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Effect of Motivation on Employee Performance: A Case Study of South Nyanza Sugar Company Limited

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Abstract: ***Employee motivation is of critical importance with respect to employment relationships, but decisions related to motivation policy are difficult due to cost and ability of the company to attract and retain as well as control the behavior and attitudes of employees. Past studies do not clearly indicate the link between motivation policies and employee performance. The sugar industry is not an exception to this. This study focused on the effects of motivation practices on employee performance. The study focused on the sugar industry particularly the sugar industry in Kenya and more specifically Sony Sugar Company Limited. The study objectives were to establish the effects of basic pay, health compensation, bonus compensation, and employee recognition programs on the performance of SONY Sugar Company Limited. The research adopted a case study design with a focus on Sony Sugar Company Limited in Awendo sub county, Migori County - Kenya. The target population was 1008 employees of Sony Sugar Company Limited. The study sample size was 100 respondents who wereselected using stratified random sampling technique. The study further employed questionnaires as a data collection tool and the reliability of the research instrument was tested using Cronbach's Alpha coefficient and test re-test reliability coefficient. The research used both primary and secondary data which was then analyzed using descriptive statistics which involves the use of means, standard deviation, percentages and mean weights. Inferential statistics involved the use of regression and correlation analysis. The study established that all the motivation practices under study are adopted at SONY Sugar Company Limited to a moderate extent. However, employee recognition was highly rated as the company relies on it to influence employee performance. On the effect of the motivation practices on employee performance, the study established that health compensation practice is highly rated as it influences performance to a great extent. Bonus compensation was on the other hand rated least but at moderate extent. The regression results showed that all the Independent Variables have an effect on the Dependent Variable. Consequently, the study concluded that health compensation, bonus pay and employee recognition programs have a statistically significant effect on employee performance at SONY Sugar Company Limited and therefore the study recommends that these compensation practices be maximized to boost employee performance in SONY and across the sugar industry at large.***

Keywords: Motivation, Employee recognition programs, employee recognition, employee retention

1. Introduction

1.1 Background to the study

1.1.1 The concept of Employee Motivation

Motivation is a systematic approach of providing monetary and non-pecuniary benefits to employees in order to heighten employee performance. Motivation practices are tools used by management to further the existence of a company. In an organization, motivation practices are used to perform the following functions: Recruit and retain qualified employees, Increase or maintain morale/ satisfaction, Reward and encourage peak performance, Achieve internal and external equity, Reduce turnover and encourage company loyalty and Modify (through negotiations) practices of unions.

Recruitment and retention of qualified employees is a desire for all organizations, most employers set motivation levels for new hires and advertise those offers, a move aimed at attracting and retaining more qualified employees out of the available pool of qualified applicants. Morale and job satisfaction is adversely affected by motivation. There is always a balance between pecuniary value the employer is willing to give and worth felt by the employee. Employers wishing to reduce employee turnover often seek to offer higher salary levels. Motivation may also be used to reward exceptional job performance. This can be effected through bonuses, commission, stock option, profit sharing and gain sharing. Generally, motivation refers to all forms of pay or rewards given to employees which arise from their employment. Motivation has two components which are:Direct financial payments in the form of wages, salary, incentives, commission and bonuses, and Indirect payments in the form of financial benefits like employee paid insurance and vacations.

Dessler (2007) defines employee motivation as all forms of rewards going to employees and arising from their employment. Employees' living standards in the society, motivation, loyalty and productivity are influenced by compensation, Aswarthappa (2008). With reference to employers, motivation creates substantial cash outflow from the business, Weeratunga (2008). According to Rawat (2013) organizations face a lot of problems when they have a high turnover rate due to reasons such as indecent salary package and lack of advancements in career among others.

1.1.2 The concept of Employee Performance

Employee performance refers to the final fulfillments of an employee with respect to meeting certain targets within the prescribed period of time. Gibson *et al*(2010) argue that employee performance can be perceived to be the ability of an employee to realize high profit, quality production, large market share for the product produced and the ability to survive in a competitive field. Koontz and Donnell (2013) see employee performance as the manifestation of the productivity of the employees in terms of revenue, profit, growth, development and expansion of organization.

Enhancing performance requires a balance between employee motivation and achieving organization's goals and objectives. Proper motivation of employees will by extension result in managing organizational performance. It is also vital to note that employee performance determines survival of organization in a competitive world of business.

1.1.3 Concept of employee retention

Employee retention is represented by a simple statistics in terms of percentage. High employee turnover is a symptom of deeper issues that have remained unresolved in an organization. These issues include low morale, absence of a clear career path, lack of recognition, poor employee-manager relationships amongst other issues. Absence of satisfaction and commitment to the organization may also result in withdrawal and search for alternative opportunities by employees.

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period. Most employees leave organizations out of frustrations and constant friction with their superiors or other team members. The management must strive to retain skilled employees for good organizational performance to be guaranteed. Currently organizations are interested in retaining valuable employees and skilled employees are increasingly becoming difficult to find, Panuch (2001). As the world continues to experience remarkable growth in virtually each industry; employee recruitment and retention is becoming a priority,(Czvrak2011).

Employee retention is vital in an organization because high turnover results into high replacement cost which is closely associated with low level performance and lost revenue. However, employee retention is becoming challenging due to ageing workforce and a growing imbalance in the supply and demand of qualified personnel, Padron (2004). It is believed that proper motivation policy would ensure a higher retention rate.

Organizations find it necessary to retain employees since employee turnover would result in new recruitments which is time consuming since it involves advertisements, short listing, interviews and inductions which are equally costly as well as time consuming, organizations invest a lot of time and money in grooming individuals and making them ready to work and understand corporate culture. Moreover, when an employee resigns from his/her present organization it is more likely that s/he will join the competitors which might in return be very detrimental to the former employer. Also, employees working for a longer period of time are more familiar with the company’s policies and guidelines and are therefore more attached to the organization. It has also been observed that individuals sticking to an organization for a longer span are more loyal towards the management of the organization. It is also essential for an organization to retain the valuable employees showing potential.

1.1.4The sugar industry in Kenya

The Ministry of Agriculture has the overall obligation for the sugar business improvement. It additionally has its delegates in the governing body of all the sugar plants. Sugar stick research and admonitory administrations to ranchers likewise fall under the Ministry. Government bodies, for example, the Kenya Sugar Board (KSB) are included in the approach definition and usage (Kenya Sugar Industry report, 8, 2005).

Before progression of the part in mid 1990s, all sugar made in the nation was sold to the Kenya National Trading Corporation (KNTC), which was in charge of dissemination of the sugar all through the nation. With the coming of progression, production lines have received various techniques for dissemination including utilization of wholesalers, specialists, retailers and even people. Significant endeavors have been made to advance development in this area through efficient procedure of levy lessening, expulsion of value controls subsequently solidifying the market of a large portion of the imperatives and burden of obligations on sugar importation (KSI Strategic arrangement, 2010-2014).

