

**THE RELATIONSHIP BETWEEN FINANCIAL INCENTIVES AND
EMPLOYEE MOTIVATION: A CASE STUDY OF THE SWEDISH
COOPERATIVE CENTER (SCC) PROJECT:**

KISUMU

BY

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**A RESEARCH DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS
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OF A BACHELORS DEGREE IN BUSINESS
ADMINISTRATION**

APRIL 2011

DECLARATION

I Mutiso Francis do hereby declare that this is my original work and not a duplicate of similarly published work of any scholar for academic purposes partial requirement of any higher institution of learning or otherwise.

Candidate Mutiso Francis

Signature 

Date 26/04/2011

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Date 26/04/2011

APPROVAL

This research proposal was done by Mutiso Francis and has been under my supervision and it is now ready for submission to the school of business and management for the award of a bachelor's degree in Business Administration of Kampala International University.

Supervisor Mr. MICHAEL RUTEGANDA

Signature

A handwritten signature in blue ink, appearing to read 'M. Ruteganda', written over a dotted line.

Date

A handwritten date '26/04/11' in blue ink, written over a dotted line.

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All of you brightened my day.

ABSTRACT

The success of any organization depends largely on the motivation of the employees who are essential to the prosperity, productivity and performance of any company. Motivation is the key to creating an environment where optimal performance is possible. There are several approaches to how employees can be motivated. Some are motivated by financial (monetary) incentives whilst others are motivated by non-financial (non-monetary) incentives.

The purpose of this study was to determine whether there is a relationship between the financial incentives offered by SCC and employee motivation, Specifically, the study set out to determine the nature of incentives offered by SCC, the preference pattern of the employees on the incentives offered by SCC and the relationship between the incentives offered by SCC and employee motivation as measured by performance.

The study was of a case study approach using descriptive survey design. The study area was the SCC project in Kisumu District, Kenya and the study population consisted of all the 122 field officers of the SCC project in the three components that the project specializes in, namely, Agro forestry, farmer enterprise development and rural finance. The response rate was 96 out of the possible 122, which translates to 78% response. The research instruments used were questionnaires, opinion interviews and checklists. The study used primary data that was cleaned, coded and entered into statistical packages. Further, data was subjected to descriptive statistics to obtain means, averages, frequencies and central tendencies. The results were presented in form of pie charts, bar charts and tables.

The study found out that SCC does offer a range of incentives. However, the main incentives offered are financial, mainly in the form of salaries, leave allowance, Christmas bonus and transport allowance. But, all in all, the respondents expressed dissatisfaction with the incentives offered currently by SCC. Thus, management was not

really interested in motivating employees because some incentives like leave allowance and Christmas bonus had already been scrapped and the salaries had not been revised to match the rising costs of living. The salaries offered were not commensurate to employees' qualifications. The transport allowance offered in form of motorbikes was too minimal since there was a limit on mileage and fuel consumption.

The study recommended that management should: look for ways of diversifying the incentives offered and reward employees according to their workload and professional and academic qualifications. The staff would appreciate the reinstatement of Christmas bonus and leave allowance and improving of salaries to match employees' qualifications, workload and what other international NGOs are offering.

The results of the study are very important as they could offer a base on which the management of SCC can base their decisions on incentives in future.

LIST OF ABBREVIATIONS

APREST Andhra Pradesh Randomized Evaluation Study

ICSIP International Child Support Incentive program

SCC Swedish Cooperative Centre

CHAPTER ONE

1.0 Introduction

This chapter describes background, problem statement, research questions, research objectives, justification and the conceptual framework.

1.1 Background to the Study.

Motivation can be defined as an internal state of being, or an internal condition that activates one's behavior, giving it direction. Motivation has also been defined as a desire or need which directs and energizes behavior that is oriented towards a goal. There are several ways of motivating employees, but this study will focus on the use of financial incentives to motivate employees.

There are two kinds of incentives; Financial (monetary) and Non- financial (non-monetary). Financial incentives are the monetary rewards that are offered by the employer to the employee. They include: actual pay given at the end of the month (salary), bonuses and shares. (Armstrong 2003)

There are various reasons on why an organization needs motivated employees. Motivated employees are needed in rapidly changing workplaces since they are more productive and help organizations to survive, To be effective, managers need to understand what motivates employees within the context of the roles they perform. Of all the functions a manager performs, motivating employees is arguably the most complex (Higgins, 1994)

There are arguments that motivating employees is best accomplished with money, that money will be an ongoing motivating force each time the employee opens another paycheck ((Bedeian, 1999). It may be true that money is a factor that motivates people. Usually, money motivates one to get a job, take on job over another, or switch jobs. Money is the motivator to attract the educated, experienced and skilled talent. Employees do not perform at the same pace, nor do they have equal levels of self-motivation. An individual wants to know that he is being rewarded for his good work and not simply getting a pay increase like everyone else. This way of attempting to motivate can actually have the opposite effect. It can be demoralizing to an outstanding worker to realize that

no matter how much effort he puts forth, he is being compensated with an identical amount as other employees who expend less energy and enthusiasm (Higgins, 1994).

