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Influence Of Recognition As An Non-Financial Incentive On Employee's Job Performance At Equity Bank Limited, Mount Kenya Region, Kenya

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ABSTRACT: *An organization success is greatly influenced by the performance of its employees. Finding the possible and effective ways to encourage people to exert extra effort beyond is what normally required among the employers and business researchers. It is believed that an employee's behaviour is influenced by the different types of incentives. One of the ways of motivating employees is through non-financial incentive. Equity bank has found itself at the receiving end when it began losing good employees to the competition. The objectives of the study was to determine how recognition as a non-financial incentive influences employee job performance at Equity Bank, Mt. Kenya Region, Kenya. The study adopted the Maslow's Hierarchy of Needs Theory and the Herzberg's Two Factor Theory. The study adopted the descriptive research design. The target population comprised of 447 Equity bank employees in Mt. Kenya region. In this study the researcher took on 30% of the employees which meant that, 134 employees were selected. The researcher relied on self-administered questionnaires. The researcher has used Statistical Package for Social Sciences (SPSS) version 17.0. Descriptive statistics such as frequencies, percentages were used to summarize the data. Findings revealed that there was a significant and positive relationship between recognition and job performance. The findings showed that non-financial incentives such as favorable insurance medical cover, and bonus at the end of the year were not significant in increasing employees' job performance. The study recommended that the bank should put in place recognition incentives such as recommendation letters and employee of the month award to motivate and increase employee performance. A similar study could be carried out in other commercial banks to establish other factors that influence job performance in the banks.*

KEY WORDS*:* Influence, Incentive, Job performance, Non-financial

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I. Introduction

It is widely recognized that human resources are one of the key assets of an organization because most things are performed and achieved by people. Finding the possible and effective ways to encourage people to exert extra effort beyond what is normally required among the employers and business researchers (Cadsby, Song &Tapon, 2013). Therefore, not only should organizations prepare the best strategy to improve their existing performance, but each organization should also come up with the best way to recruit qualified staff, retain and to motivate their employees at the highest level so that the organization as a whole can perform well within their operational environment.

Many retail organizations in South Africa adopted a strategic approach to motivation management in order to improve their competitiveness, profit and sales. Common strategies employed include ensuring employee loyalty, organizational citizenship behavior, and appropriate rewards (Bateman & Snell, 2007). The design and management of motivational reward systems leaves managers with one of the most difficult human resource tasks. Bagraim (2007) noted that, it is important to find out the needs and goals of employees in order to address them and achieve the required motivation. Thompson (2005) indicate that a properly designed motivational reward structure is management's most powerful tool for mobilizing organizational commitment to successful strategy execution and productivity (Alwabel, 2005).

On the other hand, the purpose of non-financial incentives is to reward employees for excellent job performance through opportunities, which includes flexible work hours, training and education, pleasant work environment, and sabbaticals. Non-financial incentives vary in their roles, effectiveness, and appropriateness, varying on the type of incentive. Latham and Ernst (2006) argue that some incentives can actually hamper employee, by decreasing employees' motivation, interest, and job satisfaction. This is just the opposite of what incentives were created to do. Incentives must always consider the workers for whom they were created for. A balance between financial and non-financial incentives should be used to satisfy the diverse needs and interests of employees. Creating a balance sheet is a simple exercise that can be used for evaluating incentive programs. Use of incentives is one of the work policies that is essential in the quest for the achievement of defined goals in an organization (Smith, Kendall, &Hulin, 2009).

