

**INFLUENCE OF REWARD STRATEGIES ON EMPLOYEE PERFORMANCE IN
DEPOSIT TAKING SACCOS IN BOMET COUNTY, KENYA**

JACKSON CHERUIYOT KIRUI



**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE IN HUMAN RESOURCE MANAGEMENT OF
MOUNT KENYA UNIVERSITY**

JUNE 2025

DECLARATION AND APPROVAL

Declaration

This project is my original work and has never been presented for any academic award in any institution.

Name: Jackson Cheruiyot Kirui...

Reg. No. MBA/2023/55293.....

Signature.....



.....

Date.....27/06/2025.....



Approval

This project is being submitted for examination with my approval as University supervisor.

Dr. Anne Kariuki

Senior Lecturer, School of Business

Karatina University

Signature :



Date :..... 27/06/2025.....

DEDICATION

This project is dedicated to my beloved mother Mrs. Ann Bett, whose unwavering support, prayers, and encouragement have been the foundation of my academic journey.



ACKNOWLEDGEMENTS

I extend my deepest gratitude to the Divine Creator, whose boundless grace blesses me each day with breath, vitality, and well-being throughout my academic journey. Were it not for His grace, this achievement would have remained a distant dream, far beyond my reach. My heartfelt thanks go to my supervisor, Dr. Anne Kariuki, for her consistent guidance, insightful feedback, and unwavering support, which greatly shaped the quality and direction of this research. Her mentorship has been invaluable. I also wish to acknowledge my classmate, Miss Betsy Chelangat, whose camaraderie and encouragement provided motivation during challenging moments. Special appreciation goes to my beloved wife, Mrs. Sharon Kirui, for her constant moral support, patience, and understanding throughout this journey. Her belief in me kept me going. I am truly blessed to have such amazing people around me. May God bless each one of them abundantly for their role in this endeavor.

TABLE OF CONTENTS	
DECLARATION AND APPROVAL	i
DEDICATION	ii
ACKNOWLEDGEMENTS	iii
LIST OF TABLES.....	viii
LIST OF FIGURES.....	ix
LIST OF ACRONYMS AND ABBREVIATIONS.....	x
ABSTRACT	xi
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Deposit Taking SACCOS	4
1.2 Statement of the Problem.....	7
1.3 Purpose of the Study	8
1.4 Objectives of the Study.....	9
1.5 Research Questions.....	9
1.6 Significance of the Study	9
1.7 Scope of the Study	11
1.8 Study Limitations.....	12
1.9 Delimitations of the Study	13
1.10 Assumptions of the Study	14
1.11 Operational Definition of Key Terms	15
CHAPTER TWO.....	16
LITERATURE REVIEW	16
2.0 Introduction.....	16
2.1 Empirical Literature	16
2.1.1 Bonus and Employee Performance	17
2.1.2 Pay Rise and Employee Performance	19

2.1.3 Recognition and Employee Performance.....	20
2.1. 4 Reward Strategies and Employee Performance.....	22
2.2 Theoretical Framework.....	24
2.2.1 Expectancy Theory	25
2.2.2 Equity Theory	26
2.2.3 Two-Factor Theory	27
2.3 Conceptual Framework.....	29
2.4 Recap of Literature Review	31
2.5 Research Gap	32
CHAPTER THREE.....	34
RESEARCH METHODOLOGY.....	34
3.0 Introduction.....	34
3.1 Research Methodology	34
3.2 Research Design	35
3.3 Location of the Study.....	35
3.4 Target Population.....	36
3.5 Sampling Procedures and Techniques	37
3.6 Sample Population	37
3.7 Data Collection Instruments	38
3.8 Validity and Reliability of Research Instrument	39
3.8.1 Pilot Testing.....	39
3.8.2 Reliability.....	39
3.8.3 Validity	40
3.9 Data Collection Procedures	41
3.10 Data Analysis and Presentation	42
3.11 Diagnostic Tests.....	43
3.12 Ethical Considerations	44

CHAPTER FOUR	45
RESEARCH FINDINGS AND DISCUSSIONS	45
4.0 Introduction.....	45
4.1 Response Rate of Questionnaires	45
4.2 Demographic Characteristics of Respondents	46
4.2.1 Distribution of Respondents by Gender.....	46
4.2.2 Age Distribution of Respondents.....	47
4.2.3 Level of Education of Respondents	48
4.2.4 Period of Service in the Organization.....	49
4.2.5 Categories of Respondents.....	50
4.3 Bonus and Employee Performance.....	51
4.4 Pay Rise and Employee Performance	55
4.5 Recognition and Employee Performance.....	59
4.6 Satisfaction with the Current Pay	65
4.7 Forms of Reward Preferred by Employees.....	66
4.8 Main Effect of Good Reward Strategies in Organization.....	68
CHAPTER FIVE	70
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	70
5.0 Introduction.....	70
5.1 Summary of the Findings.....	70
5.1.1 Influence of Pay Rise on Employee Performance	70
5.1.2 Influence of Bonus on Employee Performance	71
5.1.3 Influence of Recognition on Employee Performance.....	72
5.2 Conclusion	72
5.2.1 Influence of Pay Rise on Employee Performance	72
5.2.2 Influence of Bonus on Employee Performance	73
5.2.3 Influence of Recognition on Employee Performance.....	73

5.2.4 Overall Conclusion	74
5.3 Recommendations.....	74
5.3.1 Pay Rise and Employee Performance	74
5.3.2 Bonus and Employee Performance	75
5.3.3 Recognition and Employee Performance.....	76
5.4 Areas for Further Study	77
REFERENCES	78
APPENDICES.....	82
APPENDIX I: CONSENT FORM	82
APPENDIX II: RESEARCH QUESTIONNAIRE.....	83
APPENDIX III: ETHICAL CLEARANCE CERTIFICATE.....	86
APPENDIX IV: INTRODUCTION LETTER	87
APPENDIX V: RESEARCH PERMIT	88
APPENDIX VI: AUTHORIZATION LETTER 1.....	89
APPENDIX VII: AUTHORIZATION LETTER 2	90
APPENDIX VIII: AUTHORIZATION LETTER 3	91
APPENDIX IX: ORIGINALITY REPORT	92

LIST OF TABLES

Table 1:Target Population	36
Table 2:Sample Size	38
Table 3:Response rate of questionnaires	45
Table 4:Distribution of respondents by gender	46
Table 5:Respondents' age.....	47
Table 6: Level of education of respondents.....	48
Table 7:Period of service of the respondents in the organization.....	49
Table 8:Categories of respondents	50
Table 9:Level of agreement on SACCO giving bonus to employees.....	51
Table 10:Bonus enhancing employee performance.....	52
Table 11:Distribution of bonus according to performance.....	53
Table 12:Measures of central tendency and variability for Bonus.....	54
Table 13:Pay rise increasing employee performance	55
Table 14:Existence of annual pay rise scheme for employees	56
Table 15: Pay rise improving employee retention.....	57
Table 16: Measures of central tendency and variability for Pay rise	58
Table 17: Formal recognition of employees' efforts by Management	59
Table 18:Documentation of Recognitions.....	61
Table 19:Recognition encouraging improved performance	62
Table 20: Measures of central tendency and variability for Recognition	63
Table 21: Regression Model Summary	64
Table 22:ANOVA	64
Table 23: Coefficients and Betas.....	64
Table 24:Satisfaction with the current pay	65
Table 25:Forms of reward preferred by employees.....	66
Table 26:Main effect of good reward strategies in organization.....	68

LIST OF FIGURES

Figure1:Theoretical framework.....	29
Figure2: Conceptual framework.....	30
Figure 3:Distribution of respondents by gender.....	46
Figure 4:Age of respondents.....	47
Figure 5:Education level of respondents.....	48
Figure 6:Period of service of the respondents.....	49
Figure 7:Categories of respondents.....	50
Figure 8:Distribution of Bonus to employees.....	51
Figure 9:Bonus as an enhancer to performance.....	52
Figure 10:Distribution of bonus based on performance.....	53
Figure 11:Pay rise and employee performance.....	56
Figure 12:Existence of annual pay rise scheme.....	57
Figure 13:Pay rise and employee retention.....	58
Figure 14:Formal recognition of employees by the management.....	60
Figure 15:Documentation of Recognitions.....	61
Figure 16:Recognition as an enhancer to employee performance.....	62
Figure 17:Satisfaction with the current pay.....	66
Figure 18:Forms of reward preferred by employees.....	67
Figure 19:Main effect of good reward strategies in organization.....	68

LIST OF ACRONYMS AND ABBREVIATIONS

SACCOS	:	Savings and Credit Co-operative Societies.
FOSA	:	Front Office Services
BOSA	:	Back Office Services
DT-SACCOS:		Deposit Taking Savings and Credit Cooperative Societies
SASRA	:	Sacco Societies Regulatory Authority
Ltd	:	Limited
ATMs	:	Automated Teller Machines
GDP	:	Gross Domestic Product
SPSS	:	Statistical Package for Social Science
NACOSTI	:	National Commission for Science, Technology and Innovation
SWOT	:	Strengths, Weaknesses, Opportunities, Threats
PESTLE	:	Political, Economic, Social, Technological, Legal, Environmental
IRB	:	Institutional Review Board
SP	:	Sample Population
N	:	Sample Size
SE	:	Standard Error
ANOVA	:	Analysis of Variance

