This therefore implies that with improved team based pay, Britam Insurance will be able to retain more employees.

4.3.4 Total Rewards and Employee Performance

The fifth (and the last) section of the questionnaire investigated how aspects of total rewards have been practiced to enhance employee performance in Britam Insurance. In this regard, respondents were asked to state the extent to which various items presented in the questionnaire (related to total reward system) have enhanced employee performance at Britam Insurance. A scale of Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1).was used to measure the responses from respondents. Results presented in Mean (*M*) of the items and percentages are presented in Table 4.7.

Table 4.7: Total Rewards and employee Performance

No	Items	Mean	1	2	3	4	5
1	Employees are Compensated Based On Merit	4.65	13.9	6.5	19.6	31.4	28.6
2	Employees are entitled to total Benefits	2.74	37.4	28.1	4.2	19.3	11
3	Employees get flexible work life policies	1.84	41.3	29.2	3.1	13.5	12.9
4	Employees get developed in their careers	2.81	38.2	22.8	12.9	10.7	15.4
5.	Employees work in safe environment	2.87	39.4	25.1	3.9	13.1	18.5
6	Employees have health insurance	2.56	35.9	28.3	3.5	12.8	19.5
7.	Retirement Benefits package has been communicated to employees	4.93	11.3	8.5	20.1	24.8	35.3
8.	Employees get paid educational leave	3.47	10.3	12.8	32.6	24.9	19.4

Source: Survey data, 2017

Table 4.7 illustrates that aspects of total reward which the sampled employees consider to be enhancing employee performance to a small extent at Britam Insurance include flexible work life policies to employees (70.5%; $M=1.84$); entitlement to total benefits for employees (65.5%; $M=2.74$); safe working environment for employees (64.5%; $M=2.87$); health insurance for employees (64.2%; $M=2.56$), and career development for employees (61%; $M=2.81$). On the other hand, compensation based on merit (60%; $M=4.65$); communication of retirement benefit package to employees (60.1%; $M=4.93$), and receiving paid education leave (44.3%; $M=3.47$); were considered by the sampled Britam Insurance employees to be enhancing employee performance to a large extent.

The findings in Table 4.7 indicate that employees are not satisfied with work life policies in Britam Insurance finances; entitlement to total benefits for employees; working environment; health insurance, and career development as provided by the company. These seem to be sources of demotivation in the organization, hence leading to low employee performance.

These findings conform to what Gohari et.al (2013) found out that total benefits significantly reduced employee turnover, although with no effect on lower level management. In contradiction, Bowers (2015) revealed in a study that 45% of employees who had flexible time did not perform their work well when they were not being monitored.

Another study concurring with the present study was by Way et.al (2011) who established that there was no significant correlation between employees' job anxiety or withdrawal behaviours and health insurance cover. The researcher further analysed the relationship between total reward system and employee performance through Pearson's Correlations. Table 4.8 presents the relationship between total reward system and employee performance.

Table 4.8: Relationship between total reward and employee performance

		employee performance	total reward system
employee performance	Pearson Correlation	1	.811**
	Sig. (2-tailed)		.000
	N	100	100
Total reward	Pearson Correlation	.811**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).
Source: Survey (2017)

Table 4.8 illustrates that there is a positive and significant relationship (.811** ; $p < 0.00$) between total reward and employee performance. This suggests that in a situation where total reward is improved, performance might be enhanced at Britam Insurance.

4.3 Relationship between Reward System and Employee Performance

A descriptive analysis was first done to establish the extent to which employees consider reward system offered and ensuing employee performance in the organization. Table 4.9 presents the results of the descriptive analysis of quantitative data.