Non-financial incentives in organizations are closely associated with recognition and performance feedback. Although the non-financial incentive of recognition does not have an extensive theoretical foundation as that of money, it is argued, that the conceptual differentiation between recognition and social recognition is important (Sansone, &Harackiewicz, 2009). Recognition refers to formal programs such as employee of the month or top sales awards (Nelson, 2001). As to the non-financial incentive of performance feedback, although conceptually and practically closely related to social recognition, in behavioral performance management it has precise meaning. Performance feedback is defined as providing quantitative or qualitative information on past performance for the purpose of changing or maintaining performance in specific ways (Rayan, &Deci, 2013). Thus, a true feedback intervention in behavioral management conveys more task-relevant information to employees than does social recognition, instead of social recognition conveying task-related information, it primarily gains power from the recipient's expectation that receiving acknowledgment or appreciation may lead to more tangible rewards down the road and it often fails to guide future performance efforts (Stajkovic & Luthans, 2001).

II. Statement Of The Problem

The need for non-financial incentives in Equity bank needed to be addressed urgently and adequately in order to reap its benefit in enhancing employee performance and consequently improves employee productivity (Alwabel, 2005). This study was carried out to find out whether recognition as incentives offered at Equity bank will increase employee job performance and assist the organization achieve its goals. This study, therefore investigated the influence of non-financial incentives on employees' job performance at equity bank.

III. Specific Objective

The specific objective of the study was to determine the influence of recognition on employee job performance at Equity Bank, Mt Kenya Region.

IV. Significance Of The Study

The need to carry out this research can be an effective tool if used in a constructive and motivating manner. The findings of this study will be important in formulation of better incentives systems for employees in general and enhance the achievement of the organization goals. It will sensitize the management to improve on the incentives offered to motivate its employees.

V. Employee Job Performance

Employee job Performance in a firm is a very important area in the workplace. It can help the firm increase and utilize the capacity of the human resources it has. It translates into good service delivery and interaction in which affects every area of the organization. To achieve this, organization need to make polices that will encourage employee performance. An employee's job performance depends on or is a consequence of some combination of ability, effort, and opportunity. But, the measurements can be done in terms of outcomes or results produced (Ferris 1998). Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period (Wilson, 2014). According to Ferris (1998), performance is set of outcomes produced during a certain time period. Hence the researchers have developed the working definition of employee performance for study purpose as, "achievement of targets of the tasks assigned to employees within particular period of time". Performance is not only related to the action but also involves judgment and evaluation process (Ford, 2011).

Mullins (2005), effectively motivating employees is one of the most important functions of managers. There is evidence to show that organizations are faced with challenges in retaining employees due to limited opportunities for advancement and the current competitive labour market. The loss of employees represent a loss of skills, knowledge and experiences which can create a significant economic impact and cost to corporations as well as impacting the needs of customers. Managers who can motivate employees assist the organization by improving employee retention (Khan, 2009). Equity Bank Limited being one of the biggest banking industry player currently in Kenya with subsidiaries in Kenya, Uganda, South Sudan, Rwanda and Tanzania has seen its human manpower growing tremendously (Komaki, 2012). The bank did this by adopting competitive strategies that saw it tap markets that had previously been ignored by their competitors. Equity Bank's business model is anchored on access, convenience and flexibility that has enabled the Bank to evolve to become an all inclusive financial services provider with a growing pan African footprint (Kohn, 2013). With

9000 employees last year, Equity bank staff number declined by 660 which was attributed to natural attrition and pointing to a gloomy job market in the financial sector (Jenkins, 2012).

Equity bank found itself at the receiving end when it began losing good employees to the competition. This was attributed to the inadequate financial and non-financial incentives in place. The traditional financial and non-financial systems in place appeared to be inadequate to meet the employee's needs. This demonstrated that the financial and non-financial incentives in Equity bank need to be addressed urgently and adequately in order to reap the benefits in enhancing employee performance and consequently improves employee productivity (Alwabel, 2005). This study intended to find out whether the incentives offered at Equity bank increased employee job performance and assist achieve its goals. It is generally believed that the effect of financial incentives is unambiguously positive and large financial incentive improves employee performance (Baker, Jensen, & Murphy, (2008). The psychological literature on employee motivation states that motivational incentives can produce better employee performance (Dixit, 2002). In essence, few of these studies are supported by an explanation of how incentives in work place affect employee performance (Torrington, 2008). The success of every institution depends on the quality and commitment of its human resources. In order to ensure continued efficiency and effectiveness of employees, an organization must provide incentives to motivate and retain its employees. The performance of an employee depends on the strength of incentive schemes used in an institution (Baker, Jensen, & Murphy, 2008).

