REWARD AND RECOGNITION PROGRAMMES AND THEIR INFLUENCE ON SERVICE DELIVERY IN STATE CORPORATIONS IN KENYA

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This paper will examine the influence of reward and recognition programmes on service delivery in state corporations in Kenya.

ABSTRACT

The desire for excellent service delivery under the new public sector management mandate in Kenya and the importance of performance management in enabling organizations achieve a competitive advantage and maximize the potential for service delivery cannot be underestimated. The demand from the citizens for efficient services necessitates that state corporations in Kenya device performance measures that will enhance service delivery. Critique of existing literature on the use of performance management initiatives reveals that gaps exist on performance management initiatives and their influence on service delivery in State Corporations in Kenya. The study, therefore, was guided reward and recognition programmes as performance management initiative and their influence on service delivery in State Corporations in Kenya. The study applied descriptive survey research design to gather data from the sampled respondents of the state corporations. Stratified random sampling was applied to select respondents from the State Corporations to participate in the study. Information was gathered by use of questionnaires which were subjected to pre-test to ensure both validity and reliability of the instruments. Data analysis was done using both descriptive and inferential statistics. The study found that reward and recognition programmes have positive influence on service delivery among state corporations in Kenya. The study recommended that state corporations in Kenya to adopt reward and recognition programmes because they positively and significantly affect service delivery.

Keywords – Performance management, Reward and recognition programmes, Service delivery,State corporations.

1.0 Background of the Study

Countries around the world have embarked on public organisational reforms to improve their performance and improve service delivery. The key reform in state corporations has been the introduction of performance management practices but only few countries have successfully implemented the same and got positive results Performance management initiatives were put in place to tackle issues and concerns that organisations have on performance (Sharif, 2002). The majority of countries are seeking to develop a culture in the public sector that is more performance oriented , one that gives much focus to efficiency, effectiveness, quality Customer care, an increased focus on results as well as more decentralised management (Petrie, 2002).

In the last two decades performance management in the public sector has shifted its focus to putting in place processes for measuring outputs and rewarding results (Heinrich, 2003). According toNoe, Hollenbeck, Gerhart and Wright (2010), performance management initiatives should be key elements seen as enabling means towards getting results from individual employees, teams and the organisation as a whole within a framework of setting targets and developing standards, goals and objectives which can be measured to establish the performance levels. It also serves as a way in which state corporations can gauge to establish whether they are delivering the appropriate services

as stipulated by its mission and objectives in the appropriate quantity, cost , time and to the appropriate people (Xavier, 2010). Service delivery is a deliberate obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients.

Performance management initiatives are seen as very important elements in the management of public institutions of many developing countries where the productivity has been low and the workforce continue to work under vague job specifications and muddled lines of accountability. In many public sector organisations individual and organisational performance are seldom measured and staff are paid low salaries that do not relate to the quality of their work. Performance management initiatives are essentially about measuring, monitoring and enhancing the performance of staff, as a contributor to overall organisational performance (Martinez & Martineau, 2001).

As defined by Karen, Jiju and Susan (2009) a performance management initiative is a human resource intervention which seeks to improve quality and outcomes in organisations. It incorporates the approaches used to improve staff performance and improve service quality. Some of the most common performance management approaches include Quality Assurance, Quality Audits, total Quality Management, Quality circles, Benchmarking, and performance appraisal among others. These initiatives in turn share some tools to ensure quality such as use/customer satisfaction surveys, personal development plans among others (Aquinis, 2009). Many contemporary organizations are placing a greater emphasis on their performance management initiatives as a means of generating higher levels of job performance (Gruman& Saks, 2011). Performance management initiatives, along with other human resource management programmes, directly impact key organizational outcomes such as financial performance, productivity, product or service quality, customer satisfaction, and employee job satisfaction. This prompts for adaptable performance management initiatives that are rooted to strategic goals that can guide these organizations to aim for favourable results in these success indicators (Pamela, 2012).

A state corporation is a legal entity created by a government to undertake activities on behalf of an owner government. Their legal status varies from being a part of government into stock companies with a state as a regular stockholder. The defining characteristics are that they have a distinct legal form and they are established to operate in commercial affairs (RoK, 2013). In Kenya, there are a wide range of State Corporations and related agencies and learning institutions. Some of them include: Kenya Ports Authority, Kenya Airports Authority, public universities, National Cereals and Produce Board, Kenya Posts and Telecommunications, Kenya Seed Agency among others (Njagi&Malel, 2012).