ABSTRACT

In an increasingly competitive and evolving work environment, organizations are under growing pressure to find innovative ways to boost employee productivity and enhance overall performance. Among the most effective tools for achieving this is a well-structured reward system. Reward strategies, central to Human Resource Management (HRM) play a pivotal role in shaping employee motivation, engagement, and job performance. This study sought to examine the influence of reward strategies on employee performance in Deposit Taking (DT) Savings and Credit Cooperative Societies (SACCOs) in Bomet County, Kenya. The main objective of the study was to investigate how different reward components impact employee performance. Specifically, the study aimed to: Establish the influence of pay rise on employee performance, Determine the influence of bonus schemes on employee performance, and Assess the influence of employee recognition on performance. The research was underpinned by three theoretical frameworks: Expectancy Theory, which emphasizes the relationship between effort, performance, and rewards; Equity Theory, which focuses on fairness in reward distribution; and Herzberg's Two-Factor Theory, which distinguishes between motivators and hygiene factors in the workplace. A cross-sectional research design was employed to collect data from the target population at a single point in time. The population comprised employees from various levels (senior, middle, and junior) within DT SACCOs operating in Bomet County. A stratified random sampling method was used to select 56 participants, representing 40% of the total workforce. Primary data was gathered using a structured questionnaire consisting of both closed and open-ended questions. The instrument was tested for reliability and validity to ensure the credibility and consistency of results. The data were analyzed and respondent opinions summarized using descriptive statistics, including means, standard deviations, frequencies, and percentages. In addition, Multiple regression analysis was conducted to test the relationships between the independent variables (pay rise, bonus, recognition) and the dependent variable (employee performance). The results revealed that all three reward strategies had a statistically significant and positive influence on employee performance. Pay rise and bonus schemes were particularly the strongest predictors, while recognition, though slightly influential, still played an important role in enhancing motivation and job satisfaction. The findings underscore the need for organizations, particularly SACCOs, to adopt reward strategies that are fair, performance-based, and transparent. This study adds to the existing literature by offering context-specific evidence on the relationship between reward strategies and employee performance within Kenya's SACCO sector. It also offers practical implications for HR practitioners and policy makers, suggesting that effective reward strategies should be integrated into overall performance management frameworks to maximize employee output and support institutional growth. The findings will help guide the development of more strategic compensation policies aimed at increasing motivation, reducing turnover, and improving organizational effectiveness.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Existing literature has shown the vital role of the reward system, with reward management emerging as an evolving area within Human Resource Management (HRM). Effective reward strategies are essential to attracting, motivating and keeping top performers within an organization and a key driver to organizational success. Jones & White (2021), link the influence of reward strategies to motivation, involvement, employee satisfaction, employee retention and overall organizational performance. Njagi (2021), emphasizes that rewards are crucial for motivating employees to engage fully. Workers are increasingly inclined to giving their best at work when they think their efforts will be appreciated. Conversely, they may reduce their contribution if their work goes unnoticed and unrewarded.

One important aspect of employee performance is compensation systems. Employee performance is said to be greatly impacted by reward methods; the better a company manages its reward schemes, the better its employees perform. According to Kerr, Serhan, and Murphy (2022), one of the most important strategic management initiatives targeted at raising employee performance levels is the inclusion of employee awards. Most companies have made an effort to fairly compensate their staff for their contributions.

However, the size and type of rewards vary greatly between countries, which helps to explain why disagreements between employees and management can arise in some of these countries. The Chartered Institute for Personnel and Development (U.K.) reported in 2022 that the majority (80%) of over 2,500 employees believe that fair reward systems, including raises, bonuses, and promotions, play a key role in ensuring financial security. However, only 35% of

nearly 500 organizations surveyed had a formal reward strategy and 91% reported difficulty in implementing strategy due to external challenges and resistance from line managers.

Al Janabi (2020) emphasized the importance of managing employee reward carefully, particularly, pay increase and benefits and employee promotion. Similarly, Bowen (2020) asserts that rewards and recognition serve a pivotal function in shaping worker's attitude, productivity and organizational competitiveness. Monetary rewards such as bonuses are effective in motivating employees to meet their targets. (Othman et al., 2018), Award packages are contingent on each organization's activities or even standing of the organization. Companies in the sales and marketing industry, for example, are more likely to provide commissions as a perk, whereas production companies are more likely to exclude commissions out of their benefits package (Armstrong and Taylor, 2020). A key objective of an organization is performance, which heavily depends on employee performance. Accordingly, it is necessary to develop a comprehensive approach to the compensation system in order to boost productivity for all cadres of employees (Ahmad et al., 2019). Moreover, the strategic integration of both monetary and non-monetary incentives significantly contributes to attracting top talent and retaining high-performing employees within an organization. It is conceivable that the management may implement bonuses that are tied to different performance metrics, honor top performers, elevate them in the organization, and give them additional responsibility (Armstrong, 2022).

The majority of businesses and organizations worldwide acknowledge the necessity of both non-financial and financial motivational techniques. Financial and non-financial rewards have been associated with positive effects on worker performance at Keystone Foods LLC in the USA (Kerr et al., 2022). Employees are motivated to increase their performance by a variety of non-monetary causes. Companies nowadays must concentrate more on changing their

workplaces to inspire their workers, achieve their objectives and compete globally (Albatal, 2019).

In private universities in Minsk, Belarus Europe, non-monetary compensation significantly impacts employee performance (Serhan, Salloum and Abdo,2021). Furthermore, in Bangladesh, management provides non-monetary incentives to workers in the majority of companies in order to meet workers' demands for autonomy, influence, achievement accountability, acknowledgment, and personal development at work (Hosain, 2019).

Regionally, the number of employees in many sub-Saharan African (SSA) enterprises has decreased due to a lack of compensation. Migration abroad has resulted in the loss of several of these workers. For example, almost 70% of Zimbabwean workers have emigrated to wealthy nations in pursuit of finer working conditions (Moruri et al., 2018). About half of the employees who had quit their jobs complained about low motivation and inequalities in the compensation and reward systems, according to the Cameroon Development Corporation journal (2018).

According to an ILO (2019) review of data from a sample of ten countries, there are a variety of circumstances when paid employees earn different pay. For example, salary inequality seems to be smaller in northern African countries but higher in southern African countries. The 10% highest paid workers in Namibia and South Africa have salaries that are more than 20 times higher than those of the 10% lowest paid workers. The richest 10% in Egypt and Tunisia earn four and five times as much as the bottom 10%, respectively.

Modern businesses in Kenya are increasingly looking for innovative and best ways to inspire their staff to increase productivity since they are becoming more and more aware of the value of combining tangible and intangible rewards in inspiring workers toward company objectives. Effective reward schemes were associated with improved employee performance in both public and private universities, according to Kathombe, Kipchumba, and Kirui (2018). The researchers observed that combining tangible and intangible rewards constitutes a central force in molding

workforce performance and that money remains the most important motivator for workers, influencing their performance in the workplace. The same has been connected to the Kenya Urban Roads Authority, where Wanyonyi & Juma (2020) observed that staff performance is significantly impacted by employee perceptions of timely salary and recognition processes.

Despite the global and regional understanding of reward systems, empirical research remains scarce regarding the influence of these strategies on employee performance within Kenya's SACCO sector; an industry that is a key factor in national financial inclusion and economic development. Many DT SACCOs face internal policy gaps and resource constraints, leading to inconsistent reward practices. While some SACCOs implement monetary rewards such as performance bonuses and pay raises, they often neglect or inadequately structure non-financial motivators like employee recognition and professional growth thereby diminishing the overall impact of their incentive programs. Moreover, few studies have explored the psychological and behavioral responses of SACCO employees to distinct forms of rewards, particularly in connection with performance-based schemes. This study endeavors to fill this void by examining how specific reward elements: bonus, pay rise, and recognition affect employee performance in DT SACCOs in Bomet County, Kenya. By situating this study within recognized HRM theories such as Expectancy Theory and Equity Theory, it contributes both theoretically and practically to the discourse on employee motivation in emerging economies.

1.1.1 Deposit Taking SACCOS

SACCOs represent a form of cooperative financial organization where members collectively own and manage resources, offering savings, credit, and other financial services for mutual benefit. They are structured to empower individuals, particularly those underserved by conventional financial institutions, by offering accessible, affordable, and member-focused financial services. SACCOs operate on cooperative principles, where profits are reinvested into

the society or paid to members as dividends, rather than distributed to external shareholders. Deposit Taking SACCOs (DT SACCOs) are authorized to accept deposits from members that can be withdrawn upon request and offer a wider range of financial services, making them more similar in function to traditional banks, though with a cooperative philosophy at their core.

The importance of SACCOs to the Kenyan economy cannot be overstated. According to the Cooperative Alliance of Kenya (2023), DT SACCOs account for nearly 30% of the national GDP, underscoring their vital function in promoting financial intermediation and Socioeconomic inclusion. By offering loans at lower interest rates and encouraging a culture of savings, SACCOs contribute directly to poverty alleviation, small enterprise growth, and improved living standards, particularly in rural and peri-urban areas. They serve as vital financial lifelines for farmers, teachers, small business owners, and informal sector workers, enabling them to access credit and other services that may be out of reach through commercial banks.

Internationally, the International Cooperative Alliance (ICA) recognizes SACCOs as essential tools for democratizing finance. In Kenya, they employ over 500,000 individuals and offer indirect self-employment to an additional 1.5 million, creating a significant impact on livelihoods across the country (ICA, 2023). The government of Kenya, through its Vision 2030 development blueprint, envisions a substantial increase in national savings from 17% to 30% and a reduction in financial exclusion. SACCOs are central to achieving these targets by fostering inclusive financial systems.

The SACCO Societies Regulatory Authority (SASRA) was established in 2008 under the Sacco Societies Act to provide prudential regulation and supervision to DT SACCOs. The goal was to ensure stability, accountability, and trust in the SACCO sector while protecting member savings. SASRA has played a vital role in professionalizing SACCO operations and aligning

them with international standards, enhancing the security and efficiency of the cooperative financial sector.

According to the SACCO Supervision Annual Report (2023), the sector continues to register impressive growth. As of 2023, Kenya had 357 regulated SACCOs, comprising 176 DT SACCOs and 181 non-withdrawable deposit-taking SACCOs. Membership grew from 6.42 million in 2022 to 6.84 million in 2023, indicating a 6.57% increase. Total assets in the sector reached Kshs 971.96 billion, an increase of 9.17%, while mobilized deposits rose to Kshs 682.19 billion. Loan disbursement also rose significantly, with DT SACCOs issuing loans worth Kshs 758.57 billion an 11.5% increase from the previous year. These figures underscore the growing relevance of SACCOs as vehicles for domestic savings mobilization and credit provision.