Table 4.9: Descriptive analyses of Employee Performance

	N	Minimum	Maximum	Mean	Std. Deviation
Employee Performance	100	1.00	5.00	2.1111	0.84096
Performance related pay	100	1.00	5.00	3.3300	1.25696
Team based pay	100	1.00	5.00	3.6970	1.12215
Total Reward	100	2.00	5.00	2.2068	.99725

Valid N (listwise) 100
Source: survey (2017)

Table 4.9 indicate that employees at Britam Insurance consider performance has been achieved only to a small extent ($M=2$; $SD=0.84096$). Similarly, total reward was stated to be affecting employee performance to a small extent ($N=2.2068$; $SD=0.99725$). However, the sampled employees considered performance related pay and team based pay at Britam Insurance to affect employee performance to neither a small nor large extent. It is therefore emerging from this finding that team based pay ($M=3.697$; $SD=1.122$) is the main component of reward system that tend to affect employee performance in the company.

In regard to employee performance having been achieved only to a small extent, it implies that there is a problem in team based pay at Britam Insurance.

This finding seem to concur with Herzberg's theory related to hygiene factors, which include company policy and administration, technical supervision, interpersonal relations with supervisor, interpersonal relations with peers and subordinates, job security, personal life, work conditions and status (Dartey-Baahand and Amoako, 2011). According to Madiha *et al* (2009), supervisors are the "human face" of an organization, and a worker's view of the organization is strongly influenced by their relationship with their supervisor.

Workers at Britam Insurance seem to be over supervised, according to the results presented in Table 4.5. In a situation whereby one supervisor is assigned to 2 employees, the work environment is likely to be tense and one which may generate employee satisfaction. This is normally a recipe for employee turnover.

However, there are studies which have established that factors like reward system and total reward system have determined employee satisfaction. For instance, Swailes and Al Fahdi (2010) found that low pay, poor management style, and little promotion opportunities are the main reasons for turnover from public to private sector in Oman. Furthermore, Osibanjo, *et al* (2014) also found that there is a strong relationship between compensation packages (salary, bonus, incentives, allowances, and fringe benefits) and job performance as well as employee performance in a selected private University in Ogun State, Nigeria. This study therefore examined the nature and direction of the relationship existing between reward system (reward system, team based pay, and total reward system) and employee performance in Britam Insurance.

4.4 Model Relationship between reward system and Employee performance

To determine the nature and direction of the relationship that exists between reward system (reward system, team based pay, and total reward system) and employee performance in Britam Insurance, the researcher used Pearson (r) correlation coefficients. Table 4.10 presents the results.

Table 4.10: Correlations between reward system variables and employee performance

	Employee Performance	PRP	TBP	Total rewards
1 Employee Performance	1			
2 Performance related pay	-.164**	1		
3 Team based pay	.816**	.224**	1	
4 Total reward	.811**	.138**	.414**	1

** . Correlation is significant at the 0.01 level (2-tailed)

Source: Survey (2017)

Table 4.10 shows all the relationships between the dependent (employee performance) and the independent (reward system) variables to be positively correlated. However, significant relationships are found with two of the independent variables; team based pay (.816**, significant at the 0.01 level 2-tailed) and total reward (.811**, also significant at the 0.01 level 2-tailed). Similarly, significant relationship was also found with performance related pay (-.164**, significant at the 0.01 level 2-tailed). These results imply that the more favourable performance related pay, team based pay, and total reward (in this order), and the higher employee performance will be in Britam Insurance.

Equally, results in Table 4.10 show a significant relationship between team based pay and total reward (.414**, significant at the 0.01 level 2-tailed). This also implies that the more there are total reward in Britam Insurance, the better there will be employee team based pay and higher performance of employees.

The researcher proceeded to conduct stepwise multiple regression analysis to examine the effects of the potential predictors (reward system) on employee performance in Britam Insurance. Table 4.11 presents results of the model of prediction using multiple regressions.

