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Influence of Financial Reward on Employee Performance in Large Commercial Banks in Nairobi City County in Kenya

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Abstract

The banking industry has developed a culture based on performance, rewards and compensations. Employees are feeling the pressure of the ever-rising targets from the employers. Employers have become more aggressive about restructuring work in ways that push for higher productivity supported by an array of technologies and management practices. The study sought to determine the effect of financial reward on employee performance. Operant Conditioning Theory on financial rewards was used to inform the study. The study adopted a descriptive research design. Descriptive statistics was chosen since it utilized data collection and analysis techniques that yield reports concerning the measures of central tendency, variation, and correlation. The combination of its characteristic summary and correlation statistics, along with its focus on specific types of research questions, methods, and outcomes necessitated the choice of this design. The study adopted a positivism philosophy. The target population was 22,856 employees working in the six selected Commercial Banks in Nairobi City County composed of both clericals and Management staff. Krejcie and Morgan sample size determination table was used to derive a sample of 377 respondents. Primary data was collected using structured questionnaires that had both close ended and open-ended questionnaires. Quantitative data were analyzed using SPSS. The study conducted various tests including normality test, multicollinearity, stationarity, heteroscedasticity and autocorrelation tests. Factor analysis was carried out among corresponding questions to allow formation of factors with the highest Eigen values. Test of hypothesis was done at 95% confidence interval. The study established a positive and significant relationship between financial reward and employee performance (r=0.427, p=0.000), the alternate hypothesis was not rejected. Based on the findings, the study concluded that financial reward has a positive and significant effect on employee performance. The study recommended for management to consider the many factors involved in a complex and dynamic situation before making decisions on financial rewards that will influence the effectiveness, efficiency and ultimately the sustainability of their organizations.

Keywords; *Financial Rewards, Employee Performance, Commercial Banks & Nairobi City County, Kenya.*

1.0 Introduction

1.1 Background of the Study

A reward is one of the important elements to motivate employees for contributing their best effort in order to generate innovative ideas that lead to better business functionality and further improvise company performance both financial and non-financially (Aktar, Sachu & Emran, 2012). Karami, Dolatabadi and Saeed (2013) contend that appropriate, effective and timely reward increases employees and managers' motivation. Researches and experience regarding the concept of performance reinforcement have proved that effective and timely rewards can be regarded as a motivation to increase employees' productivity and spirit. Employees receive financial payment from employers in the form of a salary or commission. This payment is expected as a result of the work the individual was hired to complete. In addition to regular compensation, financial rewards are monetary incentives that an employee earns as a result of good performance. These rewards are aligned with organizational goals. When an employee helps an organization in the achievement of its goals, a reward often follows. All financial rewards are extrinsic (Pratheepkanth, 2011; Aslam, 2015). Extrinsic motivation is based on tangible rewards, such as pay raises, bonuses, and paid time off.

Financial rewards are critical in propelling employees to put extra effort in their work to improve their performance. Therefore, organizations that reward their employees who perform above their organizational standard set target will have overall increased organization productivity. Financial rewards are monetary incentives that an employee earn as a result of good performance. These rewards are aligned with organizational goals. When an employee helps an organization in the achievement of its goals, a reward often follows. Examples of financial rewards include bonuses contingent pay, variable pay, pay raises and paid time off (Mckinney, 2015).

Edirisooriya (2014) defines rewards as all forms of financial returns, tangible services and benefits an employee receives as part of an employment relationship. While Malhotra and Budhwar (2012) define employee rewards system as the programmes by different organizations to reward performance and motivate employees on individual and/or group level. In designing a reward system, the organization should specify group or organizational goals to be achieved and the specific behaviors or performance that will attract rewards. By so doing, the rewards system will help management shape behavior of employees and at the same time achieve organization's goal (Nnaji-Ihedinmah & Egbunike, 2015). The level of pay however is a key aspect of the Employer

Stratford Peer Reviewed Journals and Book Publishing
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Email: info@stratfordjournals.org ISSN: 2616-8421

Employee relationship. The level and distribution of pay can have a significant impact on the efficiency within the Organisation as well as overall levels of morale and productivity within the workforce. It is therefore crucial that Organisations develop pay systems that are appropriate for their needs, which provide value for money but at the same time reward Employees equitably based on the work performed. Pay systems provide the basis for the organisational financial reward system. Traditionally base or fixed pay systems refer to the payment of a wage or salary amount to an individual on a regular basis in return for work performed.The level of pay does not generally change during the year and payment is not linked to the achievement of a minimum level of performance.