These are altogether gone for raising household creation productivity to have the capacity to contend successfully with imported sugar. The Government is likewise setting up measures to restore the part and tackle the issues influencing the area, for example, uncontrolled importation, sugar sneaking and non-installment of levy to ranchers by the stick production lines. Nevertheless, with every one of these endeavors by government there stays to be an issue in the sugar business, for example, wastefulness, low efficiency, frail administration, appropriations, persevering dry spells and flames. Aside from the expanding interest for sugar in the nation, Kenya has the chance to profit by yearly fare portion to the European Union in the wake of being conceded the status of a trading individual from the universal sugar associations. There likewise exists a potential market in the COMESA and IGAD districts.

Negative impacts of imported sugar on our market, lack of political will to implement successful sugar import checking frameworks, frail documentation and data on the business and negative impacts of local exchanging frameworks have made numerous agriculturists in the area to settle on different choices, for example, maize farming among different harvests which has finished into lack in the nation. Even with these difficulties, numerous have deserted sugarcane cultivating, undermining Kenya's capacity to meet its sugar needs.

The activity help report says that tending to the issues confronting Kenya's sugar ranchers is critical to change of the division. The legislature ought to be in a position to ensure stick agriculturists credits at moderate loan costs and where vital discount their debts in order to stabilize the industry, (Action Aid Sugar Report in Kenya, 2005).

1.1.5Sony Sugar Company Limited

The organization was established in 1976 with an objective of increasing the national sugar production to reduce dependence on importation, to create job opportunities and to enhance regional development. Since its inception, it has continued to make remarkable achievements in spite of the many challenges brought by liberalization of the economy among other factors. Sony Sugar is located inMigori County - Kenya, Awendo Sub County along Kisii-Migori highway and it’s approximately 410 kilometers West of Nairobi. At its commissioning in1976, the company was placed under the management of Mehta Group International up to 1985 when the government then appointed UK consortium Booker Tate International to manage it. Currently the company is fully managed by Kenyans. (Sony Sugar Company Limited, 2014).

Main objectives of establishing Sony Sugar Company were to give a source of income to agriculturists, create employment, control provincial urban relocation, reduce overdependence on importations and go for independent in sugar production and the organization was additionally to work on a business premise and make profits.

Sony Sugar has a strategic plan which covers a period of five years that is 2014-2019. It provides the strategic direction of being a world class manufacturer of sugar and associated products. It also lays foundation for the Company's contribution to the realization of Kenya Vision 2030 and establishes the strategic framework for business level planning, implementation and performance monitoring. The strategic plan defines Sony Sugar's strategic direction for ensuring delivery of tangible results to all stakeholders through vision and mission statements, corporate objectives, strategies and strategic activities, as well as corporate organizational and structural framework. Taking due cognizance of the expected increase in competition arising the gradual phase-out of COMESA sugar import safeguards, the Company has formulated strategies to enable it uniquely position itself in the business environment. For effective implementation of the plan, adequate resources will be acquired, realigned and utilized effectively and efficiently (Sony Sugar Company Limited, 2014).

1.2 Statement of the problem

Motivation is a vital component of any well performing system. Motivation is designed to entice employees to act in the best interest of the firm or company. A report obtained from the Human Resource Office indicate that Sony Sugar Company Limited has experienced instances of high turnover in its operational history particularly in the period 2012 to 2014 where it experienced the highest turnover of employees. Njoroge (2007) conducted a study on the factors that influence employee retention in manufacturing firms of Nairobi, a study that revealed thatreward, work environment, career development opportunities and employee motivation influence employee retention, this study's focus was on elements of motivation. However, a study by Anyango (2014) focused on the influence of rewards on employee retention at Sony Sugar Company Limited, the study results revealed that reward factors such as pension scheme, sabbatical leave, health cover, education program and work flexibility have a significant effect on employee retention, but his study failed to link the retention to the performance of SONY Sugar Company Limited. Past studies have however failed to clearly address the effect of motivation on employee performance which intern affects organizational performance.

According to standard media of February 8th, 2017, Miwani Sugar Company Limited crushed its last cane in the late 1990's and eventually went under receivership in 2000 after being heavily indebted to suppliers, workers and cane farmers. According to the 2017 company newsletter, Muhoroni Sugar Company Limited also went under receivership in 2001. In July this year, Nzoia Sugar Company Limited closed down while on the brink of collapse and workers having not been paid for two months and cane farmers for three months. (*Standard media, February 2017)*. This happens after in 2015 SONY Sugar Company Limited closed down its manufacturing plant for 51 days in April and May 2015.(*SONY Sugar Company annual report;2015*).

Table 1.1: Employment Establishment

Department	Number of employees
Manufacturing	360
Agriculture	360
Human Resource	120
Finance and Accounting	35
General Administration	60
Logistics	50
Company Secretary	14
Sales and Marketing	9
Total	**1008**

Source: Staff Newsletter (2008)

Table 1.2: SONY Sugar Company Limited labor turnover statistics

Year	Those who left	Those who joined
2002	9	11
2003	6	10
2004	10	30
2005	10	8
2006	35	19
2007	20	14
2008	25	23

Source: Staff Newsletter (2008)

Table 1.3: Productions and Sales

Cane deliveries (tons)	2015	2014
Nucleus estate	83,468	78,637
Out growers	475,135	608,871
Total	**558,603**	**687,871**
Sugar Produced (tons)	50,858	69,627

Source: South Nyanza Sugar Company Annual Report and Financial Statements (2015)

1.3 Objectives of the study

The main objective of this research was to study the effects of employee motivation on employee performancein SONY Sugar Company.

The specific objectives of this research were:

1) To establish the effects of health compensation on employee performance inSONY Sugar Company.
2) To establish the effect of bonus compensation on employee performance in SONY Sugar Company.
3) To establish the effects of basic payon employee performance in SONY Sugar Company.
4) To establish the effects of employee recognition programs on employee performance in SONY Sugar Company.

1.4 Research Questions

The study sought to answer the following research questions;

1) What is the effect of health compensation on employee performance in SONY Sugar Company?
2) What is the effect of bonus compensation on employee performance in SONY Sugar Company?
3) What is the effect of basic payon employee performance in SONY Sugar Company?
4) What is the effect of employee recognition programs on employee performance in SONY Sugar Company?

1.5Significance of the study

This study will be important to the management of Sony Sugar Company; they will be able to know the effects of motivation policy on employee performance. Various policies adopted by the company which enhance employee retention will reduce turnover and by extension reduce training cost for new employees and enhance retention of experienced workers. The study will by and large enhance company performance.

Policy makers in the government will also benefit from the study due to the fact that more efficient motivation policies will be highlighted through statistical analysis. Organizations other than Sony Sugar Company Limited may also borrow a leaf from the study making it easier for them to retain the best employees with excellent skills, high talent and broadened knowledge.

In addition, the study will increase the body of knowledge especially to the human resource managers. They will be able to perceive the best motivation policy to adopt or a union of best match of these policies in order to retain staff and reduce labor turnover.

1.6Scope of the study

This study concerns the effect of motivation practices on employee performance in Sony Sugar Company Limited. Particular reference to organizational performance was determined through employee productivityand level of service delivery.

Although there are numerous motivation practices across organizations, this study focused on four major practices namely; Health compensation, Bonus compensation, basic pay and employee recognition programs.

Responses from the employees done through administration of structured questionnaire were perceived to give an overview of the feeling of the entire employee population of Sony Sugar Company Limited.