Table 4.11: Model of prediction using linear regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.218	.166		7.354	.000
	Performance related pay	-.428	.102	-.164	-4.179	.000
	Team based pay	1.188	.093	.816	12.790	.000
	Total reward	.601	.048	.811	12.414	.000

a. Dependent Variable: **Employee performance**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Sig. F Change	
					R Square Change	F Change	df1		df2
1	.891 ^a	.794	.792	.60088	.794	360.831	3	281	.000

a. Predictors: (Constant), Performance related pay, Team based pay, total reward

Table 4.11 shows results from multiple regression where the independent variables were performance related pay, team based pay, total reward, while the dependent variable was employee performance. It was established that these variables all together predicted about 79% of the observed variance in employee performance, with a significant model fitting ($F=360.83$; $p=0.000$).

Findings from the model above revealed that the most important component of reward system in determining employee performance was team based pay ($Beta=1.188$; $p<0.01$). These results suggest that Britam Insurance is likely to exhibit higher employee performance if their team based pay levels are made better. It was also established that total reward was significantly very crucial in determining employee performance ($Beta=0.601$; $p<0.01$). This implies that to improve on the employee performance at Britam Insurance, total reward for each employee need to be improved.

However, performance related pay (Beta= -0.428 ; $p < 0.01$) was found not to be significant in determining employee performance in the company. This, however, contradicts results obtained by Swailes and Al Fahdi (2010) who found that performance is low in the public service because of low pay, among other factors. Similarly, Terera and Ngirande (2014) explored the impact of rewards on job satisfaction and employee performance among nurses in Eastern Cape Province, South Africa, found that employee rewards lead to employee performance, although not necessarily to job satisfaction. In Nigeria, Osibanjo, *et al* (2014) examined the effect of compensation packages on employees' job performance and performance in a selected private University in Ogun State. They also found that there is strong correlation between performance and performance and compensation packages (salary, bonus, incentives, allowances, and fringe benefits).

Team based pay and total reward have been confirmed by many researchers as major determinant of satisfaction in a particular job. According to Herzberg' theory,, the motivator factors are intrinsic to the job itself and do not result from "carrot and stick incentives". They comprise the physiological need for growth and recognition. The absence of these factors does not prove highly dissatisfying but when present, they build strong levels of motivation that result in good job performance (Dartey-Baahand and Amoako, 2011). These factors include; achievement, recognition, advancement, the work itself, the possibility of personal growth and responsibility.

Interpersonal relations and job stability was found by Sypniewska (2013) to be affecting employee performance in a study done in some organizations in Poland. In another study, Mwanje (2010), in a case study of Bank of Uganda, established that low chances of promotion after training cause much dissatisfaction and consequently employee turnover.

Equally, Kuria, *et al* (2011) examined factors influencing labour turnover in three and five star rated hotels in Nairobi (Kenya) and found that training, experience; age, promotions and the star-rating of the hotels were key factors in determining labour turnover.

Furthermore, team based pay as a determinant of employee performance has also been confirmed by a number of researchers. Kwenin (2013), in exploring a link between work environment, career development opportunities and employee performance in Vodafone Ghana Limited, found that these factors had positive relationship with employee performance and thus affect employees' decision to stay or quit. However, Shujat, *et al* (2011) found that work life balance has very little impact on employee job satisfaction in private commercial banking sector of Karachi. The reason for this might have been due to the uncertain conditions, high inflation and unemployment rate in Pakistan.

These studies seem to be supportive of the findings in the present work concerning factors behind poor performance of employees in Britam Insurance: being inadequate team based pay and total reward. Equally, findings in this study conform to Herzberg's hygiene factors, which operate primarily to dissatisfy most employees when they are not present. Herzberg called them dissatisfiers.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a summary of the findings of the study, conclusion and recommendations. The researcher also suggests other areas for further studies based on the study findings.

5.1 Summary of the findings

The general objective of this study was to examine the influence of reward system on employee performance in Britam Insurance. The reward system assessed were performance related pay, total reward system, and team based pay. The study found that employees consider team based pay to be affecting employee performance to a small extent. However, total reward system and team based pay were found to affect employee performance to neither a small extent nor a large extent.