Despite this progress, DT SACCOs continue to face performance challenges. Studies such as Njine et al. (2017) have reported inefficiencies in operations, limited innovation, governance weaknesses, and poor customer service as common issues affecting SACCO performance. Many SACCOs are yet to fully digitize their services, which limits their ability to compete with commercial banks and mobile financial platforms. Regulatory compliance, while necessary, also places pressure on SACCOs to invest in staff capacity, IT infrastructure, and risk management systems investments that not all SACCOs can easily afford.

Moreover, SACCOs must constantly balance the cooperative ethos of member service with the need to remain financially sustainable in an increasingly competitive financial services market. Inadequate reward structures, lack of performance-based incentives, and inconsistencies in staff motivation have also been cited as issues affecting employee productivity and service quality in SACCOs. These concerns underscore the need for comprehensive reward systems, sound human resource practices, and responsive leadership to support sustainable SACCO growth.

In conclusion, DT SACCOs in Kenya remain powerful tools for economic empowerment, financial inclusion, and grassroots development. However, their continued success depends on improved operational efficiency, enhanced human resource management including effective reward strategies and strong regulatory compliance. Addressing these areas will be critical for enabling SACCOs to fulfill their development mandate and remain competitive in Kenya's evolving financial landscape.

1.2 Statement of the Problem

Deposit Taking (DT) Savings and Credit Cooperative Societies (SACCOs) play a pivotal role in promoting economic development and financial inclusion in Kenya. According to the Cooperative Alliance of Kenya (2023), DT SACCOs contribute approximately 30% to the country's Gross Domestic Product (GDP), underscoring their substantial impact on the national economy. These institutions provide accessible credit, promote savings, and support entrepreneurial activities, particularly among individuals in rural and underserved areas who may otherwise be excluded from mainstream financial services.

Despite their critical economic role, DT SACCOs continue to face significant human resource challenges, especially in relation to employee motivation, performance, and retention. Staff are central to the effective delivery of services, member satisfaction, and the overall growth of SACCOs. However, dissatisfaction with reward systems has increasingly emerged as a key factor undermining staff commitment and productivity.

Several studies have explored the relationship between reward strategies and employee performance, but the findings remain inconsistent. For instance, Ndung'u et al. (2022) found that employee appreciation had no statistically significant impact on performance. In contrast, Orockakwa (2018) reported that reward mechanisms, particularly recognition and bonuses, contributed significantly to enhancing motivation and output. These contradictions raise

concerns about the reliability of existing findings, often due to methodological limitations such as unrepresentative sampling and reliance solely on closed-ended questionnaires, which limit the depth of employee responses.

Moreover, much of the existing literature has focused on sectors like banking, education, and manufacturing, with limited attention given to DT SACCOs especially those operating in rural counties like Bomet. Contextual factors such as organizational culture, financial limitations, and labor dynamics in these regions may significantly influence how reward strategies are perceived and implemented.

Preliminary HR audit reports from SACCOs in Bomet County indicate growing employee dissatisfaction, declining morale, and inconsistencies in how bonuses, pay increases, and recognition are awarded. In some cases, rewards are seen as poorly communicated, inequitably distributed, or unrelated to performance outcomes resulting in perceptions of bias and disengagement.

This study seeks to address these gaps by employing a rigorous methodology that includes stratified and simple random sampling for representativeness and mixed-question formats for deeper insights. By focusing on core reward components: bonus, pay rise, and recognition, it aims to provide practical, evidence-based recommendations to strengthen performance, increase employee motivation, and support the sustainable growth of DT SACCOs in Bomet County.

1.3 Purpose of the Study

The focus of this study was to examine the influence of reward strategies on employee performance in Deposit-Taking SACCOs in Bomet County, Kenya. The research aimed to explore how different forms of rewards specifically: pay rise, bonuses, and recognition influence employee performance within these financial institutions.

1.4 Objectives of the Study

The general objective of this study was to examine the influence of reward strategies on employee performance in Deposit-Taking SACCOs in Bomet County, Kenya while the Study's specific objectives were:

- i. To establish the influence of pay rise on employee performance in DT SACCOs in Bomet County, Kenya.
- ii. To determine the influence of bonus on employee performance in DT SACCOs in Bomet County, Kenya.
- iii. To assess the influence of recognition on employee performance in DT SACCOs in Bomet County, Kenya.

1.5 Research Questions

This study sought to provide answers to the following research questions:

- i. What is the influence of pay rise on employee performance at DT SACCOs in Bomet County, Kenya?
- ii. What is the influence of bonus on employee performance at DT SACCOs in Bomet County, Kenya?
- iii. What is the influence of recognition on employee performance at DT SACCOs in Bomet County, Kenya?

1.6 Significance of the Study

Cognizant of the performance concerns of the employees in DT SACCOs in Bomet county, Kenya, as documented in the background study, this research is crucial in exploring whether these issues are inherently linked to the nature and effectiveness of reward strategies. The study offers a thorough understanding of the correlation between reward practices and employee motivation, commitment, and productivity, offering a comprehensive foundation for both strategic and operational decision-making within SACCOs.

The findings of this study will be instrumental for DT SACCO management and human resource practitioners in identifying which types of rewards between monetary (e.g. pay rise and bonuses) and non-monetary incentives, such as recognition, exert the most significant influence on employee performance. This will empower leadership teams to design evidence-based reward systems that foster a motivated workforce, improve job satisfaction, and ultimately increase organizational efficiency. It will also help managers align reward strategies with organizational goals.

From policy and regulatory perspective, this study provides valuable insights that can inform government agencies such as the Ministry of Cooperatives and SASRA in developing fair labor policies and reward frameworks that protect workers from exploitation and foster equitable reward practices. Such policy guidance is particularly vital in the cooperative sector, where performance and service delivery directly impact grassroots financial inclusion and community development.

For employees, the study creates a platform to express their perceptions and preferences regarding the current reward systems. Their voices will help to shape organizational practices that recognize employee contributions more transparently and equitably. It may also foster a more inclusive and responsive work culture, where workers experience a sense of appreciation and are driven to actively support the achievement of organizational objectives.

The study is also of academic and scholarly relevance, providing basis for upcoming research in reward management and organizational behavior. It adds new insights to the current academic discourse by focusing on SACCOs; a sector that has not received as much academic attention compared to other financial institutions. Scholars, students, and future researchers will find the study useful as a reference for comparative research, theory development, or further investigation into sector-specific reward systems.

Finally, this study has societal importance. By enhancing the performance of SACCO employees through appropriate reward strategies, DT SACCOs can improve service delivery, member satisfaction, and financial sustainability. This in turn promotes broader economic empowerment, particularly in rural and underserved communities, driving forward national development priorities and fostering economic resilience.

1.7 Scope of the Study

The research aimed to explore how reward strategies influence employee performance within Deposit-Taking SACCOs operating in Bomet County, Kenya. The research was delimited to seven specific DT SACCOs operating in the region, namely: Imarisha SACCO Society Ltd, Kenya Highlands SACCO Society Ltd, Edis SACCO Society Ltd, Kimbilio Daima SACCO Society Ltd, K-Pillar SACCO Society Ltd, Sotico SACCO Society Ltd, and Tenhos SACCO Society Ltd. These institutions were purposefully selected due to their strategic presence in the county and their significant role in offering financial services to a wide segment of the population.

The scope of this study was confined to examining three specific reward strategies: pay rise, bonus, and recognition and how each of these influences employee performance in the selected SACCOs. It involved gathering both numerical and non-numerical data from a diverse group of employees and management staff at different levels; senior, middle, and junior through structured questionnaires.

Geographically, the study was limited to Bomet County, which provides a manageable and contextually relevant setting for understanding reward practices in rural-based financial institutions. The selection of this region also responds to the limited availability of in-depth studies focusing specifically on SACCOs in counties outside Kenya's major urban centers.

The time scope of the study covered data and events within a recent and relevant period, ensuring that the findings reflect current trends and organizational practices. Functionally, this study concentrated on reward management and employee performance, thereby excluding other HRM aspects such as recruitment, training, or disciplinary procedures, unless they directly intersected with the variables under investigation.

By focusing on both employees and managerial perspectives, the study aimed to provide a holistic view of how reward strategies are designed, implemented, and perceived within the DT SACCO sector. This comprehensive approach enhances the validity of the findings and offers actionable insights for HR practitioners, SACCO leaders, and policymakers.

1.8 Study Limitations

While this study provides valuable insights into the impact of reward strategies on employee performance within Deposit-Taking SACCOs in Bomet County, several limitations must be acknowledged. Efforts were made to address these constraints through appropriate mitigation strategies to enhance the credibility and applicability of the findings.

Firstly, the geographic scope was confined to seven DT SACCOs within Bomet County, potentially restricting the applicability of the findings to other regions. SACCOs in diverse counties may operate under varied organizational cultures, economic environments, and regulatory frameworks that influence the effectiveness of reward strategies. To mitigate this, the selected SACCOs represented a cross-section of operational sizes and service contexts within the county, thereby increasing internal validity. Future research is encouraged to replicate the study across a broader geographic area to test the consistency of results in other settings.

Secondly, the study focused specifically on three reward components; pay rise, bonus, and recognition. While these are key elements of employee reward systems, other influential

strategies such as promotions, professional development, healthcare benefits and profit sharing were not included. This limitation was addressed by allowing open-ended responses within the questionnaire, which enabled participants to voluntarily highlight additional reward mechanisms they considered important. Another limitation was the inability to control for external variables such as economic conditions, personal circumstances, and government regulations, all of which can affect employee motivation and performance. These factors may interact with reward systems in complex ways that fall beyond the scope of this research. However, by grounding the study in established motivational theories (Expectancy Theory, Equity Theory, and Herzberg's Two-Factor Theory), the analysis maintained theoretical consistency and interpretive clarity.