However, there are arguments that recognition is what motivates the employee's productivity, innovation, contributions and overall satisfaction with their job and work environment. "Recognition is what motivates an employee to stay with an organization and be a value added contributor" (opp.cit).

From the foregoing, it is not certain whether a research has been carried out at SCC to determine the relationship between financial incentives and employee motivation. This study therefore seeks to determine whether there is a relationship between the financial incentives offered by SCC and employee motivation.

1.2 Statement of the Problem

Motivated employees is what every organization desires. Human resources are essential to the prosperity, productivity and performance of any company. Motivation is the key to creating an environment where optimal performance is possible. But it is easier said than done. The Swedish Cooperative Centre has from time to time put in place schemes for employee motivation. As a last resort, the project has provided financial incentives in form of salaries; leave allowance, Christmas bonus and commuting allowance with an aim of improving employee performance. Financial incentives are seen as a sure way of motivating staff. The employees are expected to reciprocate by improving on their performance mainly on reporting time, meeting organizational goals and achieving the annual targets on Agro-forestry, farmer enterprise development and rural finance.

However, with all these incentive structures, employee complaints and employee turnover, is still on the increase. It is not certain that financial incentives have any positive relationship with employees' motivation at SCC. Demoralized employees are a danger to the survival of the organization. The future of SCC could be at risk or bordering failure. It is therefore fitting that an in-depth investigation research be instituted to determine the relationship between financial incentives and motivation; Key indicators that require research are the nature of financial incentives offered by SCC and

whether these have influenced employee performance; namely on reporting time, departure time, number of households sensitized and recruited, number of households with kitchen gardens (Agro-forestry), number of village saving groups (rural finance) and number of farmers accessing market information for their goods (farmer enterprise development).

1.3 Objectives of the Study

The broad objective of this study was to determine the relationship between financial incentives offered by SCC and their impact on employee motivation. Specifically, the study sought to:

- a) Identify the nature of financial incentives so far offered by SCC.
- b) Establish the employee preference with regard to the various financial incentives.
- c) Relate financial incentives offered by SCC to employee motivation as measured performance.

1.4 Research Questions

This study was guided by the following research questions;

- a) What was the nature of financial incentives so far offered by SCC?
- b) Did employees have preference pattern for certain incentives'?
- c) Was there any relationship between the financial incentives offered by SCC and employee motivation as measured by performance?

1.5 Scope of the Study

This study focused on 122 field officers of SCC Project, Kisumu. This is a nongovernmental organization funded by the Swedish government. The project specializes in three major components; Agro-forestry, Local business development and Rural finance services. Research focused on incentives offered by SCC and employee performance from 2011 to 2018. The total employees are 132, out of which 122 are field officers and only 10 are in the management. The study targeted all the 122 field officers.

According to Equity theory by J Stacey Adams, people want to be treated fairly in relationship to others. The more the inputs, the more the pay should be, hence a direct link of pay and motivation to work

2.1.7 Reinforcement Theory

Skinner's theory simply states those employees' behaviors that lead to positive outcomes will be repeated and behaviors that lead to negative outcomes will not be repeated (Skinner, 1953). Managers should positively reinforce employee behaviors that lead to positive outcomes. Managers should negatively reinforce employee behavior that leads to negative outcomes.

2.1.8 Theories X and Y.

Theory X can best be ascribed to Sigmund Freud who was no lover of people, and was far from being optimistic. This theory assumes that people are lazy; they hate work to the extent that they avoid it; they have no ambition, take no initiative and avoid taking any responsibility; all they want is security, and to get them to do any work, they must be rewarded, coerced, intimidated and punished. This is the so-called 'stick and carrot' philosophy of management. (Higgins, 1994)

In sharp contrast to theory X, theory Y by McGregor believes that people want to learn and that work is their natural activity to the extent that they develop self-discipline and self-development. They see their reward not so much in cash payments as in the freedom to do difficult and challenging work by them. The basic objectives of both are therefore met and with imagination and sincerity, the enormous potential can be tapped (ibid).

2.2. Empirical Literature

Various studies have been conducted and theories have been advanced on the topic of financial incentives and employee motivation. Muralidharan and Sundararaman (2008) studied the impact of two output-based incentive systems (an individual teacher incentive

program and a group-level teacher incentive program) and two input-based resource interventions (one providing an extra-paraprofessional teacher and other providing block grants). In what was known as the Andhra Pradesh Randomized Evaluation Study (APREST), 500 rural schools in Andhra Pradesh, India, were randomly selected to participate and then assigned to one of the four treatment conditions or to the control group. These schools had a weak incentive structure for teachers, with 90 percent of noncapital education spending going to regular teacher salary and benefits. The APREST intervention was developed in partnership with the government of Andhra Pradesh, a large nonprofit organization interested in education issues in India (the Azim Premji Foundation), and the World Bank.