Results derived from this study will help create a mirror reflection on the effects of employee motivation practices on employee performance across the sugar industry in the whole country. Isolated and similar cases of reference will also apply to other industries within the East African trade blocks and COMESA countries.

1.7Limitations of the study

This study was limited to employee motivation practices and employee performance of SONY Sugar Company limited as the variables. The data type and sources were also limited to the period between 2000/2001 and 2016/2017 financial years. This study was also limited to case study design; therefore, any area outside the aforementioned will not be part of the study. The primary data collection procedure was administration of questionnaires which however did not guarantee that the respondents responded honestly and candidly.

2. Literature Review

2.1 Theoretical framework

In order to comprehend which components of remuneration are more effective, it is important to understand the conceptual framework and/or theories of employee remuneration. The theories of remuneration include reinforcement theory, expectancy theory, equity theory and agency theory among others which will be discussed in this section. Reinforcement theory states that a response followed by a reward is more likely to recur in future (Thorndike's law of effect). The implication for compensation management theory is that a high employee performance followed by a monetary reward will make it more likely to recur in future.

Equity theory suggest that employee perception of what they contribute to organization, what they get in return and how their return contribution ratio compares to others inside and outside the organization; determines how fair they perceive their employment relationship; Adams(1963). Expectancy theory argues that people make decision among alternative plans of behavior based on their perceptions (expectations). In regard to workplace, Werner (2002) states that a person will be motivated to exert a high effort if s/he believes that there is a good probability that their effort will lead to attainment of a goal set by their organization which would be instrumental in helping that person attain his/her personal goals.

Accordingly, the three components of expectancy theory: valence, instrumentality and expectancy must be strong in order for motivational force to be high.Agency theory concerns divergent interest and goals of organization's stakeholders and the way employee remuneration can be used to align these interests and goals. Employees and employers are two stakeholders of a business. Agency theory states that the principle (employer) must choose a contracting scheme that helps align the interests of the agents (employees) with the principles own interest. These contracts can be classified as either behavior oriented e.g. merit pay or outcome oriented such as stock option scheme, profit sharing and commission.

2.1.1 Reinforcement Theory

According to B.F Skinner and his associates (1938) individual behavior is a function of its consequences (law of effect). Individual's behavior with positive consequences tends to be repeated but individual's behavior with negative consequences tends not to be repeated.

The implication of reinforcement theory is that a high employee performance followed by monetary reward will result to future high performance. A high performance not followed by a reward will make it less likely to recur in the future. In other words, positive reinforcement stimulates occurrences of a behavior. Apart from the positive reinforcement, another aspect of reinforcement theory is negative reinforcement which implies removing positive consequences so as to lower probability of repeating undesirable behavior in future.

Punishment is also applicable in this theory in the sense that it reduces the probability of repeating undesirable behavior in future. Punishment means applying undesirable consequences for showing undesirable behavior, for instance, suspending an employee for breaking organizational regulations. In general, Reinforcement theory explains how individuals learn behavior. Managers who are making attempt to motivate employees must ensure that they do not reward all employees simultaneously; they must tell the employees what they are not doing correctly and how they can achieve positive reinforcement in industrial setting to decrease the frequency of undesired behavior and increase the frequency of desired behavior.

Behavior modification model for reinforcement theory consists of the following steps:The manager should specify the desired behavior as objectively as possible, informing employees of specific goals and to ensure that they understand it and they are focused on the goal; Measuring the current incidences of desired behavior: The manager must keep track of each employee's productivity and quality of work thus enabling him/her to record behavior upon which reinforcement may be applied; Providing behavioral consequences that reinforce desired behavior: Individuals who are working above the status quo are given reward for their hard work and those that are below par will see this and be motivated to work harder; Observing the effectiveness of the applied reinforcement to determine if reinforcement has been used inefficiently and possibly shed light for next time.
Waird (1972) states that positive reinforcement is a critical management skill. In his article "why manage behavior: A case for positive reinforcement" he outlined three considerations for successful implementation of positive reinforcement campaign as shown below: Desired level of performance should be very specifically determined and once determined they should be clearly stated; Reward for desired performance should be appropriate to performance, but above all should be rewarding; Reward should follow desired performance as closely as possible. It is therefore paramount to conclude that with regard to organizational performance, employee behavior that gets rewarded gets repeated by the employee and others across the organization thereby leading to improved organizational performance, whereas actions that are punished as a way of re-enforcing the behavior, albeit negatively, gets avoided in future, which also contributes to enhanced organizational performance since when the negative is avoided, the positive will be embraced.

2.1.2 Expectancy Theory

According to Vroom (1964) expectancy theory assumes that behavior results from conscious choices among alternatives whose purpose is to maximize pleasure and minimize pain. Vroom realized that employee's performance is based on individual factors such as personality, skills, knowledge, experience and abilities. Expectancy theory proposes that work motivation is dependent on the perceived association between performance and outcomes and that those individuals modify their behavior based on their calculation of anticipated outcomes, Chen and Fang (2008).

This theory provides the idea that individual's motivation comes from believing that they will get what is desired in the form of a reward. The theory states that individuals have different sets of goals and can be motivated if they believe that: There is a positive correlation between efforts and performance; Favorable performance will result in a desirable reward; The reward will satisfy an important need and the desire to satisfy the need is strong enough to make the effort worthwhile, Lawler, Porter and Vroom (2009).

Vroom's expectancy theory is based on three components which are as is discussed below: Expectancy: The belief that higher or increased effort will yield better performance; Instrumentality: The thought that if an individual performs well then a valued outcome will come to that individual; Valence: Pressure or importance that a person puts on an expected outcome. Vroom concludes that the force of motivation in an employee can be calculated using the formula motivation is equal to valencemultiplied by expectancy times instrumentality(Motivation = Valence x Expectancy x Instrumentality).

Expectancy theory argues thatpeople make decision among alternative plans of behavior based on their perceptions (expectations). In regard to workplace, Werner (2002) states that a person will be motivated to exert a high effort if s/he believes that there is a good probability that their effort will lead to attainment of a goal set by their organization which would be instrumental in helping that person attain his/her personal goals.

Accordingly, the three components of expectancy theory: valence, instrumentality and expectancy must be strong in order for motivational force to be high. Expectancy theory reinforces that employee compensation has effects on organizational performance in the sense that it argues that favorable performance results to desirable rewards, therefore, employees who expect to achieve desirable rewards in future will embrace better performance which will in turn contribute greatly to improved organizational performance.

2.1.3 Equity Theory

This theory was coined by John s. Adams in 1960. Adam suggested that employees try to maintain a balance between what they receive and base satisfaction with their own balance on perceptions of the same balance in colleagues. The theory breaks down the inputs employees give to an organization into time, loyalty, effort, tolerance, flexibility, enthusiasm, age, seniority, personal sacrifice, performance, skills and trust in superior. Outcomes on the other hand include salaries, status symbol, job security and employee benefits.

When applied to the workplace equity theory focuses on an employee's work, compensation, relationship or exchange relation as well as that employee's attempt to minimize any sense of unfairness that might result. Equity theory can be broken down into four basic proposition; Huseman, Hatfield and Miles (1987). Individuals develop their perception of fairness by calculating a ratio of their inputs and outputs and then comparing this to the ratio of others; If the comparative ratios are perceived by the individuals to be unequal then inequity exists, Huseman*et al*, (1987); As the difference in inequity increases, the tension and distress felt by an individual will increase; The greater tension an individual feels due to perceived inequity, the harder they will work to decrease their tension and increase perceived levels of equity.