1.2 Statement of the Problem

Commercial banks in Kenya operate under extreme pressure and in a competitive environment. This competitive environment is made of 42 commercial banks; I mortgage finance company, 12 microfinance banks, 8 representative offices of foreign banks, 86 foreign exchange bureaus, 14 money remittance providers and 3 credit reference bureaus who offer similar services and chase same customers. According to Cytonn (2016), Kenya is over-banked with a relatively high ratio of banks to total population, with 42 commercial banks serving 44 million people, compared to Nigeria's 22 for 180million people and South Africa's 19 for 55 million people.

Despite, the challenge to administer best reward system, when valued rewards are used to motivate and have the high possibility of resulting in the exertion of efforts to achieve high levels of performance (Doreen & Nkrumah , 2013). As such, commercial banks have to devise a proper reward system that will enable them meet their employees' expectations. These rewards will prompt them to drive the target in an enthusiastic manner that translate to an improvement in the performance of commercial banks. Financial rewards is one of the strategies used in organizations to improve organizational performance. Therefore, this study sought to ascertain the influence of financial rewards on employee performance in Commercial Banks, in Nairobi City County in Kenya.

1.3 Objective of the Study

The objective of the study was to investigate the influence of financial reward on employee performance in large Commercial Banks, in Nairobi City County in Kenya.

1.4 Research Hypothesis

H_1: Financial rewards have a positive significant influence on employee performance in large Commercial Banks in Nairobi City County in Kenya.

2.0 Literature Review

2.1 Theoretical Review: Operant Conditioning Theory

Operant conditioning is a theory of behaviorism that focuses on changes in an individual's observable behaviors (Philosophical Economics, 2015). In operant conditioning, new or continued behaviors are impacted by new or continued consequences (Hannum, 2016). Research regarding this principle of learning was first conducted by Edward L. Thorndike in the late 1800s, then brought to popularity by B. F. Skinner in the mid-1900s (Boundless, 2016). Skinner theorized that if a behavior is followed by reinforcement (such as money to work harder) that behavior is more likely to be repeated. But if it is followed by some sort of aversive stimuli or punishment (like being deducted salary when lazy) it is less likely to be repeated. He also believed that this learned association could end, or become extinct, if the reinforcement or punishment was removed (Skinner, 1948).

The main ideas of skinner's operant conditioning theory were reinforcement, punishment, shaping and stimulus control (Fagnani & Media, 2016). Reinforcerment is a consequence that strengthens a behaviour or makes it likely to be repeated. It can be positive or negative. Grimsley (2016) asserts that positive reinforcement strengthens a behavior by providing a consequence an individual finds rewarding. In an organization, an employee working extra hard to enhance his/her performance can be strengthened by giving extra money other than the salary. The extra cash (reward) will make the employees most probably work harder than his average in the future, thus strengthening the employee's spirit of working hard to improve performance. Dauber and Media (2014) define negative reinforcement as the removal of pleasant reinforcer to strengthen behavior. Negative reinforcement strengthens behavior because it stops or removes an unpleasant experience (Turner, 2015). Withholding an annual salary increament for employees who are lazy can serve as a negative reinforcement. It will discourage laziness tendencies at work in an organization, because no employee will be happy to receive less salary than others in the same position.

According to McLeod (2015) punishment is a consequence that weakens a behavior or makes it less likely to be repeated. It is an aversive event that decreases the behavior that it follows. It can involve the presentation of an unpleasant stimulus or the removal of a pleasant one (sometimes referred to as positive and negative punishment). Based on operant conditioning principles, an organization can use financial rewards such as bonuses as a positive reinforcement to strengthen the act of putting extra effort among their employees (Sammons, 2012). This theory supports the variable financial reward by positing that monetary rewards serve as a positive reinforcement to motivate employees in order to put extra effort to improve their performance.