The role of State Corporations in the national development effort include promoting or accelerating economic growth and development, building the capability and technical capacity of the state in facilitating and/or promoting national development, important instruments in improving the delivery of public services, creation of good and widespread employment opportunities in various jurisdictions and judicious building of international partnerships (RoK, 2013).

1.1 Statement of the Problem

The need for efficient and effective service delivery has increased over the last decade and the successful implementation and use of performance management initiatives has become of paramount importance in enabling organisations to enhance performance and therefore service delivery. Performance contracting, as a performance management initiative, was introduced in state corporations as a strategy to tackle some of performance problems reported in different government establishments, some of which are, inadequate planning, poor management of projects, wastage of resources, inconsideration of public needs and poor service delivery (RoK, 2013).

Whereas service delivery will always happen with the expectation for responsiveness, responsibility and accountability placed upon public servants, the question of the effectiveness and efficiency with which these services are rendered and whether the clients get best value for their money arises. An exploratory survey on Kenyan service delivery and government interaction carried out by Crandal and Mutuku (2011) indicates that majority of the respondents have negative comments about service delivery by state corporations in Kenya. They cited that 45 % of the respondents had complaints in relation to efficient service delivery and customer care. This is especially concerning infrastructure development, water, electricity, and provision of health and education services. The study further indicates that the respondents on the whole had more negative experiences than positive experiences in relation to service delivery and customer care in Kenya. This indicates that there is room for improvement in Kenyan service delivery.

State corporations are expected to continuously find measures that can enable them to raise standards of services delivered to ensure client satisfaction. A number of studies relating to performance management in state corporations have been done, for instance Nzuve and Kaimuri (2013) investigated the factors affecting performance management in local authorities in Kenya. The study focused on how leadership, stakeholder involvement and organisational culture affect performance management but failed to link performance management initiatives to service delivery.

Wesonga, Tabitha and Muya (2012) did a study on the implementation of performance contracting in state corporations in Kenya where they evaluated how the implementation process can be managed through employee training and development. The failed to relate performance contracting to service delivery by state corporations. A study done by Gichovi (2013) on the effect of performance contracting on service delivery of state corporations in Kenya focused on the coffee board of Kenya. His study was mainly a case study and therefore this makes it important to develop this study further by looking at all state corporations in Kenya. He also failed to relate performance management initiatives to service delivery by state corporations. Despite the numerous studies on performance management, the aspect of service delivery in state corporations in Kenya, in relation to performance management initiatives, has been largely neglected. This study, therefore, is intended to bridge this knowledge gap and seeks to determine how reward and recognition programmes influence service delivery with reference to State corporations in Kenya.

1.2 Objectives of the Study

The overall objective was to evaluate the influence of performance management initiatives on service delivery in state corporations in Kenya.

1.3 Study Hypothesis

To achieve the above objective the following hypothesis were developed;

Ho_1: Rewards and recognition programmes have no significant influence on service delivery in state corporations in Kenya.

Ha_1: Rewards and recognition programmes have a significant influence on service delivery in state corporations in Kenya.

2.0 Theoretical/ Empirical Review

The study will be grounded on four major theories namely: principal-agent theory, game theory, expectancy theory ad goal setting theory. A review of the theories will provide a clear link between determinants for use of performance management initiatives and service delivery in the public sector.

2.1 The Principal /Agent Theory

The simple model of the principal-agent theory therefore follows that public enterprises are agents while the central government is the principal, the people can also be the principals and central government is their agent. The heads of public institutions are principals and their subordinates are the agents. Democratic politics are structured by the multi relationship between the people and bureaucratic organisations because it is quite difficult to identify a single principal-agent model in the public and social sector (Carr& Brower, 1996; Pollitt &Bouckaert, 2000).In relation to rewards and recognition programmes and performance appraisal as variables in this study, the Principal-agent theory recognises that incentives are an important tool for agents, and performance measurement is a useful means of controlling behaviour, which is why performance management in state corporations should focus on performance measurement.

