EFFECTS OF REWARD SYSTEMS ON EMPLOYEE PRODUCTIVITY IN CATHOLIC UNIVERSITY OF EASTERN AFRICA

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Abstract: **The main objective of this study was to assess the effects of reward systems on employee productivity in The Catholic University of Eastern Africa, Kenya. It further sought to determine the factors which increase employee motivation to better performance and critically evaluate and focus on the effects of reward systems on employee productivity. Purposive sampling was used to sample 80 respondents from all cadres of staff. Data was collected through self-administered questionnaires on a delivery and collection basis to the respondents. Regression technique was used to analyze the data. The data was analyzed using Statistical Package for Social Scientists (SPSS). The findings of this study revealed that different respondents had different motivational preferences but majority of the Institution's staff was more exposed to the use of non-financial rewards such as recognition, training, opportunities to handle greater responsibilities, employee promotion and participation in key decision making and challenging jobs to motivate exemplary performers. The study also shows that the rewards offered as a result of good performance were worthwhile and meaningful. The study concluded that employees reward systems is a source of motivation to the employees.**

Keywords: **employee motivation, effective reward system, performance, Productivity, Reward systems: Financial and non-financial rewards.**

I. INTRODUCTION

For any organization to experience effective functioning and quality performance it should have an in depth understanding of its employees needs that should inform the organization's appropriate reward systems. Hafiza etal (2011) argued that due to the fact that organizations have to perform optimally and compete effectively, they must maximize on the resources they have, one of which is the human asset and the most important asset any organization can posses. In order to achieve the required performance standards from the human resource, employee motivation is necessary. Employees will peg their performance to the feeling of trust that their efforts will be rewarded by the management. According to Armstrong (2012) performance management is the means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. However, a desired goal and target may only be achieved effectively if the workforce gets a sense of mutual gain of the organization with the achievement of a defined performance target. It's against this background that an organization must strategically set the reward system to evaluate employee's productivity at all levels and reward them effectively. Herman (2009,P.12) argues that an effective reward system is one that seeks to meet the employees specific needs, however, for an employee who have already achieved his/her basic needs through monetary reward, then he/she will tend to value rewards that reinforce his or her self-actualization and hence will be more motivated by relational rewards.

Various organizations staff has shown that they have diverse needs that require a comprehensive total reward system to meet the needs of various employees. As a result the management has been faced with the challenge of implementing and offering competitive rewards to the workforce for the purpose enhancing their performance. According to Shaw, F (2006), Human resource managers must try to develop human resource programs that improve productivity and enhance organizational effectiveness. One popular approach to enhancing productivity has been linking rewards to performance through various forms of incentive pay. Such as; special recognition to acknowledge outstanding individual or team achievements with small cash awards, individual performance rewards based on specific employee performance criteria and stock ownership rewards to professionals who meet specific goals.

The Objective of the study was

The main objective of the study was to assess the effects of reward systems on employee productivity in The Catholic University of Eastern Africa.

II.   THEORETICAL REVIEW

This study was guided by the Expectancy Theory

According to Vroom (1964), expectancy can be defined as a momentary belief followed by a particular outcome. Expectancy theory states that motivation to perform will be high when people know what they have to do to get reward, expect that they will be able to get a reward and expect that the reward will be worthwhile. Vroom, V (1964) defines motivation as the force impelling a person to perform a particular action, determined by the interaction of the person's expectancy that his act will be followed by a particular outcome. This theory focuses on how motivation affects performance. Lawler, E (1971) as cited by Lawler, E and Suttle, J (1973) makes a distinction between the expectancy that effort will lead to the successful performance of a behavioral action, and the expectancy that this action will produce outcomes.   Lawler (1971) as cited by Lawler and Suttle (1973) defines motivation as a function of the combination of effort and behavior that will lead to the successful accomplishment of a goal. Expectancy theory is an important basis for explaining what motivates people to work and is used to inform decisions on the design and management of contingent pay schemes and to measure the effectiveness of such schemes.

III.   CONCEPTUAL FRAMEWORK

Reward systems

Fig.1: Conceptual Framework: Employee Productivity

Productivity refers to a ratio of output to input or the relationship between the output generated by a production or service system and the input provided to create this output. For organizations to achieve optimal performance, many firms believe that productivity is affected by employee's motivation, attitude and behavior. Syverson, C. (2010) Opines that productivity is the efficiency in production: how much output is obtained from a given set of inputs? As such it is expressed as an output-input ratio.