Employees are an organization's largest assets. Employees don't only want a good salary and benefit package, they also want to be valued and appreciated for their work. Employees believe in fair treatment, and respect (Ali & Ahmed, 2009). They want the opportunity for advancement and involvement in the organization. A recognition program can help employers meet their organizational goals by helping attract and retain high-performing employees. In 2003 National Association for Employee Recognition, World at Work-study (Daniel & Metcalf, 2005) it was reported that companies are aligning their employee recognition programs directly to the strategies of the organization. The impact of ongoing recognition is that when you recognize someone right away, it is fresh in his or her mind (Daniel & Metcalf, 2005).

Flynn (2008) argued that recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee's job satisfaction. Where job satisfaction, as defined by (Gruneberg, 2009), is a pleasurable positive emotional state which is as a result of work appraisal from one's job experiences. The rewards include the financial rewards, pay and benefits, promotions and incentives that satisfy employees to some extent but for committed employees, recognition must be given to keep them motivated, appreciated and committed (Flynn, 2008).

Baron (1983) argued that when we recognize and acknowledge the employees in terms of their identification, their working capacity and performance is very high. Recognition today is highest needed according to most of the experts whereas a reward which includes all the monetary and compensative benefits cannot be the sole motivator for employees motivation program (Latham, 2007). Employees are motivated fully when their needs are met. The level of motivation of employees increases when employees get an unexpected increase in recognition, praise and pay (La Motta, 1995). The relation with employees with their supervisors should be the key ingredient of the inner strength of an organization. The ability of supervisors to provide strong leadership has an effect on job satisfaction of employees (Morris, 2004). This study relates how the impact of incentives, rewards and recognition programs drives employee job performance.

Recognition plays a vital role in determining the significant performance in job and it is positively associated with the process of motivation. Lawler (2003) argued that there are two factors which determine how much a reward is attractive, first is the amount of reward which is given and the second is the weightage an individual gives to a certain reward. Deeprose (2004) is of the view that good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible. Fair chances of promotion according to employee's ability and skills make employee more loyal to their work and become a source of pertinent workability for the employee. Bull (2005) posits a view that when employees experience success in mental challenging occupations, it allows them to exercise their skills and abilities and they experience greater levels of job satisfaction. Robbins (2001) asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing. Similarly, the recognition which is a central point towards employee motivation adores an employee through appreciation and assigns a status at individual level in addition to being an employee of the organization. Barton (2002) argued that the factor in Fortune best companies which discriminates companies from the others is recognition which is the most important factor of their reward system. Wilson (1994) stated that the conditional recognition is one type of incentives which he used to earn his own efforts and gained by some sense of achievement of an action or result.

VI. Methodology

The study was carried out at Equity bank Mt. Kenya Region. The region has 19 branches with a population of 1311 employees. The study focused on the branches within Nyeri, Kirinyaga, Murang'a and Meru Counties. The study involved the employees from the different departments at Equity bank. The managers of the different departments were also involved in the study. The target population comprised of 447 Equity bank employees in Mt. Kenya region. The sample was 134 employees. The researcher relied on self-administered questionnaires. Pearson's correlation coefficient was used to establish the relationship between the independent and dependent variables. The justification for using the descriptive survey design made it possible to measure the independent variables using questionnaires and relate them to the dependent variable which is the employee job performance. The survey design enabled the researcher to collect data without manipulating the variables.