Furthermore, self-reported responses are susceptible to bias, as individuals may have overstated benefits withheld negative feedback. To minimize this risk, the study employed triangulation by using both closed- and open-ended questions and combining qualitative insights with quantitative analysis. This approach enhanced the reliability and depth of the data collected.

Lastly, although stratified random sampling ensured representation across staff levels; senior, middle, and junior, the modest sample may not fully reflect the diversity of views across the entire SACCO workforce. To mitigate this, the sample was proportionally drawn from the overall employee population, and future research should consider larger sample sizes across multiple counties to support broader generalizations.

1.9 Delimitations of the Study

This study was delimited to assessing the influence of specific reward strategies: pay rise, bonus, and recognition on employee performance in DT SACCOs located in Bomet County. It deliberately excluded other factors that may affect performance, Like workforce training schemes, alternative work schedules, profit-sharing schemes, and career development

initiatives. This was done to maintain focus on the most commonly implemented and measurable reward components within the selected SACCOs.

The study targeted employees across different hierarchical levels senior management, middle-level, and junior staff to ensure a balanced representation of opinions and experiences. The use of stratified random sampling helped achieve this diversity and improved the internal validity of the findings. However, other stakeholders such as board members, external regulators, or customers were not included as part of this investigation.

1.10 Assumptions of the Study

This research relied on a set of key assumptions that were essential for the collection and interpretation of data. The primary assumption was that respondents would answer the questionnaire honestly and truthfully, providing accurate reflections of their experiences and views on reward strategies and their effects on performance. It was also assumed that the selected SACCOs had functional reward systems in place, and that employees had sufficient awareness of those systems to provide informed responses.

To encourage honest participation and minimize social desirability bias, participants were assured that their identities would remain confidential and could not be linked to their responses at any stage of the study. No names or identifiable information were recorded, and respondents were informed that their input would be used strictly for academic purposes.

1.11 Operational Definition of Key Terms

Reward: denotes payment in return for services rendered, an action taken to support acceptable behavior, and is equivalent to success.

Reward Strategies: refers to creating and putting into effect incentive procedures and policies that help the organization achieve its goals and produce a motivated and productive workforce.

Employee performance: is used to describe how an employee acts and behaves in respect to the demands of their position. That's how effectively an individual performs their obligations and responsibilities at work.

Monetary reward: is used to describe financial rewards that are given to staff members whenever they achieve or surpass goals.

Non-Monetary reward: incentives offered for any transaction that doesn't require money. They are also referred to as psychological intrinsic rewards, and they consist of one's employer's encouragement, gratitude, and optimistic outlook.

Recognition: As a recognition of accomplishment, it describes the state of being recognized for something.

Bonus: a sum of money that is added to an employee's pay in recognition of their hard work.

Pay rise: An increase in the amount of money that an employee earns for doing a job.

Motivation: The feeling of commitment to doing something well and being prepared to put extra effort into it.

Deposit Taking SACCOs (DT SACCOs): Are licensed financial cooperatives in Kenya that mobilize deposits and offer loans to their members. In this study, DT SACCOs in Bomet County formed the organizational context where the research was conducted.

Human Resource Management (HRM): Is the strategic management of people and workplace culture to enhance organizational performance.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section reviews existing global and local studies on the relationship between reward strategies and employee performance, focusing on key components such as pay rise, bonuses, and recognition. It synthesizes both theoretical perspectives and empirical research to provide a foundational understanding of how rewards influence productivity. Organized thematically, the review highlights core concepts and evaluates the strengths and limitations of past studies, particularly in terms of methodology, context, and relevance to the SACCO sector. Although valuable insights exist across various industries, limited research has addressed the specific dynamics within Deposit-Taking SACCOs in Bomet County. This study aims to fill that gap by offering context-specific analysis and contributing new evidence tailored to Kenya's socio-economic and regulatory environment. The review ultimately positions this research within broader strategic human resource management discourse.

2.1 Empirical Literature

According to Armstrong and Brown (2023), reward broadly denotes the overall package of tangible and intangible incentives received by a worker in return for their work and contribution to an organization. This encompasses salaries, bonuses, benefits, and recognition, and forms a core part in shaping the implicit and explicit expectations between firms and their staff. Anku et al. (2018) stress that well-structured reward systems encompassing both financial and non-financial elements can enhance morale, performance, and retention. Recognition, as highlighted by Novak (2016), fulfills the psychological need for appreciation and boosts discretionary effort. Empirical studies, including those by Orockakwa (2018) and Edirisooriya (2018), affirm that integrated reward strategies significantly influence performance when aligned with HR and business goals. Effective reward systems not only motivate existing staff but also attract talent

and reduce turnover. This study therefore builds upon these insights by examining how specific reward strategies, such as pay rise, bonuses, and recognition, influence employee performance within DT SACCOs in Bomet County, Kenya.

2.1.1 Bonus and Employee Performance

Bonuses are common elements of reward systems designed to motivate employees to exceed performance expectations and align their efforts with organizational goals. Typically offered annually or quarterly, bonuses serve as performance incentives that reinforce a culture of achievement and productivity. Organizations adopt various bonus schemes, including fixed and variable plans, each with distinct implications for fairness, transparency, and employee motivation.

Khan et al. (2017) observed that fixed bonus systems provide a level of predictability and reduce the risk of asymmetric information between management and employees. These systems create a sense of equity and transparency, as employees are assured of receiving a reward irrespective of subjective assessments. On the other hand, performance-based bonus systems though popular often carry the risk of bias and arbitrariness, especially when evaluation metrics are unclear or inconsistently applied. If employees perceive the process to be unfair or influenced by favoritism, the intended motivational effect may backfire, leading to disengagement, dissatisfaction, or even attrition. Hence, Khan et al. emphasize the critical importance of designing bonus schemes that are transparent, equitable, and clearly linked to measurable performance indicators.

In the Kenyan context, Njiraine (2019) conducted an empirical study at the University of Nairobi examining financial incentives as a determinant of employee performance. Her research revealed that bonuses tied to institutional profitability and operational efficiency markedly enhances staff productivity. Employees responded favorably when they understood that their

efforts directly contributed to and were rewarded by the organization's success. This study highlights the importance of linking bonuses to broader organizational performance, which enhances motivation and nurtures a sense of ownership and shared accountability amongst staff.

Luzon (2022), in a study at a state college in the Philippines, further reinforced the positive effectiveness of performance-centered bonuses on both employee motivation and output. Her findings demonstrated that when bonuses are clearly aligned with performance metrics and eligibility criteria, workers are more inclined to maintain engagement and aim for outstanding results. The study also pointed out that bonuses were instrumental in enhancing institutional performance through their alignment with quality assurance protocols, suggesting that rewards can play a strategic role in institutional development and service delivery.

In the same vein, Mbukwana and Ayandibu (2023) found a strong association between the application of performance-based rewards and enhanced levels of employee productivity. Their research established that performance bonuses significantly motivate employees to meet and exceed set goals, particularly when high performers are distinctly rewarded. The existence of a “built-in incentive” where the size of the bonus is directly proportional to one’s performance created a competitive environment that encouraged continuous improvement. Employees who perceived a direct connection between their output and their monetary rewards were more likely to invest effort, show initiative, and demonstrate organizational loyalty.

Collectively, these empirical studies underscore that well-structured and fairly administered bonus systems can lead to measurable improvements in employee performance. They emphasize the need for objectivity, transparency, and strategic alignment in bonus administration. Furthermore, these studies illustrate that bonuses do not merely serve as economic motivators but also function as signals of recognition and appreciation, especially when tied to collective or individual achievements.

As such, the implementation of bonuses in organizations such as DT SACCOs in Kenya requires careful planning and communication. Clear performance metrics, transparent criteria, and timely disbursement are essential to maximize the positive impact of bonuses. In the context of DT SACCOs, where productivity and service quality are central to member satisfaction and financial sustainability, bonuses can serve as a powerful tool to incentivize high performance, drive operational efficiency, and promote a results-oriented culture.

2.1.2 Pay Rise and Employee Performance

In their 2017 study, Basaza examined the variables influencing the performance of workers in Uganda's Ministry of Health. According to the data, employee performance is significantly enhanced by pay increases and favorable working conditions. As stated by Woods (2017), employees are frequently driven by financial gain, and their pay has a significant impact on their productivity within the company. Employees perceive their pay as an indicator of the importance employers place on them as employees. Consequently, a worker's general motivation may be directly impacted by the degree of gratitude he receives.

The results of Nasiru et al. (2020) investigation on how salary increases affect worker performance demonstrated a significant and positive relationship between pay increases, worker output, worker collaboration, plus worker creativity. The study also revealed that sufficient remuneration enhances employees' capacity for creative thinking and innovation. Cheruiyot and Kalei's (2020) on their study found that most respondents (53.9%) thought that pay raise tactics had a very high impact on employee performance on their campuses.

Furthermore, 12.4% of respondents assessed the impact of the pay hike plan on employee performance as moderate, and 0.3% assessed it as strong. Just 3.4% of respondents said that the pay hike approach exhibited a modest role in staff output on their university campuses, and none of them said that it had a very low impact. The significance of the staff pay increase method as a reward technique was demonstrated by the results.

In the correct situations, money may be a source of positive motivation because it acts as a high physical form of recognition in addition to being a necessity and desire, according to Jacques (2022). Jacques also believed that poorly planned and administered pay structures can demotivate employees; therefore, they should be fair and equitable, meaning that rewards should be directly tied to the amount of work or responsibility and that no one should be paid less than their peers. Rulisa et al. (2023) conducted a study on several public institutions in Rwanda to explore how wages influence employee productivity. The findings revealed that most participants acknowledged a connection between income levels and their job performance. According to the results, the respondents particularly agreed that fair compensation from their current company motivates them to perform better and that they are constantly inspired to work because of their timely salary. It was also acknowledged by the respondents that their pay raise encourages them to perform better every day at work.