The individual incentive program awarded bonus payments to teachers for. Every percentage point of improvement above five percentage points in their students' average test score. All recipients received the same bonus for every percentage point of improvement. The bonus award scheme was structured as a fixed performance standard, which means that awards were distributed to any teacher or school that was selected to be in the APREST intervention and that exceeded the performance threshold.

The study reported that student test scores on high-stakes tests increased between 0.12 and 0.19 standard deviations in the first year of the program and between 0.16 and 0.27 standard deviations in the second. Students enrolled in classrooms presided over by teachers eligible to receive a bonus award scored 0.11 to 0.18 standard deviations higher on low-stakes tests than those students whose teachers were not eligible to earn a bonus award. Students in treatment-condition classrooms also scored higher on a separate test that assessed high-order thinking which Muralidharan and Sundararaman (2008) indicate represents "genuine improvements" in learning, as opposed to better test-taking skills or perhaps other strategies employed by teachers to increase their chances of receiving a bonus award.

This study also found that the schools assigned to the output-based intervention (i.e., individual- or group-incentive conditions) outperformed those schools assigned to the input-based resource interventions (i.e., paraprofessional. or block grant conditions).

analysis of item-level test data revealed, for example, that treatment-condition students were significantly less likely to leave a test question blank.

Glewwe et al. (2008) also examined the impact of the ICSIP on teacher behavior. The authors found no differences in teacher attendance or pedagogy (behavior in classroom, instructional practices, number of homework assignments) among teachers in schools assigned to the ICSIP intervention and those working in a control-condition school. At the same time, teachers working in schools eligible for an ICSIP prize were 7.4 percentage points more likely to offer test-preparation sessions for students outside of normal school hours (typically when students were on vacation). In total, Glewwe et al. (2008) question the probability of the ICSIP program's improving long-run education outcomes, given the current state of schooling in the Busia and Teso districts of western Kenya.

From the foregoing, it is not certain that there exists a relationship between financial incentives and employee motivation. This study therefore seeks to determine whether there is a relationship between the financial incentives offered by SCC Project and employee motivation.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section focuses on Research design, target population, sample and sampling techniques and data collection and analysis.

3.1 Research Design

This was a case study research design. A case study is an in depth study of a particular situation. Yin (1984) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used, lie further argues that case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. The case study research design is also useful for testing whether scientific theories and models actually work in the real world. (Ibid)

3.2 Study Area

This study was based on SCC project. SCC project is a non-governmental organization funded by the Swedish government. It is located along Awour Otinde road in Winam Division of Kisumu District, Kenya. The project has 132 staff, out of which 112 are spread out in the fields in Winam Division. These are the extension officers and are based in 112 villages each addressing 250-1000 households.

3.3 Study Population

The target population was the 132 employees of SCC Project. Purposive sampling technique was used to select the 122 field officers in the three components that the SCC specializes in: namely: Agro forestry Farmer Enterprise Development and Rural finance..

3.4 Data Collection

The study used primary data. Primary data was collected using a structured questionnaire, checklist, and opinion interviews,

3.5 Data Analysis

Preliminary processing of data, like editing, coding, entry and tabulation was done. The data was then condensed and tabulated for further analysis. Further, data was subjected to descriptive statistics to obtain means, averages, frequencies and central tendencies.

3.6 Presentation of Results

The results of the study were presented in form of pie charts, tables, and graphs.

CHAPTER FOUR.

4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

4.1 Introduction

In this chapter, research results are presented in the sections as guided by the three specific objectives namely; nature of incentives offered by SCC, preference pattern of employees towards these incentives and the relationship between the incentives offered and employee motivation as measured by performance.

4.2 Nature of Incentives offered by SCC.

This was divided into two questions and respondents were to give their responses. These are;

4.2.1 SCC offers a wide range of incentives.

The study found that SCC has offered a range of incentives. This is as illustrated in the Table below (Table1).

Table 1: SCC offers a wide range of incentives to employees.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	5	5.2	5.2	
disagree	31	32.3	32.3	5.2
neutral	15	15.6	15.6	37.5
agree	14	14.6	14.6	53.1
strongly agree	31	32.3	32.3	67.7
Total	96	100.0	100.0	100.0