2.2 Game Theory

According to Scharpf (1997), game theory comprises three fundamental components, the first being a player who can be an individual or composite actor assumed to be capable of making purposeful choices among alternative courses of action. The second component comprises of strategies which are the courses of action or sequences of moves available to a player. A game exists if these courses of action are in fact interdependent, so that the outcome achieved will be affected by the choices of both players.

2.3 Expectancy Theory

According to Vroom (1964) the expectancy theory has three main motivational forces i.e. valence, instrumentality and expectancy. Valence means the value and therefore attractiveness of the

outcomes. Expectancy is defined as a momentary belief concerning the likelihood that a particular act will be followed by a particular outcome. Expectancies can be described in terms of their strength. Maximal strength is indicated by subjective certainty that the act will be followed by the outcome, while minimal (or zero) strength is indicated by subjective certainty that the act will not be followed by the outcome. For example performance related rewards work if the there is a clear link between performance and reward and the reward is also worth the effort. The expectancy theory was developed into a model by Lawler (1976) and he put forward two factors determining the effort people put into their jobs.

Firstly, the value of the rewards to individuals in so far as they satisfy their needs for social, esteem, security, autonomy, and self-actualization and the probability that rewards depend on effort, as perceived by individuals or their expectations about the relationship between effort and reward. For state corporations in Kenya, this essentially means that the greater the value of rewards and the higher the probability the receiving this rewards depends upon effort then the greater the effort that will be put forward in a given situation. In view of this research, it therefore means that, if employees and state corporations have to accept that they are able to achieve what is demanded of them and believe that if they put more efforts in achieving objectives then they will get more rewards. According to this theory it is also believed that if employees of state corporations don't think that the additional rewards are big enough then their performance may not be good and therefore service delivery will not be improved. Reward programmes, therefore, need be market driven, timely, appropriate, and effective and performance based in order for them to be able to drive performance of employees towards achieving key organisational objectives.

2.4 Empirical Review

Reward and recognition programmes include all forms of pay and rewards received by employees for the performance of their jobs (Snell & Bohlander, 2007). Reward system refers to all the monetary, non-monetary and psychological payments that an organisation provides for its employees in exchange for the work they perform while recognition is about acknowledgement and appreciation for a contribution, improvement, innovation, or excellence and serves as a message to employees that they are valued (Bratton & Gold, 2007). If customer satisfaction and intimacy is rewarded then employees will strive to mould their behaviours towards building good relationships with customers and so that they are able to know and satisfy their needs (Mujtaba, 2006). Rewards demonstrate to employees that their behavior is appropriate and should be repeated. Different scholars have spoken strongly on the use of team incentives, for example, Dessler (2008) says that firms that rely on teams to manage their work must develop incentive plans that encourage teamwork and focus team members' attention on performance.

Performance is a result of employee engagement and that the performance management system is a communication and guiding mechanism, which if implemented well and used appropriately, can channel the efforts of employees striving to perform (Bourne, Pavlov, Franco-Santos,Lucianetti & Mura, 2013). Optimum performance will come from a rigorous focused approach to managing

people. Performance excellence can be encouraged through motivation and commitment of employees, Performance measurements, responsibility, involvement, feeling valued, coaching for performance & review of Reward and recognition systems to match expected levels. This requires the reorganization of incentive programmes to encourage new employee behaviours aimed at achieving team and organisational goals (Ron, 1999). Continuous search for service quality should be conducted using a flexible and holistic approach. Short term gains should not be sought at the expense of longer term strategies in which people play a major part. Effectiveness is as a result of harnessing the latent creative energy of employees at every level in the organization.

3.0 Methods

The study adopted a descriptive survey research design. A research design is a logical thread which holds together all the crucial aspects of the research together so that they can derive meaning (Kothari, 2004). It is a process through which research questions are asked and answered (Mugenda & Mugenda, 2003). Descriptive surveys are done when the researcher intends to establish the relationship of events, processes or entities without interfering with the purpose of reporting the facts as they are. This design was chosen and considered appropriate for this study since it would be able to give room for exploratory and descriptive data.