2.1.3 Recognition and Employee Performance

Pay rise is widely recognized as a core component of employee reward systems that directly influences motivation, engagement, and performance. A pay rise signals organizational appreciation, recognition, and trust in an employee's value, which in turn can foster loyalty and enhance productivity. Numerous empirical studies across different contexts have confirmed the significant role that salary increments play in influencing employee output, creativity, and organizational commitment.

Basaza (2017) undertook a comprehensive investigation into the factors affecting employee performance in Uganda's Ministry of Health. His findings highlighted that increased remuneration, alongside improved working conditions, significantly elevated employee morale and performance. The study emphasized that financial compensation remains a key motivator for public sector employees, particularly in environments where non-monetary incentives are limited. This aligns with Woods' (2017) assertion that employees are inherently motivated by

financial rewards, and that the perceived adequacy of their pay is often linked to their sense of worth within the organization. Employees tend to interpret their salary as a tangible measure of how much their employer values their contributions. Consequently, when pay is perceived as fair and competitive, it acts as a strong motivator, positively influencing workforce productivity.

According to Nasiru et al. (2020), salary increments influence key aspects of employee performance such as creativity, teamwork, and the quality of output. Their study identified a clear positive link between salary increments, staff innovation and teamwork. According to their findings, when employees are compensated fairly and receive timely raises, they feel more secure, valued, and encouraged to invest more energy into their roles. Notably, the study revealed that adequate financial rewards can stimulate fresh ideas and innovation, especially in dynamic work environments where adaptability and creativity are crucial for success.

Cheruiyot and Kalei (2020) investigated the effect of reward mechanisms, such as salary increments, on staff performance in public universities in Kericho County, Kenya. Their findings revealed that a significant proportion; 53.9% believed that salary increases greatly enhanced employee performance. Meanwhile, 12.4% perceived a moderate effect, and only 3.4% viewed it as having minimal influence. These findings reflect a strong consensus among academic staff that pay raise strategies significantly shape employee productivity and engagement, thus reinforcing the centrality of financial incentives in performance management practices.

Jacques (2022) adds another layer of insight by emphasizing the dual nature of money as both a necessity and a symbol of recognition. He argues that, in the right context, a salary increment can act as a strong catalyst for enhancing employee inspiration. However, Jacques also cautions that inequitable or poorly structured pay systems can result in demotivation and workplace

dissatisfaction. When employees perceive discrepancies in pay that are not justified by differences in workload or responsibility, feelings of injustice may arise, undermining team cohesion and trust in leadership. Therefore, compensation structures should not only be competitive but also transparent and commensurate with effort and responsibility.

Further supporting this perspective, Rulisa et al. (2023) explored the role of salary structures in shaping worker performance in selected public institutions in Rwanda. Their findings showed that employees generally agreed that equitable compensation had a motivating effect on their performance. Respondents affirmed that timely salary payments and regular pay increases enhanced their job satisfaction and daily performance. These insights suggest that consistency and reliability in pay systems are just as critical as the amount paid. Employees who trust that their organization will reward them appropriately are more likely to remain committed, exert effort, and align their individual goals with organizational objectives.

Taken together, the reviewed studies confirm that pay rise go beyond being a mere financial matter and instead act as a deliberate mechanism for performance oversight. Among institutions such as Deposit Taking SACCOs, implementing structured, fair, and performance-linked salary increments can help attract, retain, and motivate high-performing staff. This, in turn, contributes to institutional efficiency, better service delivery, and overall growth. A well-structured pay rise system also helps build a culture of meritocracy, which is crucial in fostering employee satisfaction and organizational success.

2.1. 4 Reward Strategies and Employee Performance

In recent years, reward strategies and their influence on employee performance have become an area of growing interest for scholars, human resource practitioners, and organizational leaders alike. The dynamic business environment, characterized by increasing demands for

productivity, innovation, and employee engagement, has led organizations to re-evaluate how compensation and recognition strategies affect performance outcomes.

Ndungu (2017) findings' revealed that employees perceived rewards and recognition for their efforts as significant motivational tools. These incentives not only enhanced job satisfaction but also encouraged staff to sustain elevated productivity and loyalty to the institution. His findings illuminated the joint importance of both tangible and intangible rewards in influencing employee behavior, highlighting that recognition of hard work fosters a constructive organizational climate recognizing employee contributions, driving them to exceed performance expectations.

Similarly, Cheruiyot and Kalei (2020) found a notable and empirically supported link between system of rewards and staff output within state-run universities located in Kericho County, Kenya. Their findings aligned with those of Ngwa et al. (2019), who argued that effective reward systems have the potential to boost individual productivity, encourage discretionary effort, and enhance organizational competitiveness. These studies collectively emphasize that both monetary and non-monetary rewards contribute meaningfully to workforce outcomes, particularly when implemented consistently and equitably.

In the banking sector, Ibitomi et al. (2022) explored the topic of intrinsic incentive systems in deposit-taking banks in Ondo State, Nigeria. Their research demonstrated that among various internal drivers including autonomy, job meaningfulness, and personal growth recognition and appreciation stood out as the most influential in enhancing employee performance. Employees reported feeling more committed and satisfied when their contributions were publicly acknowledged or personally appreciated by management. This insight supports the argument that intrinsic rewards, which focus on psychological satisfaction and internal

motivation, can sometimes be more effective than purely financial incentives in sustaining long-term performance.

These findings across different sectors and countries reinforce the idea that reward strategies whether intrinsic or extrinsic are instrumental in shaping employee motivation, commitment, and productivity. Intrinsic rewards, including praise, responsibility, career growth opportunities, and recognition, tap into employees' internal drivers and nurture a deeper sense of purpose. Extrinsic incentives, for instance bonuses, salary increments, and tangible benefits, serve as immediate reinforcements that validate effort and success.

Furthermore, reward strategies can serve as vital components of an organization's broader human resource management strategy. When properly aligned with organizational goals, performance expectations, and individual career development plans, they create a performance-oriented culture that promotes accountability, innovation, and excellence. Effective reward systems also help in talent attraction and retention by fostering a workplace culture where individuals feel encouraged to perform and appreciated for their contributions.

In conclusion, empirical evidence suggests a marked association between well-structured reward strategies and employee output. For organizations like DT SACCOs in Bomet County, Kenya, investing in both internal as well as external reward mechanisms can play essential role in enhancing staff morale, reducing turnover, and ultimately achieving strategic organizational objectives. Reward systems should not be viewed as isolated HR tools but as integral elements of a holistic performance management framework.

2.2 Theoretical Framework

Frederick Herzberg's Two-Factor theory of motivation, Adam's Equity theory, and Victor Vroom's Expectancy theory all served as the foundation for this study. These theoretical frameworks offer a thorough insight into how various forms of rewards; both financial and non-

financial can influence employee motivation and improve performance. By integrating these theoretical perspectives, the study seeks to explore the psychological and behavioral factors that drive employees' responses to various reward strategies within DT SACCOs in Bomet County, Kenya. These frameworks help explain not only what motivates employees but also how reward systems can be designed to enhance fairness, effectiveness, and employee engagement.

2.2.1 Expectancy Theory

Developed in 1964 by Victor H. Vroom, this theory remains one of the most influential theories in the study of workplace motivation. The theory postulates that an individual's motivation to undertake a specific behavior is largely influenced by their cognitive evaluation of the likely outcomes. Specifically, it argues that people are more inclined to initiate and sustain behaviors when they believe those actions will lead to desirable consequences. It rests on the belief that individuals act rationally, assessing the link between their effort, performance, and the resulting outcomes (Vroom, 1964).

The theory is structured around three core elements: Expectancy, which reflects an individual's belief that putting in effort will lead to successful performance; Instrumentality, the perception that achieving a certain performance level will result in receiving a specific reward, and Valence which reflects the degree of importance or desirability an individual associate with that reward. Together, these components form the foundation for understanding how employees decide whether or not to exert effort in a given task. According to Vroom, motivation is high when all three elements are strong: employees believe that their efforts will result in good performance (high expectancy), that good performance will be rewarded (high instrumentality), and that the reward is meaningful or desirable to them (high valence).

In the context of organizational settings such as DT SACCOs, this theory suggests that when employees clearly perceive a direct connection between their performance and tangible rewards

such as pay raises, bonuses, or public recognition they are consequently more inclined to exhibit high levels of motivation and strive for superior performance. For instance, when a worker knows that meeting performance targets will result in a bonus, and the bonus is considered valuable, they are more inclined to work harder and more effectively (Stuart, 2018).

However, the practical application of Expectancy Theory has its limitations. Critics argue that the theory places heavy emphasis on monetary and extrinsic rewards, while often overlooking intrinsic motivators for example career fulfillment and individual development, and workplace relationships. Additionally, the theory assumes that all individuals act rationally and are motivated by the same types of outcomes, which may not always be the case. Furthermore, it tends to work best in environments where performance is easily measurable and where reward structures are transparent and consistently applied (Fang, 2023).

Despite these limitations, Expectancy Theory remains highly relevant in helping managers design effective reward systems. When applied thoughtfully, it can assist leaders in aligning organizational goals with employee aspirations, thereby enhancing motivation and output.

2.2.2 Equity Theory

According to J. Stacey Adams' Equity Theory, the perception of equitable or inequitable resource allocation within an organization, as well as between departments and individual workers, serves as the basis for interpersonal relationships and relational happiness.

Employee motivation and the incentive equity of the company are thought to be directly correlated. People want the rewards they receive from their effort to seem comparable with the contributions they make, which is known as a fair relationship between inputs and outputs.

They also desire that the wages that others receive for their labor be equal to the wages they would receive for contributing the same amount. When someone believes in equity, their level

of motivation rises, yet when they believe that their surroundings are unjust, they become demotivated (Adams, 1963).

Buchan (2017) emphasizes the employees expect their reward to be a reflection of their contribution in comparison to their peers. This expectation underscores the significance of effort-reward distribution especially in pay increase. The perceived fairness of effort-reward plays a crucial role in shaping employee motivation.