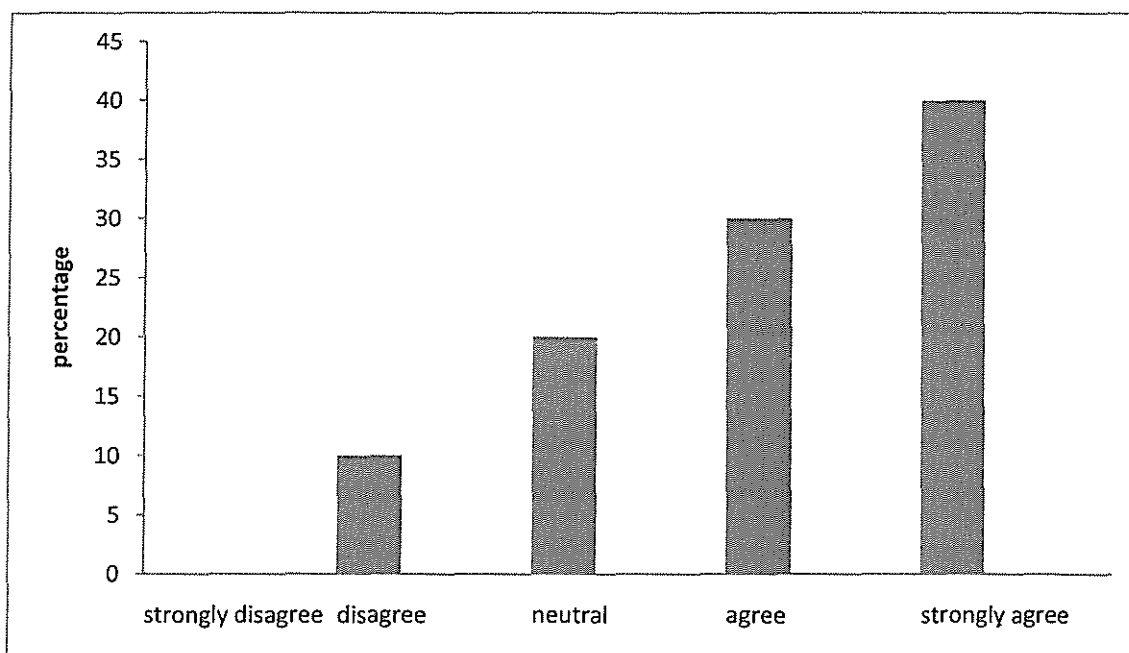
SOURCE: Field findings

From the frequency table above, out of the 96 respondents, 45 (47%) agreed that SCC offers a wide range of incentives. 15 were neutral, either to mean they agreed or disagreed. Source: self initiated.

4.2.2 The incentives offered are mainly financial.

Most of the respondents agreed that SCC mainly offers financial incentives. This is illustrated in the figure below (Figure 2).

Graph showing percentage responses on incentives offered are mainly financial.



Source: self initiated

from the above results, out of the 96 respondents, 71 (74%) agree that SCC offered financial incentives. These were mainly in form of salary, Christmas bonus, leave allowance and transport allowance. Only a few disagreed to this.

4.3 Preference pattern of employees towards incentives

the 96 respondents ranked the various incentives and these were the results. Salary was ranked as the number one incentive, then pension, team working, promotion, empowerment, job enrichment, leave allowance, leave, Christmas allowance, transport

allowance, job enlargement, recognition, status, workmen compensation and prestige.
 This is illustrated in the Table below (Table 2).

Table 2: Table showing preference pattern (ranking) of employees to incentives.

Incentives	Average score			Rank
	Male	Female	All	
Salary	2.13	2.05	2.09	1
Pension	5.40	5.50	5.45	2
Team working	6.93	7.77	7.35	3
Promotion	6.90	7.86	7.38	4
Empowerment	7.78	7.00	7.39	5
Job enrichment	7.83	7.02	7.42	6
Leave allowances	8.93	6.88	7.90	7
Leave	8.18	8.46	8.32	8
Christmas allowances	9.13	7.77	8.45	9
Transport allowances	8.85	8.30	8.58	10
Job enlargement	8.85	8.82	8.84	11
Recognition	9.10	9.41	9.26	12
Status	9.65	9.18	9.41	13

Workmen compensation insurance	9.10	10.18	9.64	14
Prestige	11.23	11.59	11.41	15

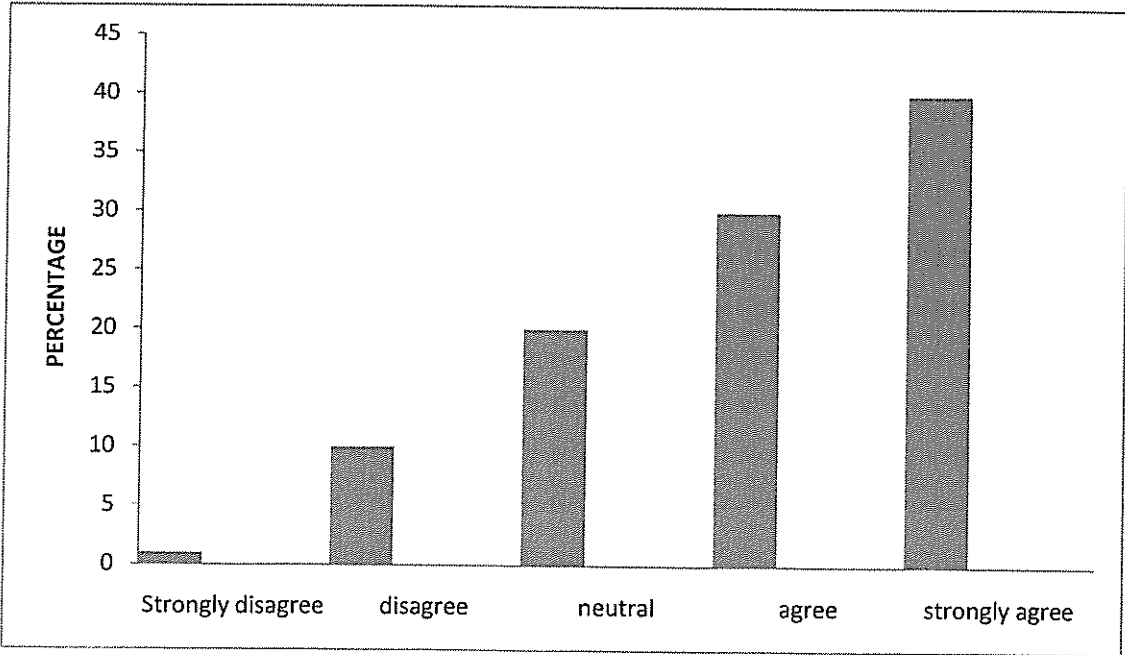
4.4 Relationship between financial incentives and employee motivation