2.2 Empirical Review

Fringe benefits are types of non-wage compensation provided to employees in addition to their normal wages or salaries. According to Mathis, Jackson and Valentine (2013), employee benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership. Bratton and Gold (2009) define them as that part of the total reward package provided to employees in addition to base or performance pay. Some of these benefits are mandated by law, which include compensation, social security and unemployment insurance. However, most of these benefits offered to employees are bestowed at the discretion of the business owner. Such benefits range from major expenditures as paid holidays, paid vocation, health insurance and profit sharing to more modest extraslike bestowing performance awards and prizes, providing an employee lunchroom, or paying for a company picnic (Reference For Business, 2015).

Kamau (2013) alludes that employee benefits focus mainly on maintaining or improving employees quality of life and providing them with a level of protection and financial security for themselves and their family members. The major objective of fringe benefits to most organizations is to attract, retain and motivate qualified, competent employees. Mathis, Jackson and Valentine (2013) contend that employers who provide more attractive benefits package have an advantage over other employers in hiring and retaining qualified employees. According to a report by ResearchClue.com (2015) fringe benefits maintain good and healthy employee relations in an organization. The report further augment that for any organization to achieve its goal in terms of improving employees performance, they must design various strategies to make employees happy

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Journal of Human Resource & Leadership
Volume 2||Issue 2||Page 39-55 ||May||2018|
Email: info@stratfordjournals.org ISSN: 2616-8421

such as offering fringe benefits. When an organization offers attractive benefits performance also increases.

The research by Kamau (2013) on effects of fringe benefits on productivity found that security benefits such as meal, transport and house allowances contributed positively to employee productivity. Employee benefits give younger employee a compelling reason to continue working for the organization while the older workers are encouraged to retire on time. Tessema and Embaye (2013) study on the effects of employees benefits indicates that fringe benefits have a positive significant impact on job satisfaction of employees regardless of income level.

Murphy (2015) contends that financial rewards are important in managing employee's performance, because they motivate one to perform a certain function. In line with Murphy, a research conducted in Pakistan by Ali and Akram (2012) revealed that some organizations were offering good financial rewards to their employees, which motivated them in performing their duties and be satisfied with their salary and job position. Similar study by Yousaf, Latif and Aslam (2014) found that financial rewards are important for employee motivation in third world countries, where the inflation rate is so high that people are struggling hard to retain their social status. Another study by Saleem (2011) revealed a significant association between financial incentives and employee commitment. The author argued that increase in financial incentives such as promotion and bonuses enhanced employee commitment which increases the employee's performance and reduces turnover. Moreover, Saleem (2011) contended that employees can only be loyal when their wants and desires are satisfied.

2.3 Conceptual Framework

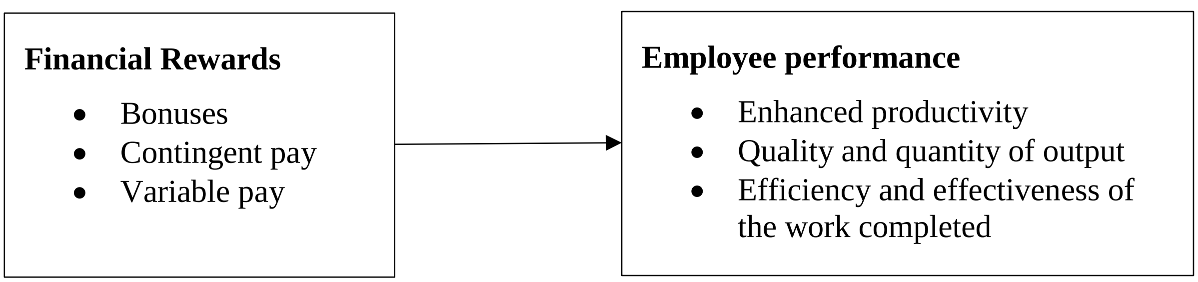

Figure 1: Conceptual Framework

3.0 Research Methodology

This study will adopted positivism research philosophy and a descriptive research design. the target population will be 22,856 employees working in the six selected Commercial Banks in Nairobi City County composed of both clericals and Management staff. The study sampling frame will comprise of six commercial banks in Kenya entailing both the management and clerical staff. The study will used a stratified sampling technique to obtain 377 respondents. Primary data was obtained from the respondents using structured questionnaire. A Likert scale of 1 to 5 (1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 =Agree, 5 = Strongly Agree) was were presented for answering by respondents.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Human Resource & Leadership
Volume 2||Issue 2||Page 39-55 ||May||2018|
Email: info@stratfordjournals.org ISSN: 2616-8421