Aswathappa (2017) points out that equity in pay structures and employee recognition is crucial. Employees' perception of being valued by their organization influences job satisfaction and hence performance. Employees may, however, be less productive, absentee, or more likely to leave if they believe their salary is unjust in comparison to their colleagues.

A demotivated workforce will be the outcome of any perceived inequalities and unfairness in how rewards are distributed particularly when reinforced by management and leadership. Conversely, a greater awareness and appreciation of equity and fairness leads to a higher level of motivation, and vice versa. Performance should be the basis for designing a reward system. When awarded based on perceived fairness in proportion to peers' efforts, monthly incentives and recognition awards such as employee of the month boost employees' performance and motivation (Khan et al., 2017).

Equity theory has its own limitations. Chan & Lai (2017) claim that this theory is uncertain on a number of important topics. These concerns encompass how employees interpret and evaluate both their own contributions and rewards, as well as those of others, and how they combine inputs and outcomes and weigh them to determine totals. Additionally, the idea doesn't explain how these variables evolve over time.

2.2.3 Two-Factor Theory

This Theory was developed by Frederick Herzberg in 1959 as part of his efforts to understand what drives employee behavior and satisfaction in the workplace. Based on extensive

interviews with employees about the factors that made them feel good or bad about their jobs, Herzberg concluded that job satisfaction and dissatisfaction stem from two separate sets of factors, rather than representing opposite ends of a single continuum.

According to this theory, motivational factors; also referred to as intrinsic factors are elements that contribute to positive job satisfaction. These include accomplishments, recognition, the inherent nature of the work, responsibility, opportunities for advancement, and personal development. When present, such factors inspire employees to improve their performance and experience greater fulfillment in their roles.

On the other hand, hygiene (extrinsic) factors for example salary, job security, and interpersonal relationships, do not necessarily motivate employees when present, but can cause significant dissatisfaction when absent or perceived as inadequate. These factors are necessary to maintain a baseline of employee contentment, but by themselves, they do not drive higher levels of motivation or performance.

In the context of organizations like DT SACCOs in Bomet County, Herzberg's theory emphasizes the importance of addressing both sets of factors. For instance, ensuring fair compensation and safe working conditions may prevent dissatisfaction, but it is the provision of meaningful recognition, career advancement opportunities, and personal achievement that will truly drive motivation and boost employee performance.

The theory also underscores the importance of acknowledging employees as a critical intrinsic motivator. When employees feel appreciated for their efforts, they are more likely to be engaged, committed, and productive. This notion is reinforced by Ewool et al. (2021), who found that recognition when combined with other internal and external motivators

significantly enhances employee engagement and inspires individuals to contribute more actively to organizational performance and development.

Although the Two-Factor Theory has been critiqued for its simplicity and for not accounting for individual differences in motivation, it remains a foundational framework in human resource management. It encourages managers to create a work environment that not only prevents dissatisfaction but also actively cultivates motivation through purposeful recognition and opportunities for growth.

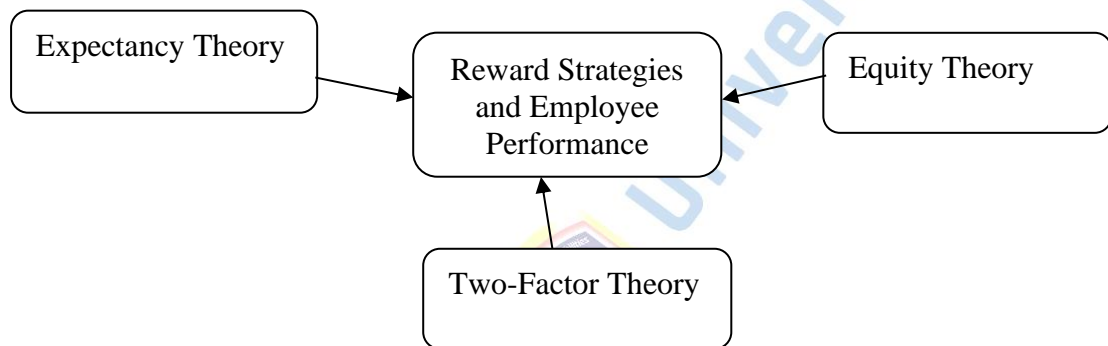


Figure1:Theoretical framework

Source: Researcher (2025)

2.3 Conceptual Framework

The conceptual framework acts as both a visual and theoretical model outlining the main variables under investigation and how they are presumed to interact in relation to this study. It offers a structured approach to understanding the relationship between the independent variables in this case, various reward strategies such as: pay rises, bonuses, and recognition and the dependent variable; employee performance.

By mapping out these variables and their expected linkages, the framework offers a logical basis for the formulation of research objectives, questions, and hypotheses. It helps to guide the research process by clarifying the underlying assumptions and by providing a focused lens through which the researcher can scan the influence of specific reward systems on worker

performance. Ultimately, the conceptual framework acts as a blueprint for analysis, enabling a more systematic approach to data collection, interpretation, and conclusion drawing.

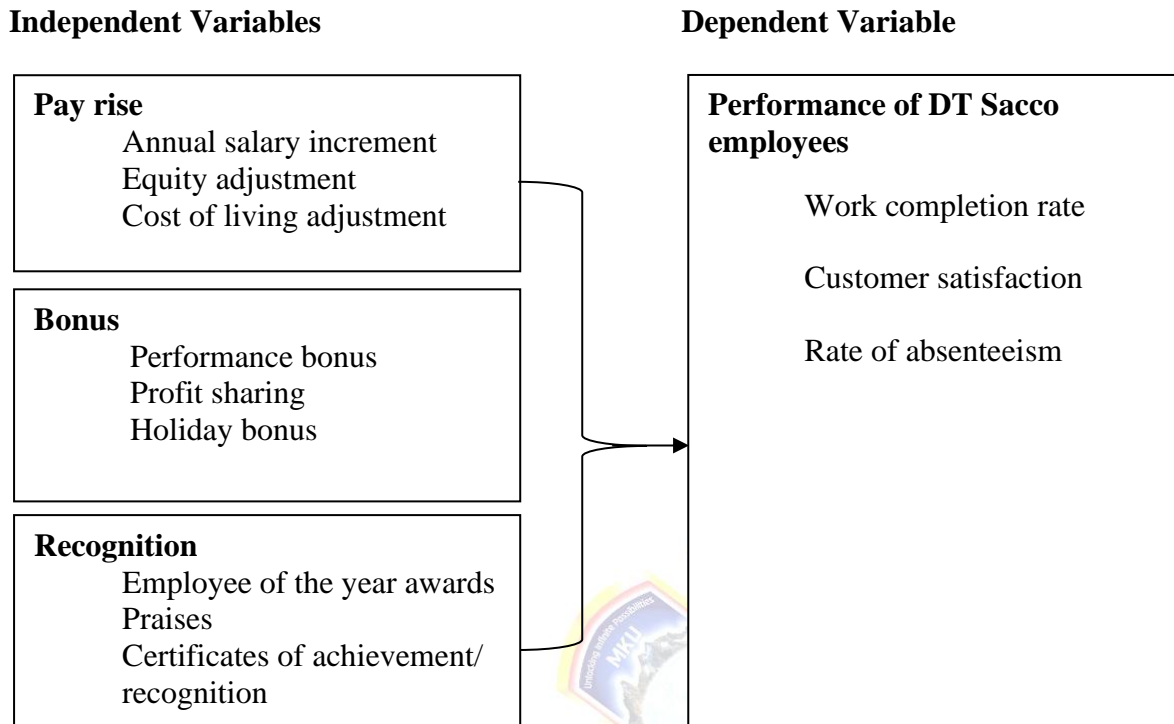


Figure2: Conceptual framework

Source: Researcher (2025)

In this study, the predictor variables also known as independent variables include pay rise, bonus, and recognition, all of which represent distinct forms of reward strategies. The outcome variable or dependent variable is the performance of employees in Deposit-Taking Savings and Credit Cooperative Societies (DT SACCOs) in Bomet County, Kenya.

The conceptual framework assumes that the implementation or absence of these reward strategies directly influences employee performance. A well-structured pay rise, timely and performance-based bonuses, and consistent recognition of employee efforts are expected to positively impact performance outcomes. These strategies serve as motivational tools that can enhance an employee’s engagement, sense of value, and commitment to organizational goals.

Employee performance, in this context, is assessed using both qualitative and quantitative indicators. These include but are not limited to high completion rates of assigned duties, improved customer satisfaction levels, and a reduction in absenteeism. These performance indicators reflect both the efficiency and dedication of employees in fulfilling their roles within the organization.

Thus, the framework captures the dynamic association of reward schemes and worker performance, serving as a structured lens through which the influence of human resource practices on SACCO performance can be assessed.

2.4 Recap of Literature Review

The link between reward strategies and employee performance has garnered significant academic attention across various organizational settings. Nevertheless, a critical examination of existing scholarly work points to a lack of comprehensive investigations that integrate multiple reward dimensions specifically, pay rise, bonus, and recognition to assess their combined influence on employee performance. While various studies have examined isolated components of reward systems, few have attempted to provide a holistic framework that captures how these elements interact to shape work outcomes.

For instance, research by Kerr et al. (2022) on Reward Management and Employee Performance at Keystone Foods LLC, USA focused narrowly on aspects such as timely salary payments, availability of essential tools, and the physical work environment. This limited scope excluded broader and more impactful motivators such as performance-based bonuses and formal employee recognition, both of which have been shown in other contexts to significantly boost morale and productivity.

Moreover, studies conducted by institutions such as the Institute for Employment Studies and the Chartered Institute of Personnel and Development (CIPD) in the UK emphasize that while financial compensation is important, it is not always the strongest driver of employee engagement or performance. Their findings indicate that employees often prioritize a sense of value, career growth, and a supportive organizational culture over monetary rewards alone. This shift in focus suggests a more complex interplay of intrinsic and extrinsic motivators, challenging organizations to rethink their reward strategies for sustainable performance outcomes.

