NON-FINANCIAL REWARDS AND EMPLOYEE PERFORMANCE IN SELECTED DEPOSIT TAKING SACCOS IN NAIROBI CITY COUNTY – KENYA

1Njagi Kageni Anmitah, 2Dr. Thomas Mose
Abstract

Despite the remuneration given to the employees working in the Sacco’s, many employees do not necessarily consider money to be the top motivator at all. This study therefore sought to examine the influence of non-financial rewards on the employee performance of deposit taking Sacco’s in Nairobi City County, Kenya. Specifically, the study sought to determine the influence of social welfare benefits on the employee performance of deposit taking Sacco’s in Nairobi City County and to find out the influence of employee recognition on the employee performance of deposit taking Sacco’s in Nairobi City County. The study used descriptive survey design. The study targeted 260 respondents comprising of top management, middle level management and lower level management staff working in deposit taking Sacco’s in Kenya. The study used stratified sampling procedure to select a sample of 157 respondents. The researcher used relevant primary and secondary sources of data to utilize for the study. Primary data was obtained through a self-administered questionnaire. Descriptive and inferential statistic was used in analyzing quantitative data by the help statistical software known as SPPS version 21. Descriptive statistic entails calculation of percentage, frequencies and measurement of mean as well as measurement of dispersion. On the other hand inferential statistics entailed correlation and regression analysis. The final results were presented by use of figures (pie charts and bar charts) and tables. The study concludes that social welfare benefits influences the employee performance of deposit taking Sacco’s in Nairobi City County. In addition, the study concludes that employee recognition influences the employee performance of deposit taking Sacco’s in Nairobi City County. From the results, the study recommends that the management of deposit taking Sacco’s in Nairobi City County should ensure all employees have access to medical facilities, retirement benefits and educational benefits. Further, the management of deposit taking Sacco’s in Nairobi City County should ensure fairness in employee promotion, good pay and job security.

Key Words: employee performance, non-financial rewards, social welfare benefits, employee recognition, deposit taking Sacco’s

INTRODUCTION

Reward is one of most fundamental ways of motivating organizations to motivate their effort and knowledge in generation of innovative ideas for enhancing organizational performance. Kathure (2015) Stated that employees will give their maximum in the event that they trust that their efforts will be rewarded while are likely to withhold up to larger percentage of their efforts in the event that their efforts towards helping the business in meeting its goals and objectives are not acknowledged and rewarded. Additionally, well rewarded employees are optimistic spontaneous and tend to possess proactive behaviors and positive attitudes in the company (Cheema, et al 2018).

All organizations want to be successful and have a desire to get constant progress. Currently, there is highly market competition and organizations regardless of size, technology and
market focus are facing employee retention challenges (Agbenyegah, 2019). To overcome these restraints a strong and positive relationship and bonding should be created and maintained between employees and their organizations (Kumar, Hossain, & Nasrin, 2015). Human resource is the central part of any organization. Therefore, they need to be influenced and persuaded towards task’s fulfillment. For achieving prosperity, different organizations design different strategies to compete with the competitors and increase the performance of the organizations (Kumar, Hossain, & Nasrin, 2015). Until the employees of any organization are satisfied with it, they are motivated with the task’s fulfillment and goal’s achievements and encouraged to achieve success. Consequently, one of the most compelling challenges facing today’s organizations is how to make sure that employees are highly motivated (Kumar, et al, 2015).

Globally, most firms and business entities recognize the need for non-financial methods of motivation. Many non-financial factors motivate employees to improve their output. Currently, organizations need to focus more on transforming their working environment to motivate their employees in order to attain their goals and compete in the global rivalry market (Albatal, 2019). For instance, in Bangladesh Non-financial rewards in most firms are non-monetary rewards that are given by management to employees to satisfy employees’ needs to have recognition, achievement responsibility, autonomy, influence and personal growth at the workplace (Hosain, 2019). Most companies incorporate the notion of relational rewards, which are intangible rewards concerned with the work environment such as quality of work life, the work itself as well as work life balance (Hosain, 2019).

Lack of rewards in many firms in the sub-Saharan Africa (SSA) has seen a decrease in the number of workers regionally. A number of these workers have been lost through migration to other countries. For instance, In Zimbabwe, more than 70% of the employees have migrated out of the country in search of better terms of service in other developed countries (Moruri, Obwavo, Kimeto, Khandira, & Mbatha, 2018).