Huseman*et al* (1987) identifies two main processes an individual can use to restore equity: Behavioral process which involves changing individual's inputs or outcomes. If employees feel under-rewarded they will decrease their input and if they feel over-rewarded they will increase their input. For example, an employee who feels underpaid at work compared to his co-workers might choose to start working through lunch hour; and Employee cognitive process which involves developing justifications for the inequity to make it seem equitable, distorting perceptions of inputs and outcomes, changing the comparative others or any other method that attempts to reframe the perception of the situation.

2.1.4 Agency Theory

The theory concerns divergent interest and goals of organization's stakeholders and the way employee remuneration can be used to align these interests and goals. Employees and employers are two stakeholders of a business. Agency theory states that the principle (employer) must choose a contracting scheme that helps align the interests of the agents (employees) with the principles own interest. These contracts can be classified as either behavior oriented e.g. merit pay or outcome oriented e.g. stock option scheme, profit sharing and commission.

As stated above, agency theory basically focuses on the divergent interests and goals of the organization. Currently, most stakeholders are removed from day to day operations of organizations and as such they are compelled to incur agency costs, i.e., costs that arise from the interest of the principals/ owner and their agents/managers.

2.2 Conceptual framework

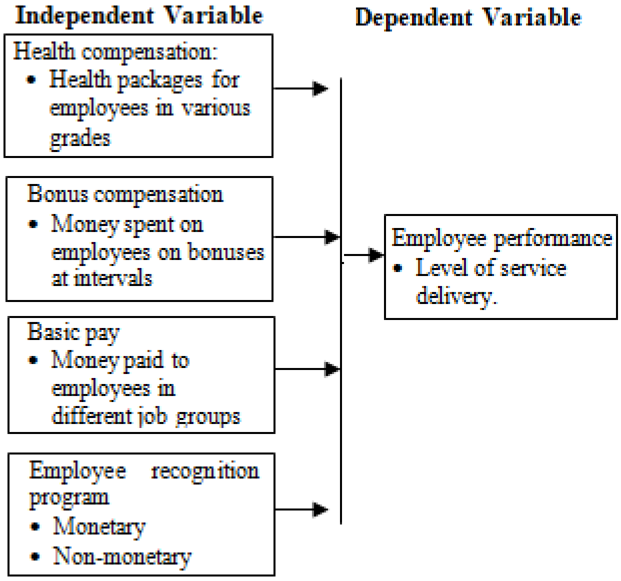

Figure 2.1: Conceptual framework

2.3 Empirical literature

2.3.1 Health compensation and employee performance

It is often argued that motivation is a consequence of organizational success and that high motivation (compared with the average) is possible only in certain industries that either face less competition or have particularly highly educated employees. But neither of these statements is correct. Obviously, successful firms can afford to pay more, and frequently do so, but high pay can also produce economic success.

When employees are owners, they act and think like owners. However, little evidence suggests that employee ownership, by itself, affects organizational performance. Rather, employee ownership works best as part of a broader philosophy or culture that incorporates other practices. Merely putting in ownership schemes without providing training, information sharing, and delegation of responsibility will have little effect on performance. Even if people are more motivated by their share ownership, they don't necessarily have the skills, information, or power to do anything with that motivation, Khatti (2013).

Health motivation policies are designed to compensate employees for the injuries or ailments incurred during their employment tenure. For most companies such motivation practices are made fairly, equitably and consistently according to the value an employee brings to the organization in ensuring achievement of strategic objectives, Armstrong, (2001). Managers have the perception that health insurance is perceived to contribute to enhanced retention of employees as well as protect them against uncertainty. This helps employees to reduce their cost of hospitalization as well as allows them to concentrate at work hence improving productivity, Anyango, (2014).

2.3.2 Bonus compensation and employee performance

Bonus is an amount of money or an equivalent to money added to wages on a seasonal basis especially as a reward for good performance. According to Milkovich and Newman (2005), bonus pay is monetary reward given to employees in addition to their fixed compensation. It is based on individual's performance, Petty and Thomson, (1996). However, it doesn't increase fixed labor cost.

Bonus schemes provide incentives for all individuals in organizations; Regardless of their ability; position and promotion opportunities. A properly structured bonus compensation policy at all levels in an organization can punish top executive for unprofitable expansion without degrading incentives for lower level managers. According to Obasan (2012), Bonus based incentives are more important at higher levels in the organization since the probability of the promotion is lower, for example, the Chief Executive Officer (C.E.O) is not promotable and therefore his/her financial incentives must come from bonuses. Obasan observes that bonus based motivation policy is more significant in a declining industry since there are no new jobs to feed the reward system.

2.3.3Basic pay and employee performance

According to Human Resource dictionary basic pay is a fixed amount of salary that an employee is eligible for in return of the work s/he does but does not include benefits, bonuses or any other potential form of compensation from the employer. In simple terms, basic pay is a standard rate of pay before additional payments such as allowances and bonuses.

Basic salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity. Wage refers to payment to manual workers, always calculated on hourly or piece rates. (Braton& Gold, 2003).Bohan (2004) explains that traditional pay systems were based on the three factors: (i) the job, (ii) maintaining the level of equality in standard pay among employees in the organization, and (iii) paying competitive salaries. Swanepoel (2003) describes that employees were rewarded according to the position held without considering their performance. The increments in basic pay depended on internal and external assessment of jobs. Shields (2007) views basic pay as an important part of total pay that is fixed and mainly time-based, rather than performance-based. Basic pay is the largest fraction of the total pay for non-executive employees. It also acts as a benchmark for other cash incentives such as profit sharing, which is expressed as a percentage of basic pay.

Basic pay helps to attract and retain employees. Employees use basic pay to compare their job offers instead of using intrinsic rewards and other rewards not captured in the formal organizational framework up to including job security. In a competitive market, organizations pay above the market rates to retain their employees. Lynch (2000) agrees that basic salary or basic wage is the vital payment made by the employer to the employee for work done. Pay indicates the value that the employer puts on the work performed by its employees. Employees are paid depending on the skills and competencies that they possess, and not what the job is worth. It is employees who have market value, and not jobs (Shields, 2007). According to Armstrong (2003), good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers. Organizations are under financial strain with salaries continually rising and becoming a major fixed expense. According to Livingstone (2009), regardless of basic pay inefficiencies, it remains a rule that employees should be paid at, or above market rates as negotiated by labor unions who are concerned with the welfare of employees. In a competitive market, higher basic pay is used for attracting and retaining employees.

Werner (2002) states that a person will be motivated to exert a high effort if s/he believes that there is a good probability that their effort will lead to attainment of a goal set by their organization which would be instrumental in helping that person attain his/her personal goals. It is therefore paramount to conclude that with regard to organizational performance, employee behavior that gets rewarded gets repeated by the employee and others across the organization thereby leading to improved organizational performance, whereas actions that are punished as a way of re-enforcing the behavior, albeit negatively, gets avoided in future, which also contributes to enhanced organizational performance since when the negative is avoided, the positive will be embraced.