Despite these insights, the DT SACCO sector, especially within Bomet County, Kenya, remains underexplored in empirical literature. The few existing studies on reward management tend to concentrate on mainstream sectors such as banking, insurance, or public service, which may not accurately reflect the dynamics within cooperative societies. DT SACCOs operate under unique cooperative principles and organizational structures that may influence how employees perceive and respond to different reward mechanisms.

Therefore, this study seeks to address an integrated effect of pay rise, bonuses, and recognition on employee performance specifically within DT SACCOs in Bomet County. This approach will not only offer deeper insights into reward strategies and their broader implications in cooperative institutions but also offer evidence-based recommendations for enhancing employee motivation, reducing turnover, and achieving organizational goals in similar contexts.

2.5 Research Gap

Despite extensive research on the effects of reward strategies across various sectors including banking, education, manufacturing, and public service, there is a marked absence of empirical studies centered on Deposit-Taking (DT) SACCOs in Kenya. Most existing studies are either generalized or conducted in urban settings, with little consideration for the unique

organizational structures, cultural dynamics, and financial constraints experienced by SACCOs in rural counties like Bomet. Moreover, many previous investigations have focused narrowly on monetary rewards, often overlooking the combined or contextual effects of non-monetary rewards such as recognition. Methodological limitations, including non-representative sampling and over-reliance on closed-ended questionnaires, have also constrained the depth of existing findings. This study addresses these gaps by applying a mixed-methods approach within a rural SACCO context to generate more nuanced, context-specific insights into the influence of reward strategies on employee performance.



CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research methodology employed to meet the study's objectives and address the research questions. It outlines the research design, target population, sampling methods, and data collection procedures. The development and administration of research instruments are explained, including steps taken to ensure their reliability and validity. Both qualitative and quantitative data collection procedures are described, along with the analytical techniques used to interpret and present the findings. Ethical considerations such as confidentiality, voluntary participation, and informed consent are also addressed, ensuring the study's credibility, consistency, and adherence to accepted research standards.

3.1 Research Methodology

Kirumbi (2018) described research methodology as an organized framework of methods and procedures used to collect and analyze data concerning the variables being studied. It serves as a systematic framework that direct every step of the research journey from formulating research questions, selecting appropriate tools and techniques, to collection of data and analysis.

Methodology enables the investigation to be carried out in a logical, consistent, and replicable manner. It outlines not only what is to be done, but also how and why each step is necessary in relation to the research objectives. This includes identifying the target population, choosing suitable sampling methods, designing data collection instruments, and establishing the validity and reliability of those tools. Ultimately, a sound research methodology ensures that the data gathered is credible, objective, and capable of effectively addressing the research problem, thereby contributing to meaningful and actionable findings.

3.2 Research Design

A cross-sectional survey design was considered the most appropriate for addressing this research's objectives, even though alternative approaches like correlational and longitudinal designs were available. A cross-sectional design entails gathering data at one specific point in time, providing a snapshot of participants' views, experiences, or behaviors within a defined population. This approach was particularly useful in identifying patterns, relationships, and variations across different groups without the need for long-term data collection. According to Olivia (2023), the cross-sectional design is advantageous for its efficiency in collecting substantial data quickly, making it a practical choice for studies with time and resource constraints.

In this study, the chosen design enabled the distribution of structured questionnaires to a varied sample of DT SACCO employees in Bomet County. This approach enabled the researcher to collect varied perspectives on reward strategies and their influence on employee performance, ensuring that the data was both comprehensive and reflective of the broader target group.

3.3 Location of the Study

The research was undertaken in seven Deposit-Taking SACCOs located in Bomet County, Kenya. These SACCOs were purposively selected based on their prominence, operational capacity, and accessibility within the region. The participating institutions included: Imarisha SACCO Society Ltd, Kenya Highlands SACCO Society Ltd, Edis SACCO Society Ltd, Kimbilio Daima SACCO Society Ltd, K-Pillar SACCO Society Ltd, Sotico SACCO Society Ltd, and Tenhos SACCO Society Ltd. These SACCOs were chosen to provide a comprehensive representation of the cooperative financial sector in Bomet County, ensuring that the study's findings may capture the variety of organizational structures, employee characteristics, and reward systems present within the local context.

3.4 Target Population

This investigation focused on a population consisting of 140 employees drawn from seven Deposit-Taking Savings and Credit Cooperative Societies (DT SACCOs) operating in Bomet County, as indicated by their human resource records. This population included staff members across all hierarchical levels namely, senior management, middle-level staff, and junior or subordinate employees. These categories were chosen to ensure a balanced representation of perspectives and experiences regarding the contribution of reward strategies in shaping how employees perform. The inclusion of employees from diverse levels within the organizational structure aimed to capture varied insights on how different reward approaches impact job motivation and productivity. Table 1 illustrates the specific distribution of the target population across the participating SACCOs, thereby providing a clearer framework for the study's sampling and data collection processes.

Table 1: Target Population

DT SACCO Society	Junior Level Staff	Middle Level Staff	Senior Level staff	Total
Imarisha SACCO Society	13	10	7	30
Kenya Highlands SACCO Society	9	6	5	20
Edis SACCO Society	8	6	4	18
Kimbilio Daima SACCO Society	7	6	5	18
K-Pillar SACCO Society	8	5	5	18
Sotico SACCO Society	7	6	5	18
Tenhos SACCO Society	9	5	4	18
Total	61	44	35	140

Source: HR records of Imarisha, Kenya highlands, Edis, Kimbilio Daima, K-Pillar, Sotico and Tenhos Saccos 2025

3.5 Sampling Procedures and Techniques

A representative sample consists of a smaller group drawn from the population, chosen to reflect the diversity and characteristics of the whole, thus supporting valid and meaningful generalizations in research. According to Kothari (2017), sampling is the process of selecting a specific portion of the target population for study in order to obtain insights without the need to survey the entire group. In this study, the sampling process involved two main techniques: stratified-random sampling and simple-random sampling.

Stratified random sampling was initially employed to segment the target population into distinct strata based on job levels namely senior, middle-level, and junior employees within each of the seven Deposit-Taking SACCOs in Bomet County. This stratification ensured proportional representation of all employee categories in the final sample. Following this, simple random sampling was conducted within each stratum to select individual respondents. This two-stage approach ensured that every individual within a stratum had an equal chance of selection, thereby minimizing selection bias and enhancing the overall representativeness of the sample.

3.6 Sample Population

A total of 56 respondents, representing 40% of the total population of 140 employees from the selected Deposit-Taking SACCOs in Bomet County, were chosen as the study's sample. This sample size was deemed sufficient and statistically appropriate, based on Cochran's (1977) formula for sample size determination and further supported by Krejcie and Morgan's (1970) sample size table. These sources confirm that for a finite population of 140, a sample of 56 is adequate to yield reliable and valid findings.

Israel (1992) also recommends that when working with small populations, a sampling fraction ranging between 30% and 50% is acceptable for producing dependable results. In this context, the choice of a 40% sample not only aligns with these statistical recommendations but also

ensures broad representation across various employee levels. Moreover, it strikes a balance between methodological rigor and practical constraints such as time, accessibility of respondents, and resource limitations. This makes the selected sample size appropriate for conducting both descriptive and inferential analysis with confidence.

Table 2:Sample Size

Section	Target Population	Sample Size
Senior Level staff	35	14
Middle Level Staff	44	18
Junior Level Staff	61	24
TOTAL	140	56

Source: researcher 2025

3.7 Data Collection Instruments

A data collection instrument refers to the tool used to gather the qualitative and quantitative data required for analysis and interpretation in research (Bhandari, 2023). For this study, structured questionnaires were employed as the primary data collection instrument. The use of questionnaires was selected due to their capability to capture diverse set of information efficiently and in a standardized manner. According to Hyman and Sierra (2016), questionnaires are particularly advantageous as they enable consistency in responses across participants, encourage high response rates, and enhance the ease of coding and analyzing of the collected information.

The questionnaire employed a combination of closed- and open-ended items to elicit both structured responses and in-depth insights from the participants. It was divided into two major sections. The first section focused on collecting demographic data, such as age, gender, job category, and educational qualifications. The second section targeted the core study variables:

bonus, pay rise, and employee recognition. Respondents' perceptions and attitudes towards these reward strategies and their influence on employee performance were measured using a 5-point Likert scale for the close-ended questions, allowing for nuanced responses that could be quantitatively analyzed.

3.8 Validity and Reliability of Research Instrument

3.8.1 Pilot Testing

To enhance the reliability and validity of the research instruments, a pilot study was carried out with six employees from Imarisha DT Sacco, Ndanai branch. This number represented approximately 10.7% of the entire sample group, which aligns with recommendations for test study sample sizes in small-scale research. The main objective of the pilot testing was to evaluate the clarity, relevance, and comprehensiveness of the questionnaire items, as well as to detect any potential issues in question structure, language, or format.

Feedback from the pilot participants was used to identify ambiguous questions, improve the wording of certain items, and confirm that the Likert scale was easily understood and appropriately structured to measure perceptions on the reward strategies. Collected data during the pilot phase were excluded in the final analysis to avoid bias, but the insights gained were instrumental in refining the final research instrument for broader data collection.

3.8.2 Reliability

Reliability denotes the extent to which a research instrument consistently produces stable and repeatable results under varying conditions and over time (Bordens & Abbott, 2017). It ensures that the measurement of variables is dependable and repeatable, which enhances the authenticity and believability of the findings. According to Hardahan (2017), high reliability indicates that repeated measurements using the same instrument under similar conditions will

produce consistent outcomes. This consistency is essential for making sound and accurate research decisions based on the collected data.