Similarly, all the reward system components examined were found to have a positive relationship with employee performance. A high and positive significant relationships was found with two of the independent variables; team based pay (.816**), total reward (.811**).

Stepwise multiple regression analysis to examine the effects of the potential predictors (reward system) on employee performance in Britam Insurance was also done. It revealed that performance related pay, team based pay, as well as total reward all together predicted about 79% of the observed variance in employee performance, with a significant model fitting ($F=360.83$; $p<0.000$). Model fitting predicted that the most important motivational factor in determining employee performance was team based pay ($Beta=1.188$; $p<0.01$). It was also established that total reward was significantly very crucial in determining employee performance ($Beta=0.601$; $p<0.01$). However, performance related pay ($Beta=-.164$; $p<0.01$) was found not to be significant in determining employee performance in the company

5.2 Conclusion

From the objectives, it is concluded that reward system has influence on employee performance in Britam Insurance. On the results of the first objective, it is concluded that performance related pay is not positively associated with employee performance in Britam Insurance. Based on the results of the second objective, it is concluded that team based pay has significant positive relationship with employee performance in the company. Similarly, concerning the third objective, total reward and employee performance was found to have strong positive relationship.

5.3 Recommendation for improving reward system

Based on the conclusions made from the study findings, the researcher recommends that some policies and guidelines should be put in place to improve employee performance so that profitability and organizational performance in Britam Insurance can be enhanced. Provided that employees in the company do not consider performance related pay as a factor which largely contributes to employee performance, the researcher recommends that it should be expanded to include tangible non-monetary as well as intangible non-monetary rewards. The two types of rewards should thereafter be tied to performance. This would make the rewarded employee understand that his/her exemplary work has been recognised by the organization.

Equally, owing to the fact that total reward in the organization is not providing satisfaction to the employees, it is recommended that this should be improved. In this respect, promotion patterns should clearly be stated in the policy. Furthermore, job enlargement and enrichment need to be done occasionally, likewise to special assignments which should be given to deserving employees only. Performance management and appraisal reports should inform such decisions.

Team based pay is another factor which has been stated to dissatisfy most employees in Britam Insurance. Employees in the company seem to be dissatisfied with how teams are remunerated. In this regard, the researcher recommends that work councils and self-managing teams be formed in every department and appropriate remuneration provided to them.

5.4 Suggestions for Further Research

Considering the recommendations for improving reward system aimed at enhancing employee performance, the researcher suggest that further studies need to be conducted in some of the following areas. First and foremost, it seems that salary and related allowances are not providing adequate satisfaction to some category of employees (like those in Britam Insurance). It is therefore recommended that a study be done on the effect of performance based tangible and intangible non-monetary rewards on employee performance in Britam Insurance.

One factor which could provide motivation to employees is total reward. Owing to the fact that workers in Britam Insurance seem not to be satisfied with total reward being provided by the company, the researcher recommends that a study be done on the effect total reward on employee motivation in the insurance industry.

Finally, this study revealed that team based pay causes dissatisfaction amongst most employees in Britam Insurance. To this end, the researcher recommended for improvement of team based pay so as to enhance employee performance. It is therefore recommended that a study be done focusing on comparison of the influence of team based and performance related pay on employee performance in Britam Insurance.