2.3.4Employee recognition programs and organizational performance

Employee recognition is the timely informal or formal acknowledgement of a person's or a team's behavior or efforts that support the organization's goals and values and which have clearly been beyond normal expectation. Appreciation is a fundamental human need. Employees respond to appreciation through recognition of their good work because it confirms to them that their work is valued. When employees and their work are valued, their satisfaction and productivity rises and they feel motivated to maintain or improve their work.

There are two aspects of employee recognition. The first aspect is to see, identify or realize an opportunity to praise someone. The other aspect is the physical act of doing something to acknowledge and praise people for their good work.

2.3.5 Employee Performance

According to Richard et al (2009) employee performance encompasses three specific areas of firm outcomes: a.) financial performance i.e. profits, return on assets and return on investments among others; b.) product market performance i.e. sales and market share among others; and c.) shareholder return and economic value added among others. Employee performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. Motivation practices may differ from one organization to the other. Pay levels and satisfaction are the widest predictors of an employee's decision to leave the organization. With strong motivation, organizations can lead the market because higher percentage of employees would hardly look elsewhere if they enjoy hefty compensations and benefits. The major concern of organizations in high growth business is employee retention, Peterson (2005). The major problem to most organizations is how to retain competent workforce for better performance, Cascio (2003).

3. Research Methodology

3.1 Research Design

The research used a case study design with SONY Sugar Company as the unit of analysis as this design was deemed accurate in providing the detailed information needed for the success of this research.

3.2 Target Population

The study target population was 1008 employees of SONY Sugar Company.

Table 3.1: Target population

Department	Number of employees
Manufacturing	360
Agriculture	360
Human Resource	120
General Administration	60
Logistics	50
Finance and Accounting	35
Company secretary/Legal Secretary	14
Sales and Marketing	9
Total	**1008**

Source: SONY HR Office (2017)

3.3 Sample design

This section focused on the sample size determination and the sampling procedure.

3.3.1 Sample size

The study sample size was 100 respondents who are employees of SONY Sugar Company which is 10% of the target population in agreement with (Mugenda and Mugenda 2003).

Table 3.2: Sample size

Department	No. of employees	Sample
Manufacturing	360	36
Agriculture	360	36
Human Resource	120	12
General Administration	60	6
Logistics	50	5
Finance and Accounting	35	3
Company secretary/Legal Secretary	14	1
Sales and Marketing	9	1
Total	**1008**	**100**

3.3.2 Sampling procedure

The sample size of 100 respondents was selected using stratified random sampling technique since the target population has strata of employees in the organization whose compensation levels are different.

3.4 Data collection procedures

The study used both primary and secondary data. Primary data was obtained from the respondents using a questionnaire while secondary data was obtained from the relevant departments in this study in relation to employee turnover relating to resignations, dismissals and Information relating to the number of man hours and the output in units as a measure of employee productivity.

3.4.1 Validity of the research instrument

Validity is the extent to which an instrument measures what it is supposed to measure and perform as it is designed to perform. There are numerous statistical test and measures that were employed to assess the validity of quantitative instrument in this study as below:

Content validity**:** Content validity of the research instrument was established through adequate coverage of the study variables with a focus on the operationalized measurable indicators of the study variables. The structured questionnaire which is the prime source of the response is designed to factor all the features of the variable under test or investigation.

Face validity**:** This is the extent to which the result of this study can be generalized from a sample to the population. Face validity was achieved through expert advice to eliminate all the ambiguity that may be identified by the experts.

3.4.2 Reliability of the research instrument

Reliability is consistency of the instrument used in this study. Questionnaires to be used to collect data intended for this study consisted of two parts. The first part consisted of demographic data while the second part had a two point dichotomous questions which were labeled as : 1- No (N) and 2- Yes (Y), a 5 point Likert scale on motivation practices and the extent to which they are adopted at SONY Sugar Company from 5.0 to 1.0 with 5.0-being very great extent, 4.0- great extent, 3.0 - moderate extent, 2.0 - little extent and 1.0 - no extent, and the weights of the effects of motivation practices from 5.0 to 1.0 with 5.0 being most influential, 4.0-more influential, 3.0-moderate influential, 2.0-less influential and 1.0-not influential.

According to Spector (1992) a summated rating scale must bear the following features:It must contain multiple items; Individual items must measure something that has an underlying quantitative measurement continuum; Each item has no right answer making the summated rating scale different from multiple choice tests; Each item in a scale is a statement and respondents are asked to give rating about each statement.

3.5 Data analysis and presentation

The data to be collected was analyzed using descriptive and inferential statistics. Descriptive statistics involved the use of percentages, frequency tables, means and standard deviation. Inferential statistics involved the use of correlation analysis and regression analysis to establish the relationship between the variables. The model used in this study was;

$$\gamma = \beta_0 + \beta_{1X_1} + \beta_{2X_2} + \beta_{3X_3} + \beta_{4X_4} + e$$

Where: Y = Employee Performance of Sony Sugar shown in employee productivity output.

X_1=Health compensation evidenced by health packages for employees in various grades.

X_2=Bonus compensation in monetary terms.

X_3=Basic pay in terms of volume in Kenyan shillings of salary paid to employees.
X_4=Recognition programs, monetary and non-monetary, shown in the number of employees recognized per year.
$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ Are regression coefficients
e = error term.

4. Data Analysis and Discussion

4.1 Introduction

This chapter presents the analysis of results, presentation, interpretation and discussion. This was guided by the study objectives.

4.2 Response rate

The study response rate from the respondents in this study was 100 respondents who reacted to the research instrument and completed by giving all the information required by the researcher. This formed 100% response rate.This response rate is consistent with the argument by Fowler (2002) that the more responses received the more it helps in achieving the drawing of statistically significant conclusions about the target population and generalization of the results.

4.3 Gender of the Respondents

The study established the gender of the respondents in this study. The information obtained from the field was presented as in table 4.1.

Table 4.1: Gender of the Respondents

Gender	Frequency	Percentage
Male	57	57%
Female	43	43%
Total	100	100%

Table 4.1 shows that male formed a larger percentage of 57 % of respondents while 43 % of the respondents were of female gender. In social science studies gender structure is important in the analysis to capture sociological views and organization of society.

4.4 Education Level of the Respondents

The study established the education level of the respondents in this study. The response rate obtained from the field was recorded as in table 4.2.

Table 4.2: Education Level of the Respondents

Education level	Frequency	Percentage
Secondary /KCSE and Below	9	9 %
Certificate Level	25	25%
Diploma	20	20%
Degree	30	30%
Masters / Post Graduate	16	16%
TOTAL	**100**	**100%**

Table 4.2 indicate that majority of the respondents in this study hold degree level of education at 30% response rate and certificate level second largest at 25% response rate. At the diploma level of education the response rate was 20%; secondary education and below formed 9% response rate while the masters (post graduate education level) formed 16 % response rate. The level of education of respondents in any study is important for it defines the social structure of the respondents and the type of skills required in an organization in relation to service delivery. For the agricultural processing firms like South Nyanza Sugar Company, the lower cadre of employee's requirements for their job description is basic Degree level of education.

4.5 Age Structure of Respondents

The study established the age structure of the respondents and is presented as in table 4.3.