The study adopted both quantitative and qualitative approach. Quantitative approach emphasizes data measurement and analysis in numerical form to give precise description. Quantitative approach places emphasis on methodology, procedure and statistical measures to test hypothesis and make predictions (Berg, 2004). Qualitative research approach helps in analysing information in a systematic way in order to come to some useful conclusions and recommendations on the social settings and the individuals who portray the characteristics (Cobertta, 2003).

3.1 Sampling and Sample Size

The study adopted stratified random sampling technique to select a sample of 118 corporations from a population of 170 State Corporation in Kenya. The five functional categories of state corporation as categorized by the Presidential Taskforce Report of 2013 were treated as strata after which simple random sampling was done proportionate to the number of corporations in each stratum. The goal of stratified random sampling was to achieve the desired representation from various sub-groups in the population. The selected state corporations formed 69% of the entire population this surpassed 30% of the population. Mugenda and Mugenda (2003), states that a sample of 30% is considered representative for a population less 500.

3.2 Measurement of variables

The dependent variable for this study which is service delivery was measured by the subjective and objective measures of existence of the service delivery charter. A likert scale (5-1) was used to collect views on the levels of service delivery relation to the SERVQUAL model of Parasuraman et al. (1988) which proposes five dimensions of perceived service quality: Tangibles; reliability; responsiveness; assurance & empathy as items reflecting both expectations and service

performance.A five point likert scale (5-1) was used for each of the statements corresponding to the various parameters of reward ad recognition programmes. Multiple regression analysis was used to determine whether the independent variables predict the dependent variable in any way. Service delivery in state corporations in Kenya, as the dependent variable was regressed against the independent variable reward and recognition.

4.0 Findings

Most of the respondents agreed that implementation of reward and recognition as a performance management initiative positively influenced service delivery, this is accounted by the 41.2% who agreed and 24.7% who strongly agreed to the statement. It is clear from the results that reward and recognition programmes positively influence service delivery in state corporations in Kenya. This accounted by the findings which indicate that 36.1 % agreed while 24.7% strongly agreed to the statement.

Moreover 27.8% agreed while 23.7% strongly agreed to the statement that reward and recognition is based on employee performance. Further, on incentives like annual bonuses are given to encourage performance, 39.2% agreed while 25.8% strongly agreed to these statement indicating that incentives are given to encourage performance in state corporations in Kenya. On whether the rewards are given on timely basis, 24.7% agreed while 19.6% strongly agreed but 32% of the respondents who disagreed and strongly disagreed indicated that rewards are not given on a timely basis. It is also notable that a simple majority at 31% indicated that rewards offered are not market driven.

On whether reward programmes are reviewed periodically a total of 30.9% agreed with 18.6% strongly agreeing to the statement. It is notable that a majority of the respondents at 54% agreed and strongly agreed to the statement that reward and recognition is effective in organization for enhancing service delivery. On overall, the results depicted that reward and recognition programmes have an influence on service delivery. This is accounted for by the fact that the statements used to measure reward and recognition programmes range between the mean of 3.1 to 4.0. This shows that majority of the respondents were in agreement to the statements that were used to measure reward and recognition programmes. Similarly the standard deviation of majority of the items are in the range of 1.0. This indicates that the responses to the items were not deviating much from the mean.

4.1 Correlation Analysis Results

From the Pearson correlation analysis done to analyse the relationship between reward and recognition programmes and other variables of HR audit, performance appraisal , feedback mechanisms, organisational climate and service delivery. Pearson correlation coefficient was used to determine if there is a significant relationship between the variables. From the results derived from the analysis, a positive and significant correlation is evidenced between reward and recognition and other human resource management practices. For instance the correlation between

reward ad recognition programmes and HR audit practices was found to be significant This is shown by the fact that it had a coefficient of 0.522 and a p- value of 0.000. This means that as reward and recognition practices increases performance in HR audit also increases in the same direction.

The coefficient also showed a positive, strong and significant relationship between reward and recognition programmes and performance appraisal. This is evidenced by the Pearson correlation coefficient of 0.580 and a p- value of 0.000. This, therefore, means that there is a significant positive correlation between reward and recognition programmes and performance in performance appraisal. The coefficient also showed a positive, strong and significant relationship between reward and recognition and feedback mechanisms because a Pearson correlation coefficient of 0.363 and a p- value of 0.000 was realised. This means that as reward and recognition programmes increase performance in feedback mechanisms also increases in the same direction.