REFERENCES

- Aljumah, A. (2015). *The effects of performance related Pay system in Saudi national firms. Three case studies* (Unpublished Doctoral Thesis) University of Wolver Hampton, UK.
- Amin, M.E. (2005). *Social science research; Conception, Methodology and Analysis*. Makerere University, Kampala.
- Armstrong, M. (2007). *A handbook of employee reward management and practice* (2nded) London and Philadelphia, Kogan Page Publishers.
- Bowers, K.S. (2015) *Situationalism in psychology: an analysis and critique*. Psychological Review, 80(5), 307-336.
- Bryson, A. & Freeman, R.(2004). *Doing the right thing? Does fair share capitalism improve work place performance?* Employment Relations Research Series, 81,50.
- Cao, Z., Chen, J. & Song, Y. (2013) Does Total Rewards Reduce the Core Employees' Turnover Intention?*International Journal of Business and Management*; 8, (20) 62 - 75.
- Chepkwony, C. C. (2014). The relationship between rewards systems and job satisfaction: A case study at teachers' service commission-Kenya. *European Journal of Business and Social Science*, 3(1), 59-70.
- Dartey-Baah, K. & Amoako, G. K. (2011) Application of Frederick Herzberg's Two-Factor theory in assessing and understanding employee motivation at work: A Ghanaian Perspective. *European Journal of Business and Management* 3 (9) 2011

- Dicenzo, J. (2014) *Employees' retirement choices, perception and understanding: a review of selected Survey and empirical behavioral decision-making research*. Behavioral Research Associates, LLC
- Gohari, P., et.al (2013). The relationship between rewards and employee performance. *Interdisciplinary Journal of Contemporary Research in Business*, 5(3), 543-570.
- Grey, J. (2002). *Research Methods for Managers*(3rd ed). London: Sage Publications.
- Hollensbe, E. C. & Guthrie, J. P. (2000). Group pay-for-performance plans: The role of spontaneous goal setting. *Academy of Management Review*, 25(4), 864-872.
- Hoole, C. & Hotz, G. (2016). The impact of a total reward system of work engagement. *SA Journal of Industrial Psychology*, 42(1), 14-pages.
- Insurance Regulatory Authority (2015). *Annual Insurance Industry Report for the year ended 31st December 2015*. <http://www.ira.go.ke> retrieved on 24/5/2017
- Kabura, M. P. (2009). *Relationship between reward systems and employee performance*. The case of Kenya Revenue Authority (Unpublished master degree in Business Administration) Kenyatta University, Kenya.
- Kamau, H.N. (2013). *Fringe benefits effects on employee productivity*. (Unpublished Master project in Business Administration) Kenyatta University, Kenya.
- Kenya National Bureau of Statistics (2010) County Statistics
<http://www.knbs.or.ke/index.php?content&view=article&id=176&Itemid=645>
retrieved on 7/6/2017
- Kothari, C.R. (2004) *Research Methodology: Methods and Techniques*. 2nd Edition, New Age International Publishers, New Delhi.

- Kwenin, D. O. (2013) Relationship between work environment, career development opportunities and employee retention in Vodafone Ghana Limited. *European Journal of Business and Management* 5(15) 13 – 20.
- Liyai, A.V. (2014) *Strategy and Performance of British American Insurance Company Kenya Limited* (Unpublished Thesis) University of Nairobi
- Lucifora, C. (2015). *Performance related pay and labor productivity. Do pay incentives and financial participation schemes have effect on firms performance?* Universita Cattolica, Italy and IZA Germany
- Meller, C. (2001). *Handbook of Research design and social measurement*. New York; David McKay Company, Inc.
- Mruma, J.M. (2013) *Effect of Motivation Factors on Teachers' Performance in Tanzanian Education Institution: A Case of Public Secondary School in Nyamagana District, Mwanza*. (Master thesis), The Open University of Tanzania.
- Mugenda, O. M. and Mugenda, A. G. (1999). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi: Acts Press
- Murphy, B. (2015). *Impact of reward systems on employee performance*. (Unpublished Master of Business Administration Thesis) Dublin Business School in association with Liverpool John Moore's University. Ireland
- Njanja, W. L., Maina, R. N., Kibet, L. K., & Njagi, K. (2013). Effect of reward on employee performance: A case of Kenya Power and Lighting Company Ltd., Nakuru, Kenya. *International Journal of Business and Management*, 8(21), 41.
- Ntongai Jeremiah, M. S., Ojera, P. B., Ochieng'Isaac, O., Oginda, M. N. & Aila, M. F. O. Application of the Marketing Concept and Performance of Supermarkets in Kisumu City, Kenya. *Greener Journal of Business and Management Studies* 3(7)309-320.