In this study, Cronbach's alpha coefficient was employed to assess the internal consistency of the questionnaire items. Cronbach's alpha assesses the internal consistency of a scale by measuring the extent to which a set of items are positively correlated with each other, with values ranging from 0 to 1. A higher value indicates greater internal reliability. A threshold of 0.70 or higher is generally accepted as the minimum standard for reliability, with values between 0.7 and 1.0 considered satisfactory for most social science research (Bryman & Cramer, 2019). The instrument was therefore deemed reliable if the calculated alpha coefficient met or exceeded this benchmark, confirming that the items consistently measured the intended constructs: bonus, pay rise, recognition, and employee performance.

3.8.3 Validity

Validity implies the extent through which a research instrument accurately determines what it is intended to determine and how well the results reflect the true characteristics of the concept under investigation (Bordens & Abbott, 2017). It is a fundamental element of research quality, ensuring that the conclusions drawn from a study are well-founded and credible. According to Godi (2024), validity can be categorized into four main types: face validity, content validity, construct validity, and criterion-related validity.

In this study, emphasis was placed on content validity and face validity, as both are particularly important in evaluating survey-based instruments. Content validity measures whether the questionnaire adequately covers all aspects of the construct being studied in this case, reward strategies such as bonus, pay rise, and recognition. To ensure content validity, expert judgment was sought from the research supervisor, who reviewed the questionnaire for relevance and clarity.

Face validity refers to the extent to which a measurement instrument appears, at face value, to assess the intended construct. It relies on subjective judgment rather than empirical or statistical analysis. To evaluate face validity in this study, participants in the pilot phase were invited to provide feedback on the clarity, relevance, and appropriateness of the questionnaire items in relation to the constructs under investigation. Their responses helped determine whether the instrument was perceived as credible, understandable, and suitable from the respondents' perspective.

3.9 Data Collection Procedures

Ethical clearance was secured from Mount Kenya University's Ethical Review Committee (ERC) before initiating the data collection process. Additionally, an introductory letter was granted by the School of Postgraduate Studies to aid in securing research license from the National Commission for Science, Technology, and Innovation (NACOSTI). This documentation also served to formally introduce the researcher to the management of the targeted DT SACCOs.

Upon receiving the necessary approvals, the researcher visited each of the seven DT SACCOs in Bomet County. During these visits, the purpose and significance of the study were clearly explained to the participants. Respondents were then provided with informed consent forms to ensure voluntary and ethical participation in the study.

Subsequently, the researcher physically distributed structured questionnaires to the selected respondents across all SACCO branches. The initial data collection phase spanned three days, during which questionnaires were issued. Participants were allowed seven days to complete and return the questionnaires. To maximize the response rate, an additional five-day grace period was granted to individuals who had not submitted their responses within the initial timeframe.

3.10 Data Analysis and Presentation

According to Dibekulu (2020), data analysis involves applying logical and statistical techniques to interpret and uncover trends, patterns, and relationships among study variables. After data collection was completed through the use of questionnaires, they were thoroughly reviewed for completeness, accuracy, and consistency. This process ensured the reliability and integrity of the data before any further analysis.

After verification, the data underwent coding to allow for organized categorization and to simplify the data entry process. The coded information was then input into statistical software for analysis. Descriptive statistics such as frequencies, percentages, means, and standard deviations were employed to summarize and illustrate the key features of the dataset, offering a concise snapshot of the response patterns.

To determine relationships and draw conclusions from the data, inferential statistics were employed. This included the use of multiple regression analysis to estimate the influence of the independent variables bonus, pay rise, and recognition on the dependent variable, employee performance. The analysis was guided by the following multiple regression model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Employee performance (dependent variable)

α = Constant (intercept)

$\beta_1, \beta_2, \beta_3$ = Coefficients representing the effect of each independent variable

X_1 = Bonus

X_2 = Pay rise

X_3 = Recognition

ε = Error term

This model enabled the assessment of how each reward strategy contributed to variations in employee performance. Tables, charts, and graphs were used to visually present the analyzed data for clearer interpretation and comparison of findings.

3.11 Diagnostic Tests

Prior to conducting the regression analysis, diagnostic tests were performed to ensure that the key assumptions of the linear regression model were satisfied. These tests assessed normality, linearity, and multicollinearity.

The normality test was conducted to verify whether the residuals (errors) from the regression model followed a normal distribution, an essential condition for valid statistical inference. This was evaluated by examining the probability value (p-value) associated with the regression residuals. According to Khatun (2021), a p-value greater than 0.05 (> 0.05) indicates that the residuals are normally distributed, whereas a p-value less than 0.05 (< 0.05) suggests a significant deviation from normality.

To assess multicollinearity, which refers to high intercorrelations among independent variables, the study examined the determination coefficient (R^2) and variance inflation factors (if available). High similarity among predictors may inflate standard errors, undermining the accuracy of the model's estimates. According to Shrestha (2020), a determination coefficient exceeding 0.8 (> 0.8) suggests the presence of multicollinearity. Nonetheless, unless this issue dominates the model, the findings remain interpretable and reliable.

The linearity test was used to confirm whether a linear relationship existed between the dependent variable (employee performance) and each of the independent variables (bonus, pay rise, and recognition). A linear relationship is assumed when the significance value (sig) for

linearity is less than 0.05 (< 0.05), indicating that the independent variable has a direct and statistically significant relationship with the dependent variable.

3.12 Ethical Considerations

Research ethics involve ensuring the well-being of participants, respecting their rights, and minimizing any potential harm during the research process (Kara & Pickering, 2017; UK Statistics Authority, 2022). This study adhered strictly to ethical guidelines throughout its implementation.

Prior to initiating data collection, voluntary informed consent was secured from all participants. Each individual received a consent letter outlining the purpose, goals, and ethical principles of the study. The letter clearly stated that participation was optional and that respondents could withdraw at any stage of the research without facing any repercussions.

To comply with institutional and national ethical standards, the researcher obtained a research authorization permit from the National Commission for Science, Technology and Innovation (NACOSTI), as well as ethical clearance from Mount Kenya University's Ethical Review Committee. The researcher also informed all the relevant authorities in Bomet county concerning the intention to pursue the investigation in their areas of jurisdiction. Additionally, the researcher sought formal access from the management of the respective DT SACCOs in Bomet County to avoid disrupting normal organizational operations.

Participants' anonymity and privacy were safeguarded by ensuring that no names or identifying information were recorded on the questionnaires. It was made clear to them that all data collected would be treated with strict confidentiality, accessed solely by the researcher, and used exclusively for academic purposes related to the investigation.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

In this chapter, the study findings are presented and analyzed using descriptive statistics, with results displayed through tables and charts that highlight frequencies and percentages. This analysis is followed by a discussion and interpretation of the results, aligned with the study's objectives. Research outcomes are systematically organized according to the respondents' feedback to ensure clarity and coherence. Furthermore, the data is critically examined to identify any underlying issues that may justify the need for targeted intervention programs in the area of study.

4.1 Response Rate of Questionnaires

Table 3 presents the response rate based on the number of questionnaires distributed and those successfully completed and returned by the respondents.

Table 3: Response rate of questionnaires

Number of questionnaires distributed	Number of questionnaires returned	Response rate (%)
56	47	83.93

Source: Researcher 2025

The response rate to the research instruments was 83.9% which was very good. The results agree with the study of Haltom et al. (2022) which analyzed survey response rates reported in 1,014 surveys across 703 articles from 17 journals between 2010 and 2020 and concluded that response rates higher than 80% are generally considered very strong.

The high response rate is an indication of high participants' engagement and effective data collection strategy.

4.2 Demographic Characteristics of Respondents

This section addresses the questions aimed at establishing the respondents' background information such as age and gender. Their responses were as follows:

4.2.1 Distribution of Respondents by Gender

Table 4: Distribution of respondents by gender

Gender	Frequency	Percentage (%)
Male	21	44.68
Female	26	55.32
Total	47	100

Source: Researcher 2025

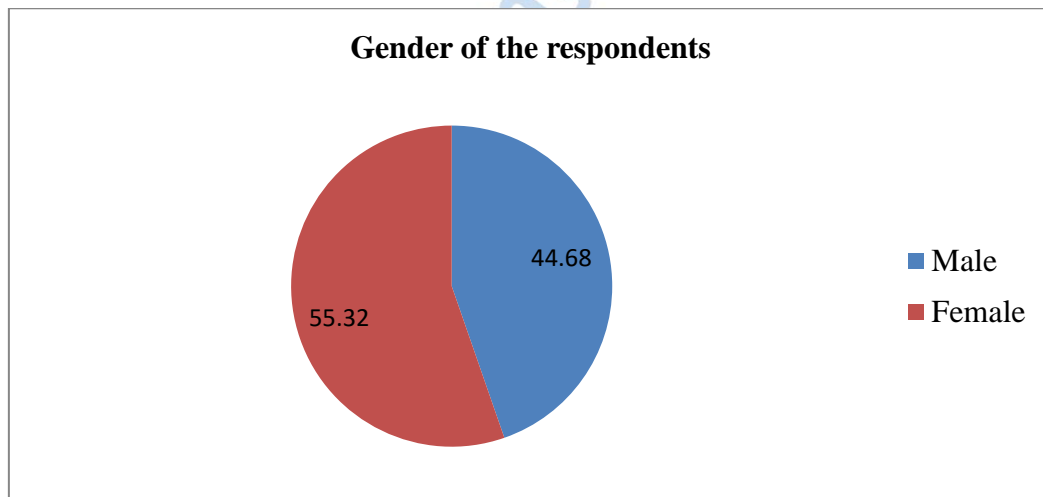


Figure 3: Distribution of respondents by gender

Source: Researcher 2025

Both male and female workers were represented in the study. Male respondents accounted to 44.68% while female respondents accounted to 55.32%. The finding indicates that female gender formed slightly the majority of the labor force in DT SACCOs in Bomet County.

4.2.2 Age Distribution of Respondents

Table 5: Respondents' age

Age (years)	Frequency	Percentage %
Under 30	9	19.15
30-39	25	53.19
40-49	9	19.15
50 and above	4	8.51
Total	47	100

Source: Researcher 2025