Cronbach's alpha was used to test the reliability of the measures in the questionnaire (Cronbach, 1995). Data analysis was done using SPSS. The study conducted normal distribution test for the dependent variable for normality distribution. The particular descriptive statistics used included frequencies and percentages while the particular inferential statistics included Pearson correlation analysis and regression. Correlation analysis was used to establish either positive or negative relationships between the variables. The following diagnostic tests were conducted prior data regression analysis. Multicollinearity was tested using variance inflation factor VIF. The test for autocorrelation was performed to establish whether residuals are correlated across time (autocorrelation).

The regression model that was used was;

$Y = \beta 0 + \beta_1 X + \varepsilon$

Where:

Y = Employee Performance

X = Financial Rewards

β_1 = Coefficient of the variable

ε= Error term

4.0 Results and findings

4.1 Descriptive Statistics

The first objective was to establish the influence of financial reward on employee performance in large Commercial Banks in Nairobi City County in Kenya. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was undecided. The results of this study are as depicted in table 1.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Human Resource & Leadership
Volume 2||Issue 2||Page 39-55 ||May||2018|
Email: info@stratfordjournals.org ISSN: 2616-8421

Table 1: Financial Rewards

Statement	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Mean	S.D
There are bonuses pay in your organization	0.0%	1.1%	2.2%	27.3%	69.4%	4.6	0.5
There are contingent payment in your organization	4.4%	2.6%	21.8%	36.2%	35.1%	3.9	1.0
There are additional variable pay in your organization	1.9%	3.0%	6.8%	30.5%	57.9%	4.3	0.8
There is clear criteria for monetary reward criteria in our organization	2.6%	3.0%	11.2%	61.8%	21.3%	3.9	0.8
Am rewarded by my manager for putting extra effort in my work	1.9%	7.1%	25.1%	46.8%	19.1%	3.7	0.9
If I helped someone in my, they would return the favor	4.9%	5.7%	46.0%	30.0%	13.3%	3.4	0.9
If I put extra effort to accomplish task assigned I will get a higher bonus or salary	1.8%	6.3%	8.9%	55.7%	27.3%	4.0	0.8
Monetary reward increases my morale to put extra effort in task assigned	1.1%	1.8%	7.4%	56.8%	32.8%	4.1	0.7
I belief that financial reward enhances employee productivity	0.4%	0.7%	7.4%	57.0%	34.4%	4.2	0.6
My preference would be for financial reward rather than any other type of reward at work	0.7%	5.2%	4.1%	57.6%	32.5%	4.1	0.7

Respondents opinion was sought on whether there were bonuses pay in their organization. Majority of the respondents 96.7% (69.4% + 27.3%) 69.4% agreed, 2.2% were undecided and 1.1% disagreed. This is an indication that Commercial Banks give bonuses to their employees. According to Sal (2016) bonuses are given to bank employees to reward performance. Sal further contends that the amount of bonuses granted to the employee is usually determined by the individual contribution to the business goal which are determined by the bank management. Therefore, Commercial Banks in Kenya are giving their staff bonuses as a motivation to put extra effort to enhance their performance.

Another statement related to bonuses was asked. The respondents were required to rate their opinion as to whether if they receive higher bonus they will put extra effort to accomplish task assigned. Majority of 71.3% agreed, 8.9% were undecided, 6.3% disagreed and 1.8% strongly disagreed. This is an indication that extra effort are usually rewarded in form of bonus to motivate workers. It can thus be concluded that Commercial Banks examined encouraged their employee to step up their performance by giving bonuses. The study further sought an opinion of the respondentsas to whether their bank offered contigent payment to the employees. Majority of

88.4% agreed, 21.8% were undecided, 2.6% disagreed and 4.4% strongly disagreed. These results are an indication that majority of banks give contigent pay to their employee.