This was further divided into eight subsections covering the different incentive types as they relate to employee motivation.

4.4.1. Management is really interested in motivating employees

this can be explained in the graph below (Figure 3). From the results, it was evident that **more than half (53%)** of the respondents agreed that management was interested in motivating employees. However, about a third of the employees disagreed that management was really interested in motivating employees.

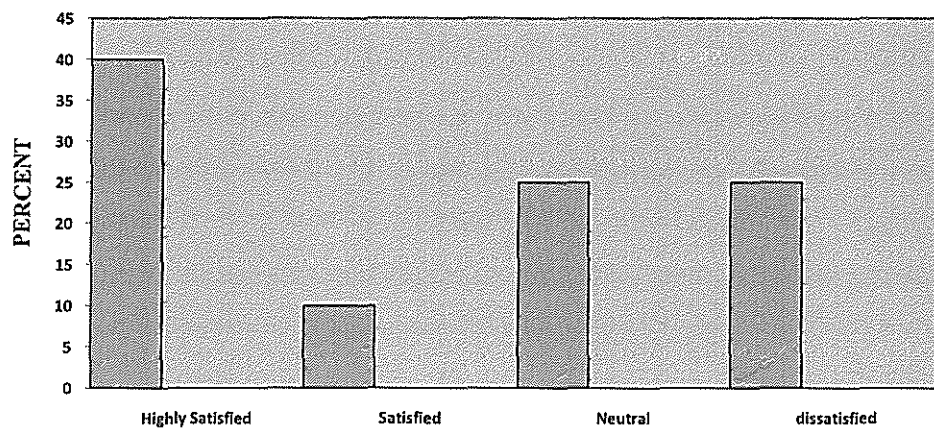
Graph showing whether management is employees really interested in motivating employees.



Source: self initiated

4.4.2 How far are you satisfied with the incentives provided? The responses are as shown in the graph below (Figure 4).

Graph showing whether employees are satisfied with incentives offered by SCC.



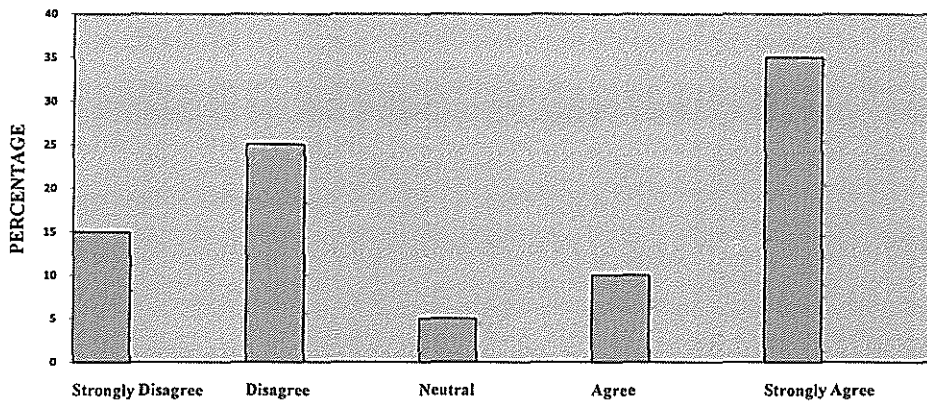
Source: self initiated

Strange enough, more than half of the respondents agreed that they were satisfied with the incentives that were been offered by the organization. A few (26%) were dissatisfied while an almost equivalent number were neutral, either they were satisfied or not.

4.4.3 The incentives offered by SCC and other benefits influence performance

Results of this question are illustrated in the figure below (Figure 5).