The correlation coefficient between reward and recognition programmes and organisational climate showed a moderate positive and significant relationship. This is evidenced by the coefficient of 0.449 and a p- value of 0.000. This means that as reward and recognition programmes increases, the organisational climate also improves in the same direction. Organisational climate increases it leads to an increase in performance. Moreover, a moderate positive and significant relationship between reward and recognition and service delivery was established. This was indicated by the coefficient of 0.411 and a p- value of 0.000. This means that as reward and recognition programmes increase, service delivery also increases in the same direction. This, therefore, mans that as state corporations strive to offer appropriate reward and recogn8ition programmes then this will lead to improved service delivery as well as performance in other human resource management practices.

The findings support the assertion by Goel (2008) where he posits that performance related pay is an effective motivator and conveys a clear message that high levels of performance are expected and will be rewarded. This corroborates the argument by Zingheim (2010) where he indicated that having the right type of rewards programme will help workers to grow, mature and ultimately add value to your organization. According to him, organisations that spread pay more evenly drive away high performers and encourage the same type of average performance throughout the organization. This report argues that financial remuneration should be based on the value you add to your organization.

4.2 Regression Analysis Results

The coefficient of determination between reward recognition and service delivery was 0.411 indicating a positive effect of reward recognition on service delivery. The coefficient of determination (R squared) of 0.169 indicated that 16.9% of service delivery could be explained by reward recognition programmes. The adjusted R-square of 16% indicated that reward recognition programmes in exclusion of the constant variable explained the change in service delivery by 16%, the remaining percentage could be explained by other factors excluded from the model. The result

of Analysis of Variance (ANOVA) for regression coefficient revealed were, (F=19.058, p value = 0.000a). The results indicate that the significance of the F is 0.00 which is less than 0.05, this therefore implies that the regression model statistically significantly predicts the outcome variable and is therefore a good fit for the data. This is an indication that there exists a significant relationship between reward recognition and service delivery among the state corporations in Kenya.

4.3 Hypothesis Testing

The study hypothesized that rewards and recognition programmes have no significant influence on service delivery in state corporations in Kenya. The study findings indicated that there was a positive significant relationship between rewards and recognition programmes and service delivery (β=0.411, t= 4.366 and p value 0.000). This therefore means that an increase in reward systems will increase service delivery significantly. Since the t was 4.366 which is greater than zero, the null hypothesis that rewards and recognition programmes have no significant influence on service delivery in state corporations in Kenya was rejected and the alternative hypothesis accepted. It was therefore concluded that rewards and recognition programmes have positive significant influence on service delivery among the state corporations in Kenya.

5.0 Discussion

The regression analysis revealed that reward recognition has positive effect on service delivery in state corporations in Kenya with coefficient of correlation of 0.411. The coefficient of determination (R squared) of 0.169 indicated that 16.9% of service delivery could be explained by reward recognition programmes. This relationship was significant with the ANOVA results indicating a p value of 0.000 and F statistic of 19.058.

This implies that when performance of employees is recognised and adequate attention is paid to performance based rewards then employees are most likely to extent their efforts towards the realisation of organisational objectives. This, therefore, calls for a total rewards strategy wherebycomprehensive monetary and non-monetary benefits employers provide employees in exchange for their time, talents, efforts, and results. These benefits include health care services such as medical, dental and optical coverage, wellness offerings such as health assessment and screenings, retirement benefits as well as pensions. Good total rewards packages attract, retain, and motivate employees to do their best work, and they should be modified on a regular basis to keep employees engaged and to meet employees' changing personal and professional needs.

In Kenya, following the results of this survey it means that reward and recognition plays a significant role in motivating employees to perform to the standards that can enhance service delivery in state corporations in Kenya. For instance, respondents from state corporations in the category of public universities such as the Technical University of Mombasa, Karatina University and Kisii University indicated the presence of performance based rewards would lead to enhanced service delivery. This should be attributed to the fact that when employees are aware of what they

stand to gain when they put effort in their tasks then they stay motivated which in turn heightens their performance.