IV. METHODOLOGY

The study was an explanatory research where data was collected using two techniques namely; Primary sources and secondary sources which gave data for quantative analysis. Data processing and analysis used regression. The data was analysed using Statistical Package for Social Scientists (SPSS).

V. RESEARCH FINDINGS AND DISCUSSION

The results sought to assess the effects of rewards on the employee productivity in the Catholic University of Eastern Africa.
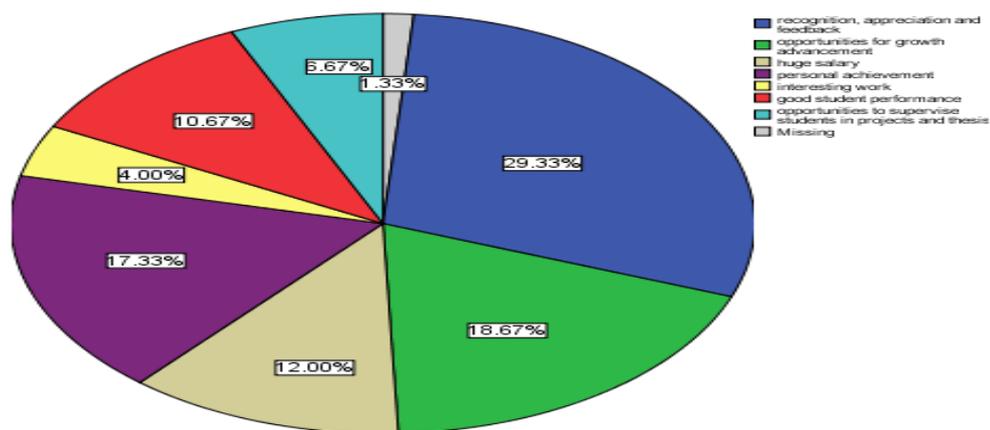

Figure 2 What motivates you best towards good performance

Fig.2 shows factors motivating employees towards good performance in Catholic university, 29.33% of the respondents were motivated towards good performance by recognition, appreciation and feedback on their performance, 18.67% of the respondents were motivated to perform well by the opportunities for growth advancement in their career, 12% were motivated by huge salaries while 17.33% were motivated by personal achievements, 4% of the respondents were motivated to perform well by interesting work that they were involved in, 10.67% were felt motivated to perform well as a result of good student performance and 6.67% of the respondents were motivated towards good performance by the prevailing opportunities to supervise students in their project and thesis work. From data obtained we can conclude that majority the respondents at 29.33% were motivated towards good performance by the institution's recognition, appreciation and feedback on employee performance while the remaining respondents chose other factors that influenced their performance.

It was realized that a well-motivated workforce has an association of the reward and a positive attitude towards work as captured Table 1

Table 1: What forms of rewards do you expect or often receive as a result of good performance? kindly state them

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	salary increment	22	29.3	29.3	29.3
	recognition and training	34	45.3	45.3	74.7
	Handling greater job responsibilities	6	8.0	8.0	82.7
	promotions and participation in key decision making	13	17.3	17.3	100.0
	Total	75	100.0	100.0	

From the study, as illustrated on table 1 above, it was discovered that 34(45.3%) of the respondents expected or often received recognition and training rewards as a result of good performance, 22(29.3%) of the respondents expected or often received a salary increment, 6(8%) said that they expected or often received greater job responsibilities for their good performance and 13(17.3%) were rewarded with a promotions and an opportunity to participate in key decision making within the organization. From the sample responses above we can confidently say that indeed the organization was able to provide varied rewards to different employees probably according to their understanding of various employees needs which is essential to the motivation of employees and ensuring that they perform optimally. We can also conclude that non-monetary rewards in this institution maybe a greater source of employee motivation due to the greater number of respondents who were in favor of them and particularly employee recognition and training opportunities among other rewards.

VI. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Findings

The study revealed that, reward systems have a positive effect on employee productivity in Catholic University.

Conclusion

This study concludes that a good reward system should incorporate both monetary and non-monetary rewards that are competitive based on the prevailing market rates; such a reward provides a sense of employee motivation hence boosting their level of performance/productivity and commitment to their work which is essential for the organization to experience growth as well as gain a competitive edge against its competitors.

Recommendation and future research

This study recommends that the management should ensure that they provide rewards that satisfy the needs of the employees. It is worth carrying out similar research in other institutions of higher learning to see if the results replicate the findings of this study.

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