Graph showing that incentives and benefits offered influence performance



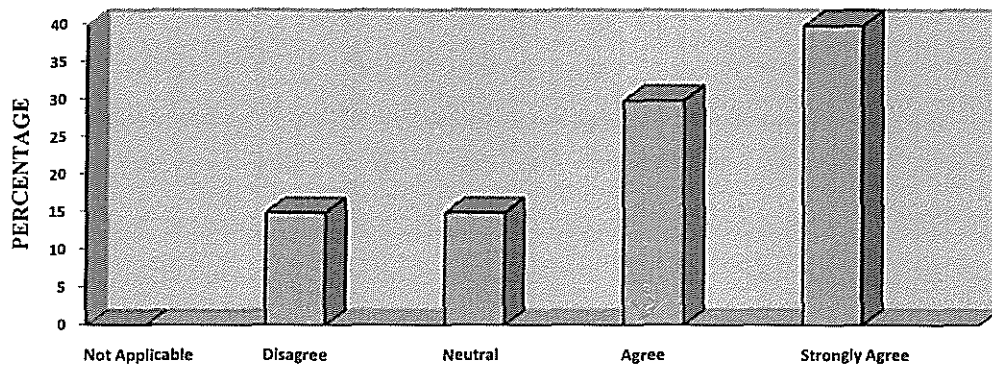
Source: self initiated

More respondents (53%) agreed that the incentives offered have greatly influenced performance, compared to those disagreeing (40%). They agreed that these incentives and benefits had motivated them to work hard. Some though were not of this view. Arguing that the incentives gives and benefits were too small to motivate one to work. They only worked since it was a duty and for them to earn a salary, they had to work.

4.4.4 I am satisfied with the salary offered for the work I do.

The results for this question are as shown in the graph below (Figure 6).

Graph showing whether employees are satisfied with salary offered by SCC



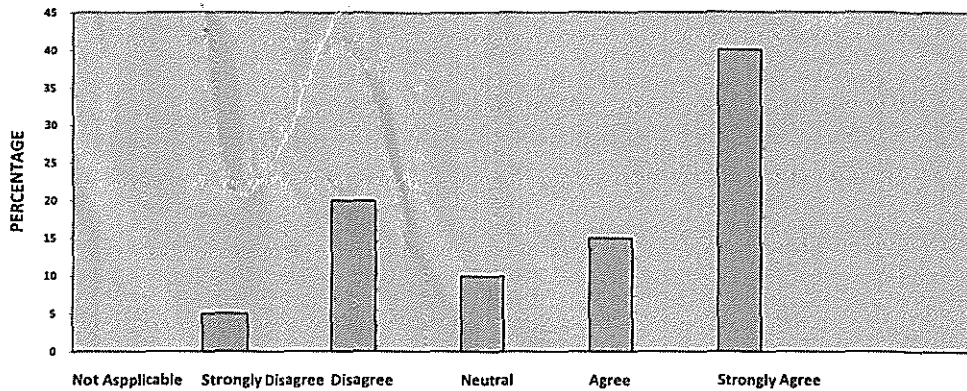
Source: self initiated

Interestingly, most of the respondents agreed that they were satisfied with the salary that was been offered to them by SCC. There were a few who did not answer the question (not applicable), a slight number that disagreed to the salary offered been enough. a number that was neutral, either they agreed or did not agree, while the majority were either satisfied and very satisfied.

4.4.5 The transport allowance enables me to recruit more farmers/groups

The results are shown in the graph below (Figure 7).

Graph showing that transport allowance allows one to recruit more farmers/groups.



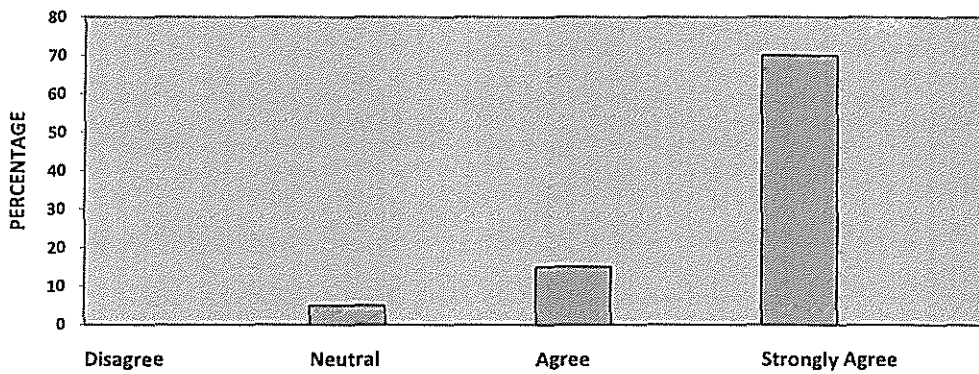
Source: self initiated

More than 60% of the respondents agreed that the transport allowance that was offered by the organization in form of motorbikes had enabled them to recruit more farmers and more farmer groups. A very small number did not fill in this and it was captured as not applicable, while close a third (about 30%) of the respondents disagreed to this while a few were neutral meaning either they agreed or did not agree.

4.4.6 The leave allowance has enabled me to invest

The results for this question are shown in the graph below (Figure 8).

Graph showing if leave allowance enables employees to invest.