This is in tandem with a study conducted by Muchai (2012) which revealed that Commercial Banks in Kenya offered contigent pay in form of additional allowances for special kind of jobs in order to motivate employees. Contigent pay is not regular but is given when a special task occurs and a staff is allocated to perform it. Therefore, some employees may not know whether they exist.

Respondents were tasked to give their opinion on whether their organizations offer additional variable pay. The results indicate that a majority of 88.4% agreed, 6.8% were undecided, 3.0% disagreed and 1.9% strongly disagreed. These results indicate that Commercial Banks investigated give variable pay to their employee. Banks usually give variable pay, which is based on performance. Mckinney (2015) contends that variable pay is given as a form of financial reward to motivate employee to put extra effort in their work to boost their performance. Respondents opinion was sought to know whether there was a clear criteria for monetary reward in their organization. The result in table 4.14 shows that a majority of 83.1% agreed, 11.2% were undecided, 3.0% disagreed and 2.6% strongly disagreed. Based on these results it is clear that Commercial Banks have conditions that need to be met to give monetary reward to their employees. Mckinney (2015) alludes that when an employee helps an organization in the achievement of its goals, a financial reward often follows.

The study sought to find out whether managers reward employees for putting extra effort. The result shows that a majority of 65.9% agreed, 25.1% were undecided, 7.1% disagreed and 1.9% strongly disagreed. This is an indication that majority are of the view that they are rewarded by their manager for putting extra effort. Hurd, Barcelona and Meldrum (2013) allude that even though managers are not solely responsible for granting financial reward, they can use a number of tools to increase the effectiveness of their organization. Selecting an effective reward to be given to an employees for examplary performance is one of the most important tools a manager can use to realize an organization objective. This is a justification why Commercial Banks managers give rewards to their employee.

An opinion was also sought from the respondents as to whether they believe someone would return favour if they helped them in the organization. The results revealed that a majority of 46.0% were undecided, 13.3% strongly agreed, 30.0% agreed, 5.7% disagreed and 4.9% strongly disagreed. Majority are not certain whether someone will return favour if they helped them. Based on the expectancy theory if one does not expect a favour then he/she is unlikely to offer help (Saleem, 2010). Expectancy theory is based on the belief that one’s effort will result in attainment of their goals. It is unforturnate that employees may not be willing to assist one another since they are unlikely to gain. Thishas negative impact on an organization, and infers that reward system in Commercial Banks examined is individual based as opposed to team based.

The study sought to determine views of the respondents in terms of whether monetary reward boosted their morale to put extra effort in task assigned. 83.3% agreed, 7.4% were undecided, 1.8% disagreed and 1.1% strongly disagreed. This is an indication that monetary reward boost employee morale to put extra effort in task assigned to do. The results are consistent with operant conditioning theory which articulates that when a behaviour is followed by reinforcement such as money to work harder that behavior is more likely to be repeated. But if it is followed by some sort of aversive stimuli or punishment (like being deducted salary when lazy) it is less likely to be repeated (Boundless, 2016). Therefore, financial reward given to employee who put extra effort

Stratford Peer Reviewed Journals and Book Publishing
Journal of Human Resource & Leadership
Volume 2||Issue 2||Page 39-55 ||May||2018|
Email: info@stratfordjournals.org ISSN: 2616-8421

act as a positive reinforcement to motivate workers to put extra effort in order to enhance their performance. Similar statement whether respondents belief financial reward enhance employee productivity had almost similar result. 89.6% agreed, 7.4% were undecided, 0.7% disagreed and 0.4% strongly disagreed. This is a confirmation that financial reward serve as a positive reinforcement that can be used to boost employee morale.

Finally respondents opinion was sought onwhether they prefer financial reward compared to other types of rewards at work. 90.1% agreed, 4.1% were undecided, 5.2% disagreed and 0.7% strongly disagreed. The high response rate is an indication that employees prefer financial rewards in comparison to other type of reward. Overall, the average mean of the responses was 4.1 which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was 0.7 meaning that the responses were clustered around the mean response.