Table 4.3: Age Structure of the Respondents

Age	Frequency	Percentage
20 to 29 years	13	13%
30 to 39 years	11	11%
40 to 49 years	44	44%
50 years and above	32	32%
TOTAL	**100**	**100%**

Table 4.3 reveals that majority of the respondents are 40 to 49 years (44%) while 50 years and above formed 32% of the response rate. 13%of the respondents were aged between 20 to 29 years. For employees to work in their current organization to retiring age depends on the level of motivation from the employer. The level of employee turnover is characteristic of unsatisfied employees. Therefore the older is the generation of employee's in relation to their age structure reveals some level of motivation and liking of the organization.

4.6 Duration of Service in the Company

The study established the duration that the respondents have worked in the company. The response rate obtained from the field is presented as in the table 4.4.

Table 4.4: Duration of service in the Company

Number of Years	Frequency	Percentage
Less 5 years	5	5%
6 to 10 years	12	12%
11 to 15 years	36	36%
15 years and over	47	47%
TOTAL	**100**	**100%**

Table 4.4 indicate that majority of the respondents have worked in the company for more than 15 years (47%) while those between 11 to 15 years of service formed 36% of the total respondents; for 6 years to 10 years they formed 12% and those less than 5 years formed 5% of the total respondents. The longer the duration of service by an employee in the organization is an indication of commitment to the company or some level of satisfaction as an employee. The motivation level influences levels of retention of employees and their appreciation on the company.

4.7Motivation Practices adopted in the Company

The study established the motivation practices adopted and the extent to which they are adopted in the sugar company. The response rate obtained from the field was presented as in table 4.5 below (where **5.0**- very great extent, **4.0**- great extent, **3.0** - moderate extent, **2.0** - little extent **1.0** - no extent).

Table 4.5: Motivation Practices adopted in the Company

Motivation Practice	Frequency of weights %					Mean Weight
	5.0	**4.0**	**3.0**	2.0	1.0	
Health Compensation Practice	7	56	13	15	9	**3.37**
Bonus Compensation Practice	4	43	38	11	4	**3.32**
Basic Pay	11	37	49	2	1	**3.55**
Employee Recognition Practice	18	54	16	7	5	**3.73**

Table 4.5 shows the motivation practices adopted in the company; it is clear that all these motivation practices are adopted to a moderate extent as all their weights are within the range of moderate extent range. However employee recognition practice was highly rated at 3.75 mean weight; basic pay was rated second at 3.55 mean weight. The company relies on the employee recognition to influence employee performance. These practices are both monetary and non-monetary whose combination their effects can boost both the employee and organizational performance.

4.7.1 Health Compensation Practice and Employee Performance

The study sought to establish the effect of health compensation as a motivation practice on employee performance. The response rate on various statements on health compensation practice on employee performance are presented as in table 4.6.

Table 4.6 Health Compensation Practice and Employee Performance

Statement on Health Compensation Practice	yes %	no %	Aggregate %
Health insurance Compensation Plan influence employee performance	87	13	**100**
Health Insurance improve employee retention and performance	94	6	**100**
Health Insurance improves employee productivity and performance	88	12	**100**
Health insurance reduces employee mortality thus boosting employee performance	73	27	**100**

The information in table 4.6 indicate that 94% of the respondents revealed that health insurance as a health compensation practice helps in improving employee retention and performance. The 88% of the total respondents indicated that it improves employee productivity and performance while 87% of the total respondents also expressed that health compensation plan influences employee performance. The least rated by respondents was reduction of employee mortality as they have health covers which enable them get the appropriate medical attention.

4.7.2 Bonus Compensation Practice and Employee Performance

The study sought to establish the effect of bonus compensation practice on employee performance. The responses obtained from the respondents are presented as in table 4.7 below:

Table 4.7: Bonus Compensation Practice and Employee Performance

Statement on Bonus Compensation Practice	yes %	no %	Aggregate %
Bonus compensation enhances employee retention and performance	63	37	**100**
Bonus compensation improves employee loyalty and performance	45	55	**100**
Bonus compensation improves employee productivity and performance	88	12	**100**
Bonus compensation reduces stress in the work place and improves employee performance	61	39	**100**

Table 4.7 indicate that 88% of the total respondents expressed that bonus compensation improves employee productivity and performance; 63% of the total respondents felt that bonuses enhance employee retention and performance; 61% of the respondents indicated that bonuses reduces stress in the work place and improve employee performance but employee loyalty was rated lowest by 45% of the total respondents. These results concur with past studies; Milkovich and Newman (2002) identified that compensation benefits in form of pay energize and guide behaviors toward reaching a particular goal. Kovach (1987) indicated that people are motivated by money for many different reasons such as the need to provide the basic necessities of what motivates most people. Benefits, both financial and otherwise, send a powerful message to employees of an organization as to what kind of organization management seeks to create and maintain, and what kind of standards in terms of performance, behavior and attitudes management seeks from its employees (Beer, 1990).Rapidly rising home prices in some regional housing markets are making it more difficult to attract and retain labor. Reasons behind this trend include workers declining to relocate into expensive markets or seeking to move out of costly markets, workers changing jobs more frequently in order to reduce commuting on congested highways, and workers moving to obtain marginally higher wages in order to cope with housing costs.

4.7.3 Basic Pay and Employee Performance

The study sought to establish the effect of basic pay on employee performance. The response rate obtained from the field was presented as in table 4.8 below

Table 4.8: Basic pay and Employee Performance

Statement on Basic Pay	yes %	no %	Aggregate %
Increase in employee loyalty	81	19	100
Feeling of power and social security by employees	89	11	100
Employees work under minimum supervision productivity and performance	58	42	100
Increase in organizational productivity due to employee motivation	64	36	100

The information contained in table 4.8 indicates that basis pay enhances the feeling of power and social security by employees in an organization; 81% of the respondents indicated sense of loyalty by employees to the organization. Further, 64% of the respondents revealed that basic pay can increase organizational productivity while 58% of the respondents indicated that basic pay makes employees work under minimum supervision.

The study results concur with past studies like Jerald (1997) whose study revealed that employee satisfaction with pay level is important on employee productivity because it has been found to have effects on levels of absenteeism and turnover which in turn affects employees‟ performance. According to Heneman& Judge (1999), basic salary can be a factor in decision to stay or leave, it is clear that dissatisfaction with pay can be a key factor in turnovers. It was also observed by Cooke (1987) that the linkage between pay and behaviors of employees results in better individual and organizational performance. The process by which the organization creates and administers incentive pay can help it achieve the goal of motivating employees (Kaufman, 1992). According to Shawn (1993) the test of a good pay-for-performance plan is simple: It must motivate managers to produce earnings growth that far exceeds the extra cost of the program. Though employees should be made to stretch, the goals must be within reach and reasonable in relation to what the employee earns in return.

Making fair pay add up to business advantages and it is also true that aligning reward and diversity strategies is not only common sense but good business sense. Equal pay audits can help organizations achieve central business targets if employers are smarter at using the data to find the underlying causes for unexplained gaps exposed by an analysis of pay figures. Employers should begin from the principal that all individuals should receive equal pay for equal work. Equal pay reviews must therefore look beyond gender and explore other diversity dimensions. This will help employers to spot circumstances where individuals are paid unfairly, for no justifiable reason. Employers should also recognize that equal pay audits go beyond number crunching, massaging figures and complying with legislation. They are about using figures to expose flawed employment policies and practices so these can be reviewed to make sure the same problems don't occur again (Brian, 2006).