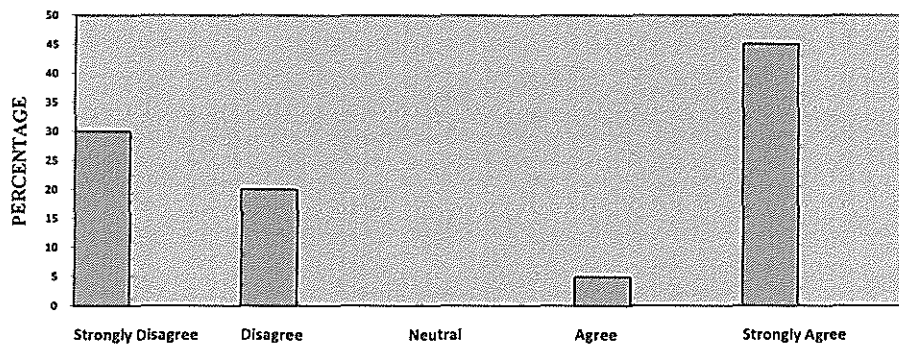
Source: self initiated

A large number of the respondents agreed that the leave allowance had enabled them to invest in income generating activities. This leave allowance is an additional pay that is paid to a staff before he/she proceeds for his/her leave. They argued that it is a very timely incentive since it is given as one proceeds for leave hence giving one time to come up with a profitable project. The respondents kindly requested the management to reinstate this allowance since they had just scrapped it and most of them could not understand why it had been scrapped.

4.4.7 Christmas bonus is a good way to show appreciation at the end of the year

The results for this question are shown in bar charts below (Figure 9).

A graph showing Christmas bonus appreciation at the end of the year



Source: self initiated

Quite a number of the respondents agreed to this. Surprisingly, there was also a big number that disagreed to this saying that what is given as Christmas bonus is too small to an extent that it was not even enough for transport to the country side and the management should think of not only reinstating it but also once reinstated, it should be increased to a reasonable figure. All in all, there was no lean on either side of agreeing or disagreeing because the proportions for both were similar.

4.4.8 What else can the management do to motivate employees?

Several issues were raised. The study was carried out immediately after the management had withdrawn both the leave allowance and the Christmas bonus. Most of the respondents were of the view that these should be reinstated if the management was really serious on motivating the employees. Other issues raised were; assure job security,

review salaries to match other NGOs in the region. The views are summarized in the Table below (Table 3).

Table 3: Table showing views on what management can do to motivate employees.

Issue raised/Incentive	Frequency	Rank
Review salary	96	1
Reinstate scrapped allowance	96	1
Assure job security	94	3
Give a full medical cover	90	4
No limit on fuel and mileage	76	5
Pay as per qualifications	75	6
Give airtime to field officers	75	6
Eliminate bureaucracy	34	8
Pay according years served	15	9
Allocate vehicles to hardship areas	19	10

Despite all the reactions the respondents had to the guided questions, this last question that was open elicited a lot of responses on how the field officers viewed the incentives

offered by SCC. Surprisingly, though a big number has said earlier that they were satisfied with the salary that was been offered, review salary was the first issue the field officers raised. All of those interviewed claimed that the salary had not been reviewed to match the rising costs of living.

All the respondents requested that the management should reinstate the scrapped allowances, which are leave allowance and Christmas bonus. They wondered how committed the management was in motivating employees if they could scrap what they termed as the motivators.

Assurance of job security ranked third. 94 respondents said that there was no job security. They argued that one could be sacked even mid day with no notice and no valid reasons. They said that the management should introduce a clause on job security for the contract term and this should be signed when one is renewing a contract.

90 respondents called on the management to introduce a comprehensive medical cover. They said that since all field officers worked with vulnerable groups, they were exposed to risks and chances of contracting diseases were very high. They said that most of their money went to paying medical bills.

76 of the respondents said that there was no need to have a limit on the fuel and mileage. They said that if the management was really interested in them recruiting more farmers and more farmer groups, then they should remove these limits. There has been a fuel limit of Kenya shillings. 5,000 per month while mileage is restricted to 20 km per day. Officers should only use the motorbikes from 8.00 am up to 5.00 pm then park them in the divisional offices. Motorbikes should never be used for personal use even in situations of life and death.

CHAPTER FIVE

5.0 SUMMARY, COCNLUSION AND RECOMMENDATIONS

5.1 Introduction

The study, The Relationship between the financial incentives offered by SCC and employee motivation: A case study of the field officers of the SCC Project in Kisumu District is presented in summary form in this chapter. The findings, conclusions arrived at and the recommendations are made in the hope of improving motivation of the field officers of the SCC Project as measured by performance.

5.2 Summary of findings

This study determines the relationship between financial incentives offered by SCC and employee motivation. SCC may have had incentives in the form of salaries, leave allowance, Christmas bonus and transport allowance in the hope that these will produce motivated employees who will report to work early and depart at required time, sensitize and recruit as many farmers and farmer groups as possible and facilitate farmers and farmer groups to form as many village savings groups and area marketing enterprises as possible. However this has not been the case. The motivation of employees as a result of these incentives has seemed to be very short lived. This study has tried to come up with recommendations which if put into effect may improve motivation, of the field officers and hence increase their performance.