This is in agreement with a study conducted in Pakistanby Yousaf, Latif and Aslam (2014) which revealed that financial rewards are ranked at the top because they enables employees to fulfill their basic needs of life. Moreover, money is considered as the sign of triumph and accomplishment because it allows people to fulfill the aspect of belongingness. In line with this results, Yousaf, Latif and Aslam (2014) found out that financial rewards are important for employee motivation in third world countries. Thisattributed to the fact that the inflation rate is so high that people struggle hard to retain their social status. The increase in financial incentives such as promotion and bonuses enhanced employee commitment which increases the employee's performance and reduces turnover. Moreover, Saleem (2011) contended that employees can only be loyal when their wants and desires are satisfied.

4.2 Correlations Analysis

Correlation analysis was carried out to detect the association between the dependent variable, employee performance and the independent variable of financial rewards as shown in table 2.

Table 2: Correlation Analysis

Variable		Employment Performance	Financial rewards
Employment Performance	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Financial rewards	Pearson Correlation	.403**	1.000
	Sig. (2-tailed)	0.000	
**. Correlation is significant at the 0.01 level (2-tailed).			

The results in table 2 indicated that financial reward was positively and significantly associated to employee performance($r=0.403$, $p=0.00<0.05$).

4.3 Diagnostic Tests

The study conducted various tests and these tests included test for normality, test for multicollinearity, unit root test, heteroscedasticity test and test for autocorrelation

Stratford Peer Reviewed Journals and Book Publishing
Journal of Human Resource & Leadership
Volume 2||Issue 2||Page 39-55 ||May||2018|
Email: info@stratfordjournals.org ISSN: 2616-8421

4.3.1 Test for Normality

To test the normality of turnover intention (dependent variable) was done by use of Kolmogov-Smirvov test. The hypothesis was tested at a critical value at 0.05, where the rule is that reject H0 if the probability (P) value is less than 0.05 or else fail to reject. The dependent variable should be normally distributed because the study was analyzed using a multiple regression model where the condition of normality must be satisfied (Quataroli & Julia, 2012).

Table 3: Test for Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
Employment Performance	0.106	273.000	0.000	0.954	273.000	0.000
Financial rewards	0.147	273.000	0.000	0.926	273.000	0.000

Table 3 indicates that using the of Kolmogov-Smirvov and Shapiro-Wilk test of normality, variables data are normal since the p-values are 0.000 which are below 0.05 for the variables and thus we reject the null hypothesis (H0) and accept the alternative hypothesis (H1). The study concluded that financial rewards and Employment Performance are normal in distribution and hence subsequent analysis could be carried out.

4.3.2 Test for Linearity

Linearity assumes a straight-line relationship between the predictor variables and the criterion variable. This was assessed by examination of a scatter plot of independent variable against the dependent variable to measure if there is a straight-line relationship. The independent variable depicted a straight-line relationship with the dependent variable as shown in Figure 2.