4.7.4 Employee Recognition Programs and Employee Performance

The study sought to find out the effect of employee recognition programs as a motivation practice on employee performance. The response rate obtained from the field is presented as in the table 4.9.

Table 4.9: Employee Recognition Programsand Employee Performance

Statement on Employee Recognition Programs	yes %	no %	Aggregate %
Employee Recognition enhances employee retention and performance	76	24	100
Feeling of power and social security by employees	84	16	100
It improves employee productivity and performance	67	33	100
It reduces stress in the work place and improves employee performance	82	18	100

Table 4.9 reveals that employee recognition programs increases employee loyalty as indicated by 84% of the total respondents. The 82% of the total respondents expressed that the recognition programs reduce stress in the work place and improve employee performance; 76% of the total respondents expressed that recognition programs enhance employee retention and performance. The 67% of the total respondents felt that recognition programs improve employee productivity and performance. These findings concur with Milkovich *et al* (2013) study which reveals that for a number of people in an organization, receiving a generous note of thanks is far more important than receiving something in terms of monetary rewards because one of the greatest employees' needs is to feel appreciated at the workplace. Lengnick-Hall (1999) and Schuler and MacMillan (2006) in their study indicated that human beings naturally like to feel appreciated in recognition of their good deeds. Recognition encourages members of the organization to bring their best performance that would contribute in meeting strategic business needs. These findings strongly indicate that employee recognition programs are very useful to motivate employees; this further concurs with Robins and Pattison (2005).

People and how they are managed has become more important because many other sources of competitive success are less powerful than they used to be. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management (Dyer and Reeves, 1995). An organization's success or failure is highly determined by effective and efficient utilization of resources at its disposal, such as human, material, financial, and information resources. Osterman (2000) posit that employees may be highly skeptical of the management initiatives and both actively and passively resist to the changes, resulting in unsuccessful change efforts, decrease in morale or productivity, and increases in turnover or subsequent organizational failures. Effective management teams need to recognize that positive employee attitudes are often vital to achieving organizational goals.

Organizational motivation system has been found to play a critical role in enhancing employee satisfaction. Mondy (2008) claims that non-financial motivators can predict employee performance as the more challenging a goal is, the higher the performance level becomes and the higher the perceived satisfaction. Mondy (2008) argues that an employee's performance is determined by the degree to which available non-financial rewards like recognition of their efforts are attractive, so as efforts lead to higher levels of performance (first-level outcomes) which in turn, leads to second level outcomes (praise, friendship, wages). People need recognition to ensure that they are always at their optimum working condition. In turn, this will absolutely lead to optimum productivity. According to Dems (2010) the value of human resource performance is a managerial concern. Employee motivation is the classic response on this matter. This has been utilized for ages by many different entities, small- and large-scale businesses alike. It fosters mutual growth in an employer-employee relationship. Indeed, employee recognition can make workers more comfortable on the job. It encourages them to contribute extra effort by developing ideas that addresses a broad of issues within the organization.

4.8Effect of Motivation Practices on Employee Performance

The study established the effect of motivation practices on employee performance in the company. The response rate obtained from the field is presented as in table 4.10 below

Table 4.10: Effect of Motivation Practices on Employee Performance

Motivation Practice	Frequency of weights %					Mean Weight
	5.0	4.0	3.0	2.0	1.0	
Health Compensation Practice	61	13	19	7	0	4.28
Bonus Compensation Practice	8	41	32	16	3	3.35
Basic Pay	12	26	51	11	0	3.39
Employee Recognition Practice	45	29	17	5	4	4.06

Table 4.10 indicates that health compensation practice is highly rated as its effect influence performance to a great extent at 4.28 mean weight. Employee recognition practice was rated second at mean weight of 4.06 which is still high as health compensation practice. Further the respondents revealed that basic pay effect on employee performance was to moderate extent. Bonus compensation practice was rated least but at moderate extent (3.35 mean weight).

Employee's performance at work is the centre point of the organizational behavior. Extrinsic behavioral contingencies are significant elements to motivate behavior. Additionally, each motivation type (extrinsic and intrinsic) has its exclusive system; and when both meet, there is conflict. This conflict is based on Deci*et al.* (1999) statement that extrinsic (tangible) motivators have a negative influence on intrinsic motivators; a situation that creates a paradox on motivation systems and employee performance. Herzberg (1966) believed that tasks are intrinsically inspiring as they are identified by key motivators like accountability, achievement, challenge, advancement opportunity, and diversity which cumulatively contribute to employee performance. Deci (1980), people's perceptions as opposed to external are controlled to satisfy these needs and include the basic specifications of differentiated extrinsically motivated behavior from intrinsically motivated behavior. Therefore health and recognition of employees stand out as real motivators whose effects influence employee performance in an organization.

4.9 Regression Results

The study regression results for this study are as shown below;

Table 4.11: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.317	.106		2.996	.003
	Health Compensation Practice -X_1	.137	.064	.179	2.127	.036
	Employee recognition Practice -X_2	.427	.053	.688	8.080	.000
	Basic Pay - X_3	.114	.060	.146	1.895	.061
	Bonus Compensation Practice -X_4	.406	.056	.583	7.198	.000

a. Dependent Variable: Employee Performance- Y

The results in table 4.11 show that all the independent variables are having an effect on the dependent variable. When the coefficients are substituted in the regression model the equal becomes;

$$\gamma = \beta_0 + \beta_{1X_1} + \beta_{2X_2} + \beta_{3X_3} + \beta_{4X_4} + e$$

$$Y = 0.317 + 0.137\ X_1 + 0.427\ X_2 + 0.114\ X_3 + 0.406\ X_4$$

Health compensation practice has an effect size of 17.9% (B= 0.179) on employee performance; employee recognition practice has the highest effect size at 68.8% (B= 0.688) on employee performance, basic pay effect size is 14.6% (B= 0.146) on employee performance while bonus compensation practice effect size is 58.3% (B= 0.583) on employee performance. From these results basic pay has the lowest effect size on employee performance as revealed by the standardized Beta coefficients and it is not statistically significant (p= 0.061>0.005). This concurs withLivingstone (2009), regardless of basic pay inefficiencies, it remains a rule that employees should be paid at, or above market rates as negotiated by labor unions who are concerned with the welfare of employees. Therefore it is like a right to be paid making it to have the lowest effect size. Employee recognition; bonus compensation and health compensation are all significant in influencing employee performance (p< 0.05); thus their application in the company will positively improve employee performance.

Table 4.12: Model Summary

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	.952[a]	0.906	0.902	**0.22**

a. Predictors: (Constant), Bonus Compensation Practice, Basic Pay, Health Compensation Practice, Employee recognition Practice

The results in table 4.12 show that a strong association exists between bonus compensation, basic pay, health compensation practice and employee recognition with employee performance (R = .952[a]). This is a strong and almost a perfect correlation (relationship) between independent variables and dependent variable. The independent variables can explain up to 90.6% (R^2 = 0.906) the variation of employee performance in this company while the 9.4% of the variation can be explained by other factors not covered in this study.