In another state corporation such as one in the category of executive agencies, respondents cited lacking of a medical cover, despite the fact that employee's get refunds for expenses incurred while seeking medical treatment, chances could arise where the employees lack the money to get the treatment. This is a clear indication that although monetary incentives are important motivators, non-monetary incentives are also highly valued by employees for motivation. It, therefore, follows that organisations should give focus to both of these dimensions so as not to have instances where employees feel that they organisations have failed cater for critical needs of their employees.

In the purely commercial state corporations , for instance both Kenya Electricity Generating Company and Kenya Power and Lighting Company it was established that varied rewards have been put in place which include; basic pay, allowances i.e. housing, sick leaves, medical cover, leave allowances,, promotions, training, life insurance plans, retirement benefits, performance based pay, and long service awards. This is a good example of a varied reward system that takes care of the needs of employees and motivates them to expend their efforts to the realisation of organisation objectives.

These results showing the importance of reward and recognition programmes in influencing service delivery were consistent with those of Ron (1999) who found that reward and recognition systems were an important part of the change that is necessary for organizational transformation to be effective. The study emphasized that for organizational change to take place, for this study the change may be enhanced service delivery. It requires reorganization of incentive programmes to encourage new employee behaviours aimed at achieving team and organisational goals. Further Mujtaba (2006) indicated that if customer satisfaction and intimacy is rewarded then employees will strive to mould their behaviours towards building good relationships with customers and so that they are able to know and satisfy their needs.

Dessler (2008) noted that firms that rely on teams to manage their work must develop incentive plans that encourage teamwork and focus team members' attention on performance. Goal (2008) argued that performance related pay was an effective motivator and conveyed a clear message that high levels of performance was expected and was being rewarded. According to Johnson, Scholes and Whittington (2006) planning of rewards should take on board the reality of more team working in delivering strategy. Therefore, state corporations need to design rewards programmes that can be motivational to both employees and managers alike and for this, reward and recognition programmes need to be timely, market driven, appropriate and effective. With improvement in reward and recognition programmes, service delivery among state corporations will significantly improve.

5.1 Conclusion

The study concluded that reward and recognition programmes as have been used by state corporations in Kenya positively and significantly affect service delivery. The study further concluded that reward and recognition programmes in state corporations are equitable and given on a timely manner. It was also concluded that reward and recognition programmes in state corporations are not market driven nor based on employee performance. This is so because most state corporations pay their employees based on the grade structure specified for public servants in Kenya. If customer satisfaction and intimacy is rewarded then employees will strive to mould their behaviours towards building good relationships with customers and so that they are able to know and satisfy their needs.

Further, rewards demonstrate to employees that their behaviour is appropriate and should be repeated. Hence, state corporations that adopt superior reward and recognition programmes will deliver superior services. State corporations need to design rewards programmes that can be motivational to both employees and managers alike. The study further concluded that reward and recognition programmes need to be equitable for them to positively influence service delivery. The study further concludes that rewards should be based on employees' performance, be given on a timely basis, market driven and reviewed periodically for them to encourage employees to put more effort in their tasks and enhance service delivery.

5.2 Recommendation

The study recommends that state corporations in Kenya to adopt appropriate reward and recognition as they positively and significantly affect service delivery. If customer satisfaction and intimacy is rewarded then employees will strive to mould their behaviours towards building good relationships with customers and so that they are able to know and satisfy their needs. State corporations therefore need to design rewards programmes that can be motivational to both employees and managers alike and for this, reward and recognition programmes need to be timely, market driven, appropriate and effective.

5.3 Areas for Future Research

This study examined reward and recognition programmes as a performance management initiative and its effect on service delivery among the state corporations in Kenya. The study concentrated on describing reward and recognition programmes and how as a performance management initiative they can affect service delivery. The study did not examine the differences in performance among the state corporations to establish whether differences in service delivery among the firms were attributed to reward and recognition programmes. A further study is therefore recommended to determine whether performance management initiatives adopted could explain the differences in performance among various state corporations.

The current study also focused on Reward and recognition programmes and service delivery on a sample drawn from all classes of state corporations. Further study is therefore recommended where

a repeat study can be done not on all state corporations but on class basis. This will ensure that the findings can be compared among the various classes of state corporations in Kenya and determine whether reward and recognition programmes affects service delivery in equal magnitude.

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