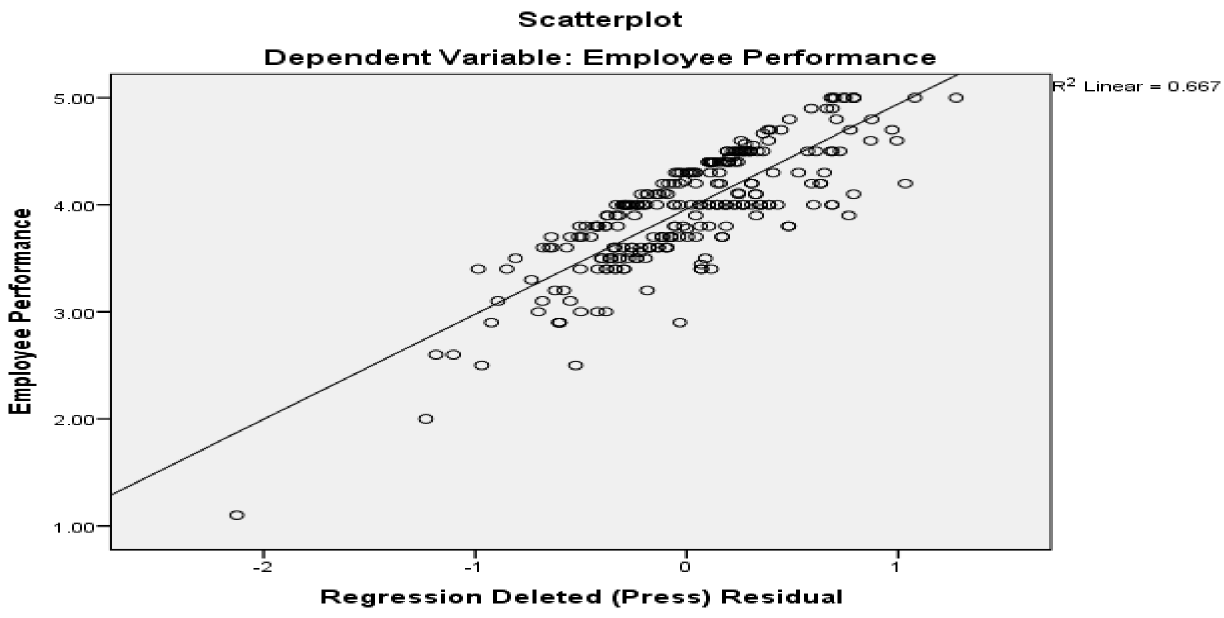

Figure 2: Linearity

4.3.3 Test for Heteroscedasticity

Heteroscedasticity test was run in order to test whether the error terms are correlated across observation in the cross sectional data (Long & Ervin, 2000). The null hypothesis is that the data does not suffer from Heteroscedasticity since the p-value is greater than the 5%. The null hypothesis was not rejected at a critical p value of 0.05 since the reported value was 0.184>0.05. Thus, the data did not suffer from heteroscedasticity. The results in Table 4 indicate that the null hypothesis of constant variance is not rejected as supported by a p-value of 0.184.

Table 4: Heteroscedasticity Results

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity Ho: Constant variance Variable: fitted values of Employee Performance		
chi2(1)	=	5.56
Prob > chi2	=	0.184

4.3.4 Test for Autocorrelation

In Table 5, the dependent variable must be independent and this was tested using Durbin-Watson (d) test which state that d=2 indicates that there is no autocorrelation. The value of (d) always lies between 0 and 4 where 0 indicates autocorrelation while above 1 indicates the residuals are interdependent, the results from the study presented 1.728 which indicates that the residuals are not autocorrelated.

Table 5: Durbin Watson test

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.722a	0.522	0.515	0.37816	1.728

4.3.5 Test for Multicollinearity

Multicollinearity is a statistical phenomenon in which two or more predictor variable in a multiple regression model are highly correlated, the undesirable situation where the correlations among the independent variables are strong. A set of variables is perfectly multicollinear if there exists one or more exact linear relationship among some of the variables. Tolerance of the variable and the VIF value were used where values more than 0.2 for Tolerance and values less than 10 for VIF means that there is no multicollinearity.

For multiple regressions to be applicable there should not be collinearity among variables. Statistics used to measure multicollinearity include tolerance and variance inflation factor. From the findings, the all the variables had a tolerance values >0.2 and VIF values <10 as shown in Table 6. Indicating that there is no multicollinearity among the independent variable (financial reward).

Stratford Peer Reviewed Journals and Book Publishing
Journal of Human Resource & Leadership
Volume 2||Issue 2||Page 39-55 ||May||2018|
Email: info@stratfordjournals.org ISSN: 2616-8421

Table 6: Multicollinearity test using Tolerance and VIF

	Collinearity Statistics	
Variable	**Tolerance**	**VIF**
Financial rewards	0.726	1.377

4.4 Regression Analysis

4.4.1 Fitness of Model

Regression analysis was conducted to determine whether there was a significant relationship between financial reward and employee performance. Table 7 presents the regression model on financial rewards versus employee performance. As presented in the table, the coefficient of determination R Square is 0.162 and R is 0.403 at 0.01 significance level. The model indicates that financial reward explains 16.2% of the variation in performance (R-squared=0.162). This means 16.2% of the employee performance is influenced by financial reward. This implies that there exist a positive significant relationship between financial rewards and employee performance.