Table 4.13: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.405	4	11.101	**229.521**	.000[b]
	Residual	4.595	95	0.048		
	Total	49.000	99			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Bonus Compensation Practice, Basic Pay, Health Compensation Practice, Employee recognition Practice

Table 4.13 reveals that the variables in the model are reliable in predicting employee performance as the dependent variable; the model therefore is suitable and can be used in organizations to predict employee performance ($F = 229.521$, $P<0.05$).

These results concur with Richard *et al* (2009) who expressed that employee performance encompasses three specific areas of firm outcomes: financial performance; product market performance; shareholder return and economic value added among others. Employee performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. Motivation practices may differ from one organization to the other; however, pay levels and satisfaction are the widest predictors of an employee's decision to leave the organization. With strong motivation, organizations can lead the market because higher percentage of employees would hardly look elsewhere if they enjoy hefty compensations and benefits.

5. Summary of Findings, Conclusion and Recommendations

5.1 Introduction

This chapter entails the summary of the findings of the research, the conclusions arrived at and consequently the recommendations and suggestions for further research.

5.2 Summary of Findings

5.2.1 Response rate:
The study's response rate was 100 %.

5.2.2 Gender of respondents:
The male gender formed the larger percentage of the respondents at 57% as compared to the female gender of the respondents that formed the other 43%.

5.2.3 Educational level of the respondents:
The study established that degree holders formed the largest percentage of the respondents followed by certificate holders; diploma holders followed next then post graduate degree holders and finally secondary school certificate holders and below formed the least percentage of respondents.

5.2.4 Age structure of the respondents:
The study established that employees with ages between 40 and 49 formed the largest percentage of respondents, followed by those aged 50 years and over, the third largest group were those aged between 20 and 29 years and finally those aged between 30 and 39 years formed the least percentage of respondents in terms of their ages.

5.2.5 Duration of service in the company:
The study established that among the respondents those who had worked in the company for 15 years and over formed the largest group of the respondents followed by those who had stayed for periods between 11 and 15 years, then those who had worked for 6 to 10 years and finally those who had worked for less than 5 years formed the least percentage of respondents.

5.2.6 Motivation practices adopted in the company:
The study established that all the four motivation practices under study are adopted in the company to a moderate extent. However, employee recognition program was revealed to have been the most practiced as it had the highest weight with bonus pay being the least practiced as it had the least weight.

5.2.7 Health compensation practice and employee performance:
The study established that health insurance improves employee retention and productivity and influences employee performance thereby impacting on the overall organizational performance.

5.2.8 Bonus compensation practice and employee performance:
The study established that bonus compensation enhances employee retention and loyalty to the organization and that it improves employee productivity, reduces stress at work thereby enhancing employee performance.

5.2.9 Basic pay and employee performance:
The study established that basic pay ensures a feeling of power and social security by employees, increases employee loyalty to the organization and improves employee performance thus resulting to a general increase in organizational performance.

5.2.10 Employee recognition programs and employee performance:
The study established that employee recognition programs increase employee loyalty to the organization, reduces stress in the work place, enhances employee retention, improves employee productivity and performance and thereby improving organizational performance.

5.2.11 Effect of motivational practices on employee performance:
The study established that employee recognition programs was highly rated by the respondents as the most effective motivation practice followed by health compensation practice and then basic pay while bonus compensation was the least rated motivational practice. All the four motivation practices under study were however rated to a moderate extent in terms of their effect on employee performance.

5.3 Summary

The study established that motivation practices are adapted to a moderate extent as all their weights were within the range of moderate extent. However employee recognition practice was highly rated at 3.75 mean weights; basic pay was rated second at 3.55 mean weight. The company relies on the employee recognition to influence employee performance. These practices are both monetary and non-monetary whose combined effects can boost both the employee and organizational performance.

On health compensation as a motivation practice on employee performance, the study found that 94% of the respondents revealed that health insurance helps in improving employee retention and performance. The 88% of the total respondents indicated that it improves employee productivity and performance while 87% of the total respondents expressed that health compensation plan influences employee performance.

The study established the effect of bonus compensation practice on employee performance. The response indicate that 88% of the total respondents expressed that bonus compensation improves employee productivity and performance; 63% of the total respondents felt that bonuses enhances employee retention and performance; 61% of the respondents indicated that bonuses reduce stress in the work place and improves employee performance but employ loyalty was rated lowest by 45% of the total respondents.

The effect of basic pay on employee performance revealed that basic pay enhances the feeling of power and social security by employees in an organization; 81% of the respondents indicated sense of loyalty by employees to the organization. Further, 64% of the respondents revealed that basic pay can increase organizational productivity while 58% of the respondents indicated that basic pay makes employees work under minimum supervision.

The study found out the effect of employee recognition programs as a motivation practice on employee performance. The results revealed that employee recognition programs increase employee loyalty as indicated by 84% of the total respondents. The 82% of the total respondents expressed that the recognition programs reduce stress in the work place and improves employee performance; 76% of the total respondents expressed that recognition programs enhance employee retention and performance. The 67% of the total respondents felt that recognition programs improve employee productivity and performance.

The study established the effect of motivation practices on employee performance in the company. The response rate obtained that health compensation practice is highly rated as it influences performance to a great extent at 4.28 mean weights. Employee recognition practice was rated second at mean weight of 4.06 which is still high as health compensation practice. Further the respondents revealed that the effect of basic pay on employee performance was to moderate extent. Bonus compensation practice was rated least but at moderate extent (3.35 mean weights).

Further; the study regression results for this study showed that all the independent variables are having an effect on the dependent variable. When the coefficients are substituted in the model the equal becomes; $Y= 0.317 + 0.137 X_1 + 0.427 X_2 + 0.114 X_3 + 0.406 X_4$

Health compensation practice has an effect size of 17.9% (B= 0.179) on employee performance; employee recognition practice has the highest effect size at 68.8% (B= 0.688) on employee performance, basic pay effect size is 14.6% (B= 0.146) on employee performance while bonus compensation practice's effect size is 58.3% (B= 0.583) on employee performance. From these results basic pay has the lowest effect size on employee performance as revealed by the standardized Beta coefficients and it is not statistically significant ($p= 0.061>0.005$). Where employee recognition; bonus compensation and health compensation are all significant in influencing employee performance ($p< 0.05$); thus their application in the company will positively improve employee performance.

The results further revealed that a strong association exists between bonus compensation, basic pay, health compensation practice and employee recognition with employee performance ($R = .952^a$). This is a perfect relationship between independent variables and dependent variable. The independent variables can explain up to 90.6% ($R^2 = 0.906$) the variation in employee performance in this company and that the variables in the model are reliable in predicting employee performance as the dependent variable; the model therefore is suitable and can be used in organizations to predict employee performance ($F = 229.521$, $P<0.05$).

5.3 Conclusion

Based on the findings on health compensation practice, employee recognition, basic pay and bonus pay practice the study concludes that these factors have a statistically significant effect on employee performance in SONY Sugar Company; they should be maximized to boost performance of the employees and the organization at large. Therefore their use in the organization contributes to the overall performance of the organization.

5.4 Recommendations

Based on the findings and conclusion of the variables in this study the study recommends that sugar companies should maximize the use of Health compensations, bonus pay and employee recognition as motivation practices that enhances employee performance.

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