VII. Results And Discussions

The research sought to determine the influence of recognition on employees job performance at Equity Bank, Mt. Kenya region. The respondents were asked to indicate the extent to which they strongly agreed, agreed, disagreed or strongly disagreed to the statements as shown in table 1.

Table 1 Responses on the Effect of Recognition on Job Performance

Statement	SD		D		A		SA	
	F	%	F	%	F	%	F	%
The bank recognizes employees that performs well by giving them merit awards	45	39.5	21	18.4	41	36.0	7	6.1
The bank has put up proper structures of recognizing its employees	34	29.8	51	44.7	22	19.3	7	6.1
Employees in this bank are motivated by being given the employee of the month award	64	56.1	31	27.2	12	10.5	7	6.1
Lack of recognition such as employee of the month has led to low employee job performance	25	21.9	39	34.2	23	20.2	27	23.7
The bank awards its best employees by giving them recommendation letters	53	46.5	35	30.7	15	13.2	11	9.6
Recommendation letters serve as a motivation to the employees. hence increasing their job performance	40	35.1	37	32.5	17	14.9	20	17.5

Source: Survey Research (2017)

As presented in table 4.7 Only 45(39.5%) of the employees strongly disagreed that they are recognized by the bank when they performed well by awarding them merit awards. Almost half the number of respondents, less than half 51(44.7%) of the respondents disagreed that the bank has put up proper structures of recognizing employees. Majority 64(56.1%) strongly disagreed that employees in their banks are motivated by being given the employee of the month award. It was also revealed that only 39(34.2%) of the respondents disagreed that lack of recognition has led to low employee job performance. Almost half the number of respondents or 53(46.5%) of the respondents strongly disagreed that the bank awards its best employees by giving them recommendation letters while only 40(35.1%) of the respondents strongly disagreed that recommendation letters served as a motivation to the employees hence increasing their job performance. The data shows that bank did not have recognition aspects such as recognizing its employees that performed well by giving them merit awards it can also be deduced that the bank had not put up proper structures for recognizing its employees. Employees were not motivated by being given the employee of the month award. The bank did not have motivation factor such as employee of the month award. Further the employees disagreed that the bank gave them recommendation letters. These factors had led to low employee job performance.

To establish the correlation between recognition on employment job performance job performance at Equity Bank, Mt. Kenya region, Pearson's correlation coefficient was carried out. The data is presented in Table 2.

Table 2 Pearson's Correlation between Recognition and Job Performance

Variables relationship		Recognition	Job performance
Recognition	Pearson Correlation	1	.765 **
	Sig. (2-tailed)		000
	N	114	114
Job performance	Pearson Correlation	.765 **	1
	Sig. (2-tailed)	.000	
	N	114	114

Source: Survey Research (2017)

**. Correlation is significant at 0.01 level (2-tailed).

A Pearson correlation analysis conducted to examine whether there is a relationship between recognition and job performance at Equity Bank, Mt. Kenya region. The results revealed that there was a significant and positive relationship between recognition and job performance (r = .765, N = 114). Job performance was associated with recognition. These findings agree with Flynn (2008) who found that recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee's job satisfaction. Baron (1983) argued that when we recognize and acknowledge the employees in terms of their identification, their working capacity and performance is very high. The findings also concur with Barton (2002) argued that the factor in Fortune best companies which discriminates companies from the others is recognition which is the most important factor of their reward system. Wilson (1994) stated that the conditional recognition is that type of recognition which one has to earn by his own efforts and which is gained by some sense of achievement of an action or result.

VIII. Conclusions And Recommendations

Based on the findings of the study it was concluded that the bank did not have recognition aspects as a way of recognizing its employees who performed well by giving them merit awards. It can also be deduced that the bank had not put up proper structures for recognizing its employees. It was recommended that the bank should put in place structures for employee recognition such as favorable insurance medical cover and bonus every year. It was also recommended that the bank should put in place recognition incentives for example employee of the month award and recommendation letters to motivate the employees in order to improve their job performance.

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