- Osibanjo, O. A., Adeniji, A. A., Falola, H. O. & Heirsmac, P. T. (2014) Compensation packages: a strategic tool for employees' performance and retention. *Leonardo Journal of Sciences*, 25 (2) 65 – 84.
- Podgursky, M., and Solmon, L.C., (nd). *The pros and Cons of Performance-Based Compensation*. Milken Family Foundation. University of Missouri-Columbia
- Saunders, M., Lewis, P. & Thornhill, A. (2007). *Research Methods for Business Students* 9thed). London: Prentice Hall.
- Saunders, M., Lewis, P. & Thornhill, A. (2012). *Research Methods for Business Students* 9thed. London: Prentice Hall
- Sypniewska, B.A. (2013). Evaluation of Factors Influencing Job Satisfaction. *Contemporary Economics* 8(1) 57 – 72.
- Swales, S. & Al Fahdi, S. (2010) *Voluntary Labour Turnover in the Omani Public Sector*. Centre for Management and Organisational Learning Business School, University of Hull. UK.
- Tan, K.S. (2013). Herzberg's two-factor theory on work motivation. Does it work for today's environment? *Global journal for Commerce and Management Perspective*. 2(5), 18-22
- Way, S., Carroll, B., Susskind, A. M., & Leng, J. C. Y. (2011). *The impact of health insurance on employee job anxiety, withdrawal behaviors, and task performance* [Electronic article]. *Cornell Hospitality Report*, 11(1), 6 -17.
- Williams, S. D. (2004). Personality, attitude, and leader influences on divergent thinking and creativity in organizations. *European Journal of Innovation Management*, 7(3), 187-204.
- Zhu, Z., et.al (2013). Employee stock ownership plan and their effect on productivity: the case of Huawei. *International Journal of Business and Management Invention*. 2(8).

APPENDICES

LETTER OF INTRODUCTION

Owuor Pamelah Anyango
Maseno University
Private Bag, Maseno
Cell Phone: 0725 699038
E-Mail: owuorpam@gmail.com

Dear Sir /Madam,

REQUEST FOR RESPONSE TO QUESTIONNAIRE

I am a Master of Business Administration student at Maseno University carrying out a research on INFLUENCE OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE IN THE INSURANCE INDUSTRY IN KENYA.

The reason for this letter is to request you to assist me by filling in the questionnaire as correctly and as honestly as possible. The identity and responses will be treated with **UTMOST CONFIDENTIALITY** and the researcher will take responsibility for misuse of the same. For such reason therefore, **DO NOT WRITE YOUR NAME** on the questionnaire

The copy of final research can be availed to you upon request. I take this opportunity to thank you for accepting to engage in this exercise.

Yours faithfully,

OWUOR P. ANYANGO

QUESTIONNAIRE

SECTION A: DEMOGRAPHIC DISTRIBUTION OF RESPONDENTS *(please tick as appropriate)*

Respondents Profile:

1 Gender

- Male []
- Female []

2 Level of education

- Primary []
- Secondary []
- University [] Undergraduate [] Postgraduate[]
- Others (specify).....

3 Number of Years Worked In The Insurance Company

- 0- 1 year []
- 1-5 years []
- 6- 10 years []
- Above 10 years []

SECTION B: EMPLOYEE PERFORMANCE AT BRITAM INSURANCE

Different approaches have been employed as measurements of profitability in companies within service industry. The following statements relate to the measurements of employee performance among insurance firms.

Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1)

4. State the level of your agreement concerning employee performance at Britam Insurance Company, Kisumu Branch, in regard to the following:

VARIABLE FOR RESPONSE	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is improvement in Market share	5	4	3	2	1
Expansion or penetration has improved	5	4	3	2	1
Amount earned in net profit of the company has increased	5	4	3	2	1
Reduction in liabilities has been realised	5	4	3	2	1
Return on investment has become better	5	4	3	2	1
There is improved Return on assets	5	4	3	2	1
Return on Equity has become better	5	4	3	2	1
Diversification in portfolio has been enhanced	5	4	3	2	1
Prompt payment of indemnity has been continuously attained	5	4	3	2	1
Premium growth rate has been realised	5	4	3	2	1

SECTION C: EXTENT OF ADOPTION OF PERFORMANCE RELATED PAY SYSTEM AT BRITAM INSURANCE KISUMU (*Kindly circle the number that best represent your opinion*)

Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1)

5. Indicate the extent of the influence of performance related pay system in regard to the following:

VARIABLE FOR RESPONSE	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
My supervisor recognizes me when I do well	5	4	3	2	1
I have been promoted based on my performance	5	4	3	2	1
I get fringe benefits based on my performance	5	4	3	2	1
Employers share stock with employees	5	4	3	2	1
I get paid for night outs	5	4	3	2	1
I get paid commission on my work as required	5	4	3	2	1
When am given specific duties, I get paid	5	4	3	2	1

SECTION C: EXTENT OF ADOPTION OF TEAM BASED REWARD SYSTEM AT BRITAM INSURANCE KISUMU (*Kindly circle the number that best represent your opinion*)

Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1)

6. Indicate the extent of the influence of team based reward system in regard to the following:

VARIABLE FOR RESPONSE	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Employer share profits with teams	5	4	3	2	1
Employer share the company gains with the team	5	4	3	2	1
Teams get incentives based on goals	5	4	3	2	1
Teams get incentives based on merit	5	4	3	2	1
Teams get incentives when they beat deadlines	5	4	3	2	1
Teams get incentive bonuses for given periods	5	4	3	2	1
Teams are rewarded with holiday trips when they do well	5	4	3	2	1

SECTION D: INFLUENCE OF TOTAL REWARD SYSTEM ON EMPLOYEE PERFORMANCE AT BRITAM INSURANCE KISUMU (*Kindly circle the number that best represent your opinion*)

Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1)

7. Indicate the extent of the influence of total reward system in regard to the following					
VARIABLE FOR RESPONSE	Strongly	Agree	Neutral	Disagree	Strongly Disagree
Employees are Compensated Based On Merit	5	4	3	2	1
Employees are entitled to total Benefits	5	4	3	2	1
Employees get flexible work life policies	5	4	3	2	1
Employees get developed in their careers	5	4	3	2	1
Employees work in safe environment	5	4	3	2	1
Employees have health insurance	5	4	3	2	1
Retirement Benefits package has been communicated to employees	5	4	3	2	1
Employees get paid educational leave	5	4	3	2	1

BUDGET

	ITEM	QUANTITY	UNIT COST	TOTAL in KSH.
1.	Printing Papers	3 reams	450	1,350
2.	Photo Copying	1000 pages	3	3,000
3.	Spiral Binding	7 Booklets	60	420
4.	Tape Binding	3 Books	800	2,400
5.	Notebook	4 pads	60	240
6.	Internet cost	Data Bundles		5,000
7.	Transport for presentation	3 days	500	1,500
8.	Lunches for 2 research assistants	7 days	700	4,900
9.	Wages for research assistants	7 days	1000	7,000
10.	Reducing Hard Data to Soft Copy			10,000
11.	Data Management			10,000
	Sub-Total			45,810
	Contingency			4,190
	Grand Total			50,000

WORK PLAN

ACTIVITY	First month		Second month		Third month		Fourth month		Fifth month		Sixth month	
Topic identification & approval												
Proposal Writing												
Presentation of research proposal												
Data collection												
Data Analysis												
Compiling Research report												
Presentation of final report and Research Submission and												
Result findings dissemination												