In Kenya, contemporary employers are increasingly realizing the value of non-financial motivators in driving employees towards organizational goals (Njine, et al, 2017). As such, they strive constantly to identify the best strategies to motivate their employees to improve productivity. In a study, Njine et al (2017) indicate that working conditions, training and recognition all influence employee productivity. To elicit the best performance from employees, there is need for some sort of motivation beyond the weekly pay check. Workers have needs that a workplace ought to fulfill in order to avoid de-motivation or distraction from work. Therefore, organizations need to place emphasis on non-financial motivators to retain, attract, increase workers’ efforts, satisfaction and commitment (Njine, Nzulwa, Kamaara, & Ombui, 2017). Imbahale (2016) found that non-monetary rewards attract persons with a high need for affiliation through verbal recognition and high achievers through challenging jobs in the technical university of Kenya. The study posits that praise and recognition are effective ways of motivating employee behavior in the organization as they are considered the most important rewards. Imbahale, (2016) also contend that non-monetary rewards which are represented by recognition, learning opportunities, challenging work and career advancement, have been found to be an effective tool in motivating workers and consequently increase their performance. This reward is highly appreciated probably due the opportunity it offers in terms of skill development of the workers which in the long run could be translated to higher monetary reward (Imbahale, 2016).
Statement of Problem

SASRA statistics show that between 2018 and 2019, the SACCO’s regulator has revoked operating licenses of 43 Deposit Taking Sacco’s due to severely undercapitalization, inability to meet members and third parties’ obligations leading to unsustainably high external borrowing. According to (Mwangi, 2015), most Sacco’s challenges are attributed to high rate of employee turnover and employee demotivation. Despite the remuneration given to the employees working in the Sacco’s, many employees do not necessarily consider money to be the top motivator at all. Kivuvo & Olweny, (2017) argues that work-related non-financial compensations have the probability to induce workers inherently. Jobs with different duties, accountability, independence, empowerment and career development prospects are very essential in gratifying employees.

Local studies that have been conducted on the influence of non-financial rewards on employee performance, for instance Kathure and Obonyo (2017) conducted a study on the influence of Non-Financial Rewards on Employee performance at Kenya Tea Development Agency. The findings of noted that nonfinancial rewards do have a positive effect on employee commitment and the decision makers at the agency may use these findings to review their reward system and lay emphasis on what influences employee commitment positively. Zafarullah and Sharjeel, (2019) studied the effect of monetary and non-monetary rewards on employee performance. The study explores the concept of employee engagement and how employee engagement can be strengthened by offering monetary and non-monetary rewards to employees.

Bari, Arif, & Shoaib, (2018) undertook a study on Impact of Non-Financial Rewards on Employee Attitude and Performance in the workplace at Business Institutes of Karachi. From the study it was evident that feedback to employees, freedom, career development plan, and valuation of employees, learning programs, open and comfortable work environment and good supervisory relations impacts on employee attitude and performance in the workplace. From these studies, it is evident that most studies have not analyzed the non-financial rewards in the organizations fully. These studies have not been able to bring out clearly the aftermath of non financial rewards in the firms. From this, it can be deduced that, the present study sets out to bridge the knowledge gap by investigate the influence of non-financial rewards on employee performance on Sacco’s in Kenya.

Objectives of the Study

i. To determine the influence of social welfare benefits on the employee performance of deposit taking Sacco’s in Nairobi City County.

ii. To find out the influence of employee recognition on the employee performance of deposit taking Sacco’s in Nairobi City County.

Justification of the Study

The outcomes of the influence of non-financial rewards on employee performance in the deposit taking Sacco’s helps other scholars increase their knowledge on the relevance of non-financial rewards in an organization. Non-financial rewards encourages employees to be accurate and efficient in their operations and thus encourages competence among the employees.

This topic gives guidelines to Human Resource Practitioners and directors on the influence of non-financial rewards on employee performance and how to make employees be engaged at work place. All human Resource practitioners need to always be able to manage human resource effectively and efficiently for the realization of the goals.
The best way to understanding the complexity of the influence of non-financial rewards on employee performance and how it affect the performance as well, to assist the researchers developed a model that bridges the gap between employee performance definition and offers guidelines to managers on how to connect socially influence of employees. The study contended the mix of non-financial rewards required to influence employees to engage in performance and avoid effect of turnover due to dissatisfaction at work place.

The study is of benefit to employees of deposit taking Sacco’s in Kenya. They are able to understand the influence of non-financial rewards on employee performance and consequently seek ways of alleviating the situation. The study helps the administrators to realize the ways of rewarding their members of staff that enhances work performance of the employees. This helps the Organization by getting better performance from rewarded staff. The study also assists the Sacco’s to motivate their employees for higher performance and productivity for efficient and improved services delivery. Employees get satisfied hence benefit to the employees from regular promotions, recognition and work flexibility.

**LITERATURE REVIEW**

**Theoretical Review**

**Herzberg’s Two-Factor Theory**

The theory was developed by Herzberg’s (1959) from the study carried out from the group of employees developed a two dimension theory of job satisfaction that is motivation and hygiene factors according to Herzberg’s. There have been numerous researches done on motivation and employee performance. Many scholars have postulated theories to try and understand what motivation is, and how it influences individuals (Fincham & Rhodes, 2018). Fincham & Rhodes, (2018) motivators are defined as those factors that create satisfaction by fulfilling individuals, needs for meaningful personal growth. These are issues such as rewarding employees, achievement, recognition, the work itself, giving those allowances and Benefits. Herzberg says that once the hygiene areas are addressed, motivators will promote job satisfaction and encourage productivity. Institute policies can be a great source of frustration for employees if they are unclear or unnecessary or if not everyone is required to follow them. Hence if institute requires ensuring that the policies are fair and that they apply equally to all, they should also be accessible to all members of staff.

Mori (2017) observed that money is not only a motivator hence according to the researcher, salary is not a motivator for employees but they do want to be paid fairly. There is need to conduct a salary survey at a local level to ensure that they are comparable to those of other areas in the same industry. Fair treatment contributes to job satisfaction. This applies where employees are allowed reasonable time for advancement of his career. This will enable them develop a sense of recognition and teamwork resulting to job satisfaction. The studies conducted by researcher reveal the allowing about the motivators. Achievement Herzberg’s theory, most individuals sincerely want to do a job to ensure that there are placed on a position where they will use their talents, clear achievable goals and standards for each position need to be set. Furthermore, the employees have the knowledge of those standards. Continued feedback on employees is required on how they are doing. Employees want to be recognized for their job achievement. A employer needs to acknowledge the work of their subordinates immediately either by rewarding them or by benefits.

Publicly thank them for the work well done. Establish a formal recognition program such as the employee of the month. This will bring about job satisfaction on the employee affected, theory is considered relevant to understand how rewards can influence employee motivation.
through job satisfaction in institutes and hence provide determined what people actually want from their jobs. The respondents had to describe work situation in which they feel good (satisfied) or bad (dissatisfied) in their job. This theory support the variable rewarding management by motivating employees at work place by recognizing them through bonuses allowances and benefit they get from their employer this motivate them to work, (Garry Becker 2018).

**Abraham Maslow’s Hierarchy of Needs Theory**

Abraham Maslow is one of the best known of motivational theorists. Abraham Maslow was an American psychologist who believed that all individuals have a set of hierarchy of needs that they want to be satisfies. On motivation and employee performance, many scholars have postulated theories to try to understand what motivation is, and how it influence employee (Fincham and Rhodes, 2015). One particularly significant theory was developed by Abraham Maslow and is known as the hierarchy of needs (Riggio, 2014). At the core of Maslow’s theory is a hierarchy of five categories.

They are psychological, safety, social, esteem and self-actualization needs (Kreitner and Kinicki, 2016). Physiological Needs. These are the basic human needs that require to be satisfied and they include sufficient air, food, water, shelter and clothing. Safety and Security needs. This is the need for freedom from any form of calls or danger that consists of physical safety and attacks. It is protection against five a economic safety against employment. Safety needs, this occupies the second level of needs, Safety needs are activated after physiological needs are met. Social needs If human being is a social being, is satisfied or motivated by social needs such as friendship affection, interaction and love (Mainland, 2017).

Self-actualization needs these are needs to realize one’s full potential as a human being. It is the highest level of needs. Attempts have been made to relate Maslow’s theory to employee’s requirements in the work place. For example physiological needs are more concerned in a way that enable woman to buy food, clothing and have adequate housing (Jennifer and Jones, 2017). Safety needs are linked to such matters as job security, adequate medical benefits, save making conditions, pension scheme, sufficient next periods and protection from unfair actions. Esteem needs. This represents the fourth level of needs it includes the needs for self respect and approve of others. Organizations introduce the award, banquets to recognize distinguish achievements which help the employee develop on their own.

The last three orders are never satisfied since human beings keep wanting more as the ranking need is satisfied. According to various studies carried out in recent years, motivation comprises a situation where one does the job, because one wants to, unlike where one does the job because he/she has to (Motivation and Empowerment Workbook, 2015). Therefore, employers have ignored what individual employees say they want, instead they tell the employees what they want based on what managers believe most people want under given circumstances. In most case, such decisions will be based on Maslow’s needs hierarchy .However Maslow’s theory has been criticized for its rigidity, in that, different people may have different priorities and the same way not necessarily follow the hierarchy of needs as propelled by Abraham Maslow. This theory is used in this study to explain the need for training and development on employee performance.
Social welfare benefits

Welfare facilities and services for employees are increasingly becoming important in organizations (Mutegi, 2016). Employees are a major determinant of the success of any organization, therefore, a company’s success is not only measured by the margins and profits it declares, but also by the state of well-being of the workers (Mphil et al., 2016). Employees are the main drivers that ensure the growth and sustainability of any organization (Benn et al., 2014). Irrespective of how the organization is conceptualized and contextualized, without employees taking and performing key roles and responsibilities, the organization would be short-lived (Nassazi, 2017). Employees keep organization running by giving time and skills to the development of the organization.

The welfare of employees is therefore essential and it is incumbent on the employers to contribute to the employee’s benefits for optimal performance and efficiency (Odeku, 2015). Some of the notable employees’ welfare facilities include but are not limited to housing facilities, free medical facilities, retirement benefits, children and adult educational benefits, welfare measures for the employee's families, loan facilities and so on. The employees’ welfare should be paramount at all times in an organization as this will be an impetus to employees’ efficiency and dedication to the organisation (Casey, 2013). Undoubtedly, a well-cared for employee will reciprocate by performing to the best of his or her ability. According to Patro (2015), the term welfare suggests the state of well-being and implies wholesomeness of the human being. It is a desirable state of existence that involves the mental, physical, moral and emotional factor of a person. All these four elements constitute the structure of welfare on which its totality is based. Policies and laws govern provisions of welfare facilities; however, the welfare package is based on negotiation and agreement between the employer and employee without any government interference (Ogini et al., 2013). Usually, welfare packages are shaped by national and international standards. This gives workers certain labour rights that the employers must make available to the employees (Oginniet., 2013). The term welfare is a relative concept the way and manner it is apply and provided varies from time to time, region to region and from country to country (Odeku & Odeku, 2014).
Workers are entitled to good and sustainable conditions of employment in the workplaces (Patro, 2012). Welfare facilities and services are to be provided in addition to the mandatory wages or salaries paid for services rendered (Collins & Mayer, 2010). Patro (2015) mentioned such facilities to be provided in addition with salaries and wages as including but not limited to monitoring of working conditions, creation of organizational harmony through infrastructure for health, general insurance, retirement benefits, housing facilities, and education benefits for employees and their children, and so on. Labour welfare implies the setting up of minimum desirable standards and the provision of facilities like health, food, clothing, housing, medical assistance, education, insurance, job security, and recreation (Odeku, 2015).

Such facilities will enable a worker and his family to lead a good work life, family life and social life. Against the backdrop of overarching importance of welfare facilities and services to the employees in the workplaces, this article highlights the significance of providing welfare facilities and services to workers in the workplaces. It examines ample benefits and opportunities to be gained by the employers and employees if welfare facilities are promoted and provided in the workplaces. It also looks at the consequences for failure to provide welfare facilities and services in the workplaces. It is important to point out that the terms labour welfare, employee welfare and workers welfare are used interchangeably to denote various services provided by the employers to the employees in addition to wages (Johnson & Corcoran, 2003).

**Employee Recognition**

Employee recognition is a communication tool that reinforces and rewards the most important outcomes that people create for your business. When you recognize people effectively, you reinforce, with your chosen means of recognition, the actions and behaviors you most want to see people repeat. When it comes to employers and employees having innate satisfaction, recognition and appreciation are two important tool for managers, businesses, Industrial counsellors and HR professionals in promoting worker motivation and organizational success. Study done by (Mussie et al; 2018) revealed that it is very important for employers to research regularly on expressing an appreciation to encouraged behavior of employees to reach strategic goals. employees are looking for in a job, though getting good pay, job security and benefits are an important area of the package deal, but are not along with the set of what these employees were expecting. In order word, the study substantiated that the Canadian personnel create a higher worthy of on being treated with respect, doing interesting work, a feeling of fulfillment and good communication among co-workers (Sia, 2017).

Recognition shows confidence in workforces”, and confident workforces are more gainful. Thus, it is critical to tell your workforces you have trust in their abilities and skills and share with others the extent you esteem your workers. Affirmingto (Paul, 2016) it was stressed that when employees” feel appreciated and esteemed for their commitments in the work environment, great results take after, including expanded worker commitment, less staff turnover, higher customer loyalty appraisals and the organization develops in its feeling of motivation. It was further revealed about the augmented interest on employee recognition programs in the working environment, to the point where more than 80 percent of organizations have some type of worker recognition, but at the same time work satisfaction has declined (Gallup, 2014; Globoforce, 2011; cited in Paul, 2016). Conversely, employee engagement remains low with just 30 percent of the workforce being effectively engaged.
However, the study encouraged on the need to viably help workers feel genuinely esteemed and increased in value by their particular organization

**Employee Performance**

Employee performance according to Renn, Steinbauer and Fenner (2014) comprises of the observable traits possessed by employees that are deemed to be relevant to the organizational goals and can be assessed through each employees’ level of contribution. The scholars observe that performance does not necessarily constitute the consequences of behavior but rather constitutes the behaviors themselves. This implies that performance comprises of observable behaviors that employees engage themselves. Performance measurement serves as one of the most important activity in organizations either public or private as it brings out the level of achievement of the set goals. Traditionally, measuring the performance of each employee has been centered on evaluating and assessing performance and reward allocation while perceiving performance as emanating from interactions between a person’s ability and motivation (Renn, Steinbauer&Fenner, 2014). Recently, organizations in various sectors have realized that employee performance is attributable to the environment surrounding the employee. Remarkably, establishing activities that aim at encouraging employees to discharge their duties accordingly have been identified as contributing to improved and increased performances.

According to Metcalf (2010) establishing an environment that creates an aspect of satisfaction amongst employees enhances the levels of performance. Biswas and Varma (2011) posits that when employees are satisfied and happy, they create an enabling environment on the management in having an easy time in motivating high performing employees to attain the set organization performance targets. A feeling of competency amongst many employees in performing their jobs could only be realized through establishment of talent practices that aim at managing and developing their capabilities. These practices may include training programs, establishing opportunities for career development, offering considerate remunerations, and providing avenues for attracting and retaining employees amongst other practices.

**Empirical Review**

**Social Welfare benefits**

A study by Gieter and Hofmans, (2015) sought to challenge the generally held view that employee rewards has the same effect on the behaviour as well as attitudes of every employee. In this study, data from 179 employees was merged on supervisor rated task performance data then examined by the use of cluster wise regression analysis. The study failed to establish employee types or individual differences as far as task performance is concerned. However, three different employee types revealing a unique relationship pattern between satisfaction with financial, material and psychological rewards and turnover intentions were identified. The results therefore demonstrated that in order to fully comprehend the fundamental relationship between rewards and employee outcomes, there is need to use individual difference perspective and methodology.

Another study by Okoth, 2014) explored the influence of reward management on employee performance in hotels in north coast, Kenya. Descriptive cross sectional survey design was used, Kenya. Structured questionnaires were employed to collect data from the participants of the study. The study found high correlation between reward management and employee performance. The study however found that as much as there was a reward policy in place, it
was fairly weak as the reward strategies that have very high correlation with employee performance.

Muchiri, (2016) examined the influence of rewards on employee performance in the hospitality industry in Kenya by considering a case of Nairobi Serena Hotel. A descriptive survey design was used. In this case, stratified sampling technique was employed. The study found that there exists a significant relationship between intrinsic rewards and employee performance. Intrinsic rewards examined in this study included employee’s ability, trust, recognition, and achievement. The study also found the existence of a significant relationship between extrinsic rewards such as salaries and wages, paid vacations, paid leave, travel allowances and bonuses and employee performance.

According to the study conducted Owolabi and Makinde (2012), factors such as good performance perceived self-determination and performance, reward expectancy positively influence employees intrinsic motivation or when employees expect to be rewarded for performing a task well, their motivation will increase to perform it well.

**Employee Recognition**

In a study carried out by Hameed and Arslan (2014) on the Impact of Compensation on Employee Performance in the Banking Sector of Pakistan, it was established that compensation has a positive impact on employee performance. Their study looked at the influence of salary, rewards and incentives and indirect compensation on employee performance. Descriptive analysis revealed that all the independent variables have a positive impact on employee performance. In a study carried out by O’Donovan (2014) on The Impact of Benefits on Business Performance across a range of organizations such as Thompson Newspaper Group and Deloitte, it was established that investment in human capital leads to increased business growth (through employee engagement) and better cost control (through increased staff retention and reduced recruitment costs). He also concluded that a lack of employee benefits leads to demotivated staff, which can retard performance and hamper recruitment; but perks do not directly drive growth.

In a study carried out by Amah and Ekere (2014) on Staff Benefits and Organizational Performance in the Private Hospitals in Rivers State, Nigeria, it was established that staff benefits increase employee satisfaction. The study concluded that a lot needs to be done in terms of providing the needed benefits that can make employees in the private health sector to be satisfied and put their best for the organization to perform well and be at their best.

**RESEARCH METHODOLOGY**

The study was carried out through descriptive design on the influence of non-financial rewards on employee performance that was recorded as received from the respondent. The study targeted deposit taking Sacco’s in Kenya. This formed the study’s unit of analysis. The unit of observation of the study was top management, middle level management and lower level management staff. Researcher used stratified sampling procedure to select a sample that represented the entire population. Yamane (1957) formula for obtaining the sample size was used to obtain a total sample size of the study was 157.

Stratified random sampling technique is the most efficient among all probability designs as it ensures that all groups are adequately sampled and also allows for comparison among groups and then applied to select the respondents for each sample from each research institution,
The researcher used questionnaires to collect data from respondents. The researcher was issued with an introduction letter from Jomo Kenyatta university of Agriculture and Technology (JKUAT). Respondents were given instructions and assured of confidentiality after which they were given enough time to fill the questionnaires after that the researcher did follow-up through person visit to facilitate response rate. Then later researcher will collect the filled-in questionnaires.

Data collected from the field was entered into a computer for analysis using the statistical package for social sciences (SPSS Version 25). The results of data analysis were presented in frequency distribution, mean. Correlation analysis in the statistical tools were used to determine the level of association of the two variables the study. Correlation analysis established the strength of the relationship between the independent variables and dependent variables. Multiple regression was used to analyze the relationship between the study variables. Data was presented using tables. ANOVA was used to establish the level of significance of the established model. Quantitative data was presented in form of statistical tools such as frequency distribution tables pie chart bar chart and graphs.

DATA ANALYSIS PRESENTATION AND INTERPRETATION

The researcher distributed 152 questionnaires to the respondents during data collection process and 151 were fully filled and returned to the researcher thus making a response rate of 96.8%. Kothari (2012) argues that a response rate which is more than 50% is considered adequate while excellent response rate is usually above 70%. This implies that the response rate in this research is good for making conclusions as well as recommendations.

Descriptive statistics

Social Welfare Benefits and the Employee Performance

The first specific objective of the study was to determine the influence of social welfare benefits on the employee performance of deposit taking Sacco’s in Nairobi City County. The participants were requested to indicate their level of agreement on various statements relating to social welfare benefits and the employee performance of deposit taking Sacco’s in Nairobi City County. A five point Likert scale was used Whereby 1 represent strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree. The results were as shown Table 4.2.

From the results, the respondents agreed that the firms provide house allowance to the employees. This is shown by a mean of 4.212 (std. dv = 1.005). As shown by a mean of 4.115 (std. dv = 0.112), the respondents agreed that children and adult educational benefits are also offered. Further, with a mean of 4.152 (std. dv = 0.608), the respondents agreed that free medical facilities are provided by the firm.

The participants agreed that employees keep organization running by giving time and skills to the development of the organization. This is shown by a mean of 4.030 (std. dv = 0.972). As shown in the results, the respondents agreed that the state wellbeing of employees determines the profitability of the firm. This is shown by a mean of 3.958 (std. dv = 0.636). Further, with a mean of 3.915 (std. dv = 0.776), the respondents agreed that the organization provides social welfare benefits to its employees. The respondents also agreed that the organization caters for retirement benefits. This is shown by a mean of 3.673 (std. dv = 0.983).
Table 1: Social Welfare Benefits and the Employee Performance

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<th>1</th>
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<th>3</th>
<th>4</th>
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<th>Mean</th>
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<td>The organization provides social welfare benefits to its employees</td>
<td>5.5</td>
<td>14.5</td>
<td>9.1</td>
<td>24.8</td>
<td>46.1</td>
<td>3.915</td>
<td>0.776</td>
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<td>The state wellbeing of employees determines the profitability of the firm</td>
<td>3.6</td>
<td>14.5</td>
<td>12.7</td>
<td>20.6</td>
<td>48.5</td>
<td>3.958</td>
<td>0.636</td>
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<tr>
<td>Employees keep organization running by giving time and skills to the development of the organization</td>
<td>3.6</td>
<td>3.6</td>
<td>12.7</td>
<td>46.1</td>
<td>33.9</td>
<td>4.030</td>
<td>0.972</td>
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<td>The firms provides house allowance to the employees</td>
<td>3.6</td>
<td>3.6</td>
<td>9.1</td>
<td>35.2</td>
<td>48.5</td>
<td>4.212</td>
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<td>Free medical facilities are provided by the firm</td>
<td>21.5</td>
<td>5.5</td>
<td>5.5</td>
<td>25.8</td>
<td>41.7</td>
<td>4.152</td>
<td>0.608</td>
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<td>The organization caters for retirement benefits</td>
<td>10.9</td>
<td>11.1</td>
<td>4.6</td>
<td>32.5</td>
<td>40.8</td>
<td>3.673</td>
<td>0.983</td>
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<td>Children and adult educational benefits are also offered</td>
<td>5.5</td>
<td>5.5</td>
<td>7.3</td>
<td>35.8</td>
<td>46.1</td>
<td>4.115</td>
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Employee Recognition and the Employee Performance

The second specific objective of the study was to determine the influence of employee recognition on the employee performance of deposit taking Sacco’s in Nairobi City County. The participants were requested to indicate their level of agreement on various statements relating to employee recognition and the employee performance of deposit taking Sacco’s in Nairobi City County. A five point Likert scale was used Whereby 1 represent strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree. The results were as shown Table 4.3.

From the results, the respondents agreed that employees in the organization are effectively recognized. This is shown by a mean of 4.255 (std. dv = 0.839). As shown by a mean of 4.262 (std. dv = 0.898), the respondents agreed that they are satisfied with the level of employee recognition. Further, with a mean of 4.158 (std. dv = 0.969), the respondents agreed that employee recognition promoting worker motivation and organizational success.

The participants agreed that employee recognition is purely based on performance. This is shown by a mean of 4.115 (std. dv = 0.112). As shown in the results, the respondents agreed that their firm ensures good pay to its employees. This is shown by a mean of 4.030 (std. dv = 0.972). Further, with a mean of 4.055 (std. dv = 0.172), the respondents agreed that employee recognition is a communication tool that reinforces and rewards the most important outcomes. The respondents also agreed that job security for the employee is guaranteed. This is shown by a mean of 3.912 (std. dv = 1.005).
Table 2: Employee Recognition and the Employee Performance

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<th>Mean</th>
<th>Std. Deviation</th>
</tr>
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<tbody>
<tr>
<td>Employee recognition is a communication tool that reinforces and rewards the most important outcomes</td>
<td>3.6</td>
<td>7.9</td>
<td>9.1</td>
<td>38.2</td>
<td>41.2</td>
<td>4.055</td>
<td>0.172</td>
</tr>
<tr>
<td>Employees in our organization are effectively recognized</td>
<td>1.8</td>
<td>1.8</td>
<td>9.1</td>
<td>43.6</td>
<td>43.6</td>
<td>4.255</td>
<td>0.839</td>
</tr>
<tr>
<td>Am satisfied with the level of employee recognition</td>
<td>1.8</td>
<td>3.6</td>
<td>9.1</td>
<td>39.4</td>
<td>46.1</td>
<td>4.262</td>
<td>0.898</td>
</tr>
<tr>
<td>Employee recognition is purely based on performance</td>
<td>5.5</td>
<td>5.5</td>
<td>7.3</td>
<td>35.8</td>
<td>46.1</td>
<td>4.115</td>
<td>0.112</td>
</tr>
<tr>
<td>Employee recognition promoting worker motivation and organizational success</td>
<td>3.6</td>
<td>3.6</td>
<td>7.3</td>
<td>44.2</td>
<td>41.2</td>
<td>4.158</td>
<td>0.969</td>
</tr>
<tr>
<td>Our firm ensures good pay to its employees</td>
<td>3.6</td>
<td>3.6</td>
<td>12.7</td>
<td>46.1</td>
<td>33.9</td>
<td>4.030</td>
<td>0.972</td>
</tr>
<tr>
<td>Job security for the employee is guaranteed</td>
<td>3.6</td>
<td>3.6</td>
<td>9.1</td>
<td>35.2</td>
<td>48.5</td>
<td>3.912</td>
<td>1.005</td>
</tr>
<tr>
<td><strong>Aggregate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>4.165</strong></td>
<td><strong>0.598</strong></td>
</tr>
</tbody>
</table>

**Employee Performance of Deposit Taking Sacco’s**

The participants were requested to indicate their level of agreement on various statements relating to employee performance of deposit taking Sacco’s in Nairobi City County. A five point Likert scale was used whereby 1 represent strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree. The results were as shown Table 4.6.

From the results, the respondents agreed that they are satisfied with the general performance of the firm. This is shown by a mean of 4.155 (std. dv = 0.902). As shown by a mean of 3.737 (std. dv = 0.974), the respondents agreed that there are few customer complaints concerning the quality of services rendered. Further, with a mean of 3.717 (std. dv = 0.658), the respondents agreed that they are satisfied with the quality of services rendered by the employees.

The participants agreed that the market share of the firm has been improving over the years. This is shown by a mean of 3.951 (std. dv = 0.862). As shown in the results, the respondents agreed that employee performance in the firms has been improving over the years. This is shown by a mean of 3.655 (std. dv = 0.850). Further, with a mean of 3.537 (std. dv = 0.928), the respondents agreed that the profitability of the firms has improved as a result of good services offered by the employees.
Table 3: Employee Performance of Deposit Taking Sacco’s

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee performance in the firms has been improving over the years</td>
<td>4.1</td>
<td>11.7</td>
<td>17.9</td>
<td>46.9</td>
<td>19.3</td>
<td>3.655</td>
<td>0.850</td>
</tr>
<tr>
<td>Am satisfied with the quality of services rendered by the employees</td>
<td>6.9</td>
<td>6.9</td>
<td>22.8</td>
<td>34.5</td>
<td>29.0</td>
<td>3.717</td>
<td>0.658</td>
</tr>
<tr>
<td>There are few customer complaints concerning the quality of services rendered</td>
<td>9.7</td>
<td>10.3</td>
<td>8.3</td>
<td>40.0</td>
<td>31.7</td>
<td>3.737</td>
<td>0.974</td>
</tr>
<tr>
<td>The profitability of the firms has improved as a result of good services offered by the employees</td>
<td>11.7</td>
<td>12.4</td>
<td>13.8</td>
<td>34.5</td>
<td>27.6</td>
<td>3.537</td>
<td>0.928</td>
</tr>
<tr>
<td>The market share of the firm has been improving over the years</td>
<td>4.1</td>
<td>4.1</td>
<td>21.4</td>
<td>33.1</td>
<td>37.2</td>
<td>3.951</td>
<td>0.862</td>
</tr>
<tr>
<td>Am satisfied with the general performance of the firm</td>
<td>1.8</td>
<td>5.5</td>
<td>1.8</td>
<td>7.3</td>
<td>83.6</td>
<td>4.155</td>
<td>0.902</td>
</tr>
<tr>
<td>Aggregate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.792</td>
<td>0.883</td>
</tr>
</tbody>
</table>

Inferential Statistics

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (social welfare benefits, employee recognition,) and (employee performance of deposit taking Sacco’s in Nairobi City County) dependent variable

Table 4: Correlation Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Employee Performance</th>
<th>Social Welfare Benefits</th>
<th>Employee Recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Welfare Benefits</td>
<td>Pearson Correlation</td>
<td>.898**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>152</td>
<td>152</td>
<td></td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>Pearson Correlation</td>
<td>.754**</td>
<td>.294</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.002</td>
<td>.089</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>152</td>
<td>152</td>
<td>152</td>
</tr>
</tbody>
</table>

From the results, there was a very strong relationship between social welfare benefits and employee performance of deposit taking Sacco’s in Nairobi City County (r = 0.898, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05
(significant level). The findings are in line with the results of Hameed and Arslan (2016) that there is a very strong relationship between social welfare benefits and employee performance.

Moreover, findings revealed that there was a very strong relationship between employee recognition and employee performance of deposit taking Sacco’s in Nairobi City County ($r = 0.754$, p value =0.002). The relationship was significant since the p value 0.002 was less than 0.05 (significant level). The findings are in line with the results of Owolabi and Makinde (2012), that there is a very strong relationship between employee recognition and employee performance.

**Regression Analysis**

Multivariate regression analysis was used to assess the relationship between independent variables (social welfare benefits, employee recognition,) and (employee performance of deposit taking Sacco’s in Nairobi City County) dependent variable.

**Table 5: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.932</td>
<td>0.869</td>
<td>0.870</td>
<td>0.0619</td>
</tr>
</tbody>
</table>

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.869. This implied that 86.9% of the variation in the dependent variable (employee performance of deposit taking Sacco’s in Nairobi City County) could be explained by independent variables (social welfare benefits, employee recognition, career development and work flexibility).

**Table 6: Analysis of Variance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>4</td>
<td>4.823</td>
<td>753.59</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>147</td>
<td>.0064</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20.237</td>
<td>151</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was .753 while the F critical was 2.433. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Henceforth, it can be used to predict the influence of social welfare benefits, employee recognition, career development and work flexibility on employee performance of deposit taking Sacco’s in Nairobi City County.

**Table 7: Regression Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>B</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Welfare Benefits</td>
<td>0.249</td>
<td>0.088</td>
<td>2.830</td>
<td>0.001</td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>0.260</td>
<td>0.076</td>
<td>3.421</td>
<td>0.002</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.379</td>
<td>0.09</td>
<td>4.211</td>
<td>0.001</td>
</tr>
</tbody>
</table>
The regression model was as follows:

\[ Y = 0.249 + 0.260X_1 + 0.379X_2 + \varepsilon \]

According to the results, social welfare benefits has significant effect on employee performance of deposit taking Sacco’s in Nairobi City County \( \beta_1 = 0.260, p \text{ value} = 0.002 \). The relationship was considered significant since the p value 0.002 was less than the significant level of 0.05. The findings are in line with the results of Hameed and Arslan (2016) that there is a very strong relationship between social welfare benefits and employee performance.

The results also revealed that employee recognition has significant effect on employee performance of deposit taking Sacco’s in Nairobi City County \( \beta_1 = 0.379, p \text{ value} = 0.001 \). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the results of Owolabi and Makinde (2012), that there is a very strong relationship between employee recognition and employee performance.

**CONCLUSION AND RECOMMENDATIONS**

**Conclusions**

The study concludes that social welfare benefits influences the employee performance of deposit taking Sacco’s in Nairobi City County. Findings revealed that social welfare benefits (medical facilities, retirement benefits and educational benefits) influence employee performance of deposit taking Sacco’s in Nairobi City County.

In addition, the study concludes that employee recognition influences the employee performance of deposit taking Sacco’s in Nairobi City County. Findings revealed that employee recognition (employee promotion, good pay and job security) influence employee performance of deposit taking Sacco’s in Nairobi City County.

**Recommendations**

The study findings revealed that that social welfare benefits influences the employee performance of deposit taking Sacco’s in Nairobi City County. This study therefore recommends that the management of deposit taking Sacco’s in Nairobi City County should ensure all employees have access to medical facilities, retirement benefits and educational benefits.

In addition, study findings revealed that that employee recognition influences the employee performance of deposit taking Sacco’s in Nairobi City County. This study therefore recommends that the management of deposit taking Sacco’s in Nairobi City County should ensure fairness in employee promotion, good pay and job security.

**Area for Further Studies**

This study focused on the influence of non-financial rewards on the employee performance of deposit taking Sacco’s in Nairobi City County, Kenya. However, this study was limited to deposit taking Sacco’s in Nairobi County; hence the study findings cannot be generalized to other financial institutions. Therefore, the study recommends that further studies should be conducted on the influence of non-financial rewards on the employee performance in other financial institutions in Kenya.
Further, the study found that the independent variables (social welfare benefits, employee recognition, career development and work flexibility) could only explain 86.9% of employee performance of deposit taking Sacco’s in Nairobi City County. This study therefore suggests research on other factors affecting employee performance of deposit taking Sacco’s in Nairobi City County.

REFERENCES