Table 7: Model Fitness for Financial Reward

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.403	0.162	0.159	0.49614

The Analysis of Variance (ANOVA) results are shown in Table 8 The findings further confirm that the regression model of performance on financial rewards index is significant and supported by F=52.089, p<0.01) since p-values was 0.00 which is less than 0.05.

Table 8: Analysis of Variance for Financial Reward

	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.822	1	12.822	52.089	.000
Residual	66.214	269	0.246		
Total	79.036	270			

4.4.2 Analysis of Variance

Table 9 shows the coefficient for financial reward. The fitted model from the result is Y= $\beta0$ + β_1X+ €

Y = 2.222 + 0.427X

This implies that a unit change in financial reward will increase employee performance by the rate of 0.427.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Human Resource & Leadership
Volume 2||Issue 2||Page 39-55 ||May||2018|
Email: info@stratfordjournals.org ISSN: 2616-8421

Table 9: Financial Reward and Employee Performance

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	2.222	0.243		9.151	0.000
Financial rewards	0.427	0.059	0.403	7.217	0.000

In terms of significant association found between financial rewards versus employee performance with regard to the entire tested sample, it was concluded that the alternative hypothesis "Financial rewards have a positive significant influence on employee performance in large Commercial Banks in Nairobi City County in Kenya" is accepted. This corroborates with a study conducted by Aktar, Sachu and Ali (2012) which revealed that financial rewards such as performance bonus and basic pay have a positive influence on employee work performance. Similar study conducted by Saleem (2011) revealed a significant association between financial incentives and employee commitment. The author argued that increase in financial incentives such as promotion and bonuses enhanced employee commitment which increases the employee's performance and reduces turnover. Moreover, Saleem (2011) contended that employees can only be loyal when their wants and desires are satisfied.

4.4.3 Hypothesis Testing for Financial Rewards

The Hypothesis to be tested was:

H_1: Financial rewards have a positive significant influence on employee performance in large Commercial Banks in Nairobi City County in Kenya

The hypothesis was tested by using simple linear regression and determined using p-value. The acceptance/rejection criteria was that, if the p value is less than 0.05, we reject the H_1 but if it is more than 0.05, the H_1 is not rejected. Therefore, the alternate hypothesis is that financial rewards have a positive significant influence on employee performance in large Commercial Banks in Nairobi City County in Kenya. Results in Table 9 shows that the p-value was 0.000. This was supported by a calculated t-statistic of 7.217 that is larger than the critical t-statistic of 1.96. The alternate hypothesis was therefore not rejected. The study therefore adopted the alternative hypothesis that financial reward has a positive and significant effect on employee performance in large Commercial Banks in Nairobi City County in Kenya.

5.0 Conclusions

Based on the findings, the study concluded that financial reward has a positive and significant effect on employee performance in large Commercial Banks in Nairobi City County in Kenya. Salaries, wages, and bonuses are essential components of extrinsic rewards that enhance employee performance. When managers take time to invest in extrinsic rewards, employees feel valued by their organization and thus work extra hard to enhance their performance, in order to be rewarded more. When employees are rewarded according to their qualifications and performance, they get satisfied with their job. This can be exhibited through low labor turnout and less absenteeism amongst employees. Effective financial reward within an organization and cultivating a culture towards continuous improvement and efficiency, backing this up with the appropriate level or combination of rewards at that particular point in time is crucial.

6.0 Recommendations

The study recommends that management Commercial Banks should enhance their rewards mechanisms by investing more in salaries and wages that show management commitment to rewarding work in an equitable manner. They further should enhance rewards not only for managers, but also general employees based on set performance criteria, and also invest in paid leave and bonuses as a way of motivating employees towards enhanced performance. When employees are rewarded according to their qualifications and performance they get satisfied with their job. Salaries, wages, and bonuses are essential components of extrinsic rewards that enhance employee performance. When managers take time to invest in extrinsic rewards, employees feel valued by their organization and thus work extra hard to enhance their performance, in order to be rewarded more

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