The broad objective of this study was to determine the relationship between financial incentives offered by SCC and their impact on employee motivation. Specifically, the study sought to: Identify the nature of financial incentives so far offered by SCC, establish the employee attitudes towards the various financial incentives and relate financial incentives offered by SCC to employee motivation as measured performance. The independent variable was employee motivation while financial incentives were the dependent variable.

On the nature of incentives offered by SCC, the study found out that SCC offered a range of incentives. These were in form of salary, leave allowance and Christmas bonus. However officers said that these were very minimal and hence could not motivate employees. The respondents called on the management to increase salary offered and reinstate the leave allowance and Christmas bonus. (Source, Table 3). The employees' salaries should match work load and employee professional and academic qualification; that SCC field officers should be at the same level with the other field officers in similar organizations for example MVP ICRAF, and CDC/KEMRI, just to name a few.

On the preference pattern of the incentives offered, salary was ranked the highest, followed by pension. Surprisingly, non-financial incentives like team working, promotion, empowerment and job enrichment were more motivating than some financial incentives. Christmas allowance and leave allowance ranked low due to the fact that since the organization had just scrapped them, they could no longer motivate. The employees felt that it would be wise if the management reinstates them, 90 officers out of the 96 officers were of the view that management should introduce a comprehensive health cover since most of the employees income goes to medical bills since they work with vulnerable groups and rate of contracting diseases is too high. (Source, Table 3)

On relating the financial incentives offered by SCC and employee motivation, those sampled were of the view that Management was somehow interested in motivating employees though they doubted how committed they were on this since the leave allowance and Christmas bonus had just been scrapped and the salaries had not been reviewed for five years. It was also interesting to note that most employees were satisfied with the incentives offered by the organization. There were those who were neutral, either they agreed or did not agree, (Source, Figure 4).

The respondents also agreed that the incentives offered and the benefits were influencing performance (Source, Figure 5). Most of them seemed satisfied with the salary offered

for their position (Source, Figure 6). They also agreed that the transport allowance inform of motorbikes assisted them to recruit more farmers and groups (Source, Figure 7).

The leave allowance had enabled most of them to invest in income generating activities, In fact more than two thirds of the respondents agreed that this allowance had enable them to invest in income generating activities (Source, Figure 8) Most of the respondents felt that Christmas bonus was a good way of showing appreciation to hard working employees at the end of the year (Source, Figure 9). However some argued it was too small and if reinstated, it should be increased.

The views raised on how management can further motivate employees were; review salary, reinstate scrapped allowances, eliminate bureaucracy, match jobs to qualifications and experience, assure job security, allocate vehicles to hardship areas, scrap limit on fuel and mileage and give airtime allowance to field officers just as the office staff. (Source, Table 3).

5.3 Observations from findings

It was interesting to note that the respondents continually complained on unfair incentive system during the opinion interviews and also on the opinion question asked but what they captured in the other question seemed to somehow contradict this, this could have been as a result of fear of disclosing confidential information on salaries and benefits. It was interesting to note that salary review was the first view captured on the last question.

5.4 Recommendations

The study made the following recommendations:

- a) The SCC management should look for ways of diversifying the incentives offered. This diversification would motivate employees and lead to high performance as measured by reporting time, signing off time, number of farmers sensitized and recruited and number of village saving groups and area marketing enterprises.

- b) The SCC management should reward employees according to their workload and professional and academic qualifications. The unmatched salaries offered have led to a high staff turnover.
- c). If possible, the SCC management should consider reinstating the leave allowance and the Christmas bonus as the scrapping of these two has really demotivated employees.
- d) The SCC management should adopt the salary scales of International NGOs since SCC is an international NGO.
- e) There should be no limit on mileage and fuel consumption *if* the management expects the employees to recruit many farmers and fanner groups.

5.5 Areas for further research

- a) A study to be done on the same target population on their motivation as measured by performance before and after a salary review.
- b) A research on other ways of motivating employees apart from use of incentives.
- c) A research on the impact of environmental factors on employee productivity to be carried out on the same target population
- d) The same study to be carried out on the management line *staff* of the same organization (SCC).

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APPENDICES
APPENDIX 1: INDICATIVE BUDGET

ACTIVITY/ ITEMS	
FIELD ACTIVITIES	
Traveling (Kisumu to Rabuor, Nyamasaria and back daily for one month)	12,000.00
Supervision (of the research assistant)	5,000.00
Research assistants (3)	10,500.00
Research tools/instruments (pens, exercise books, erases sharpeners)	4,500.00
STATIONARY	
Printing papers	6,000.00
Photocopying	3,500.00

APPENDIX 3: MAP OF STUDY AREA

MAP OF STUDY AREA

Map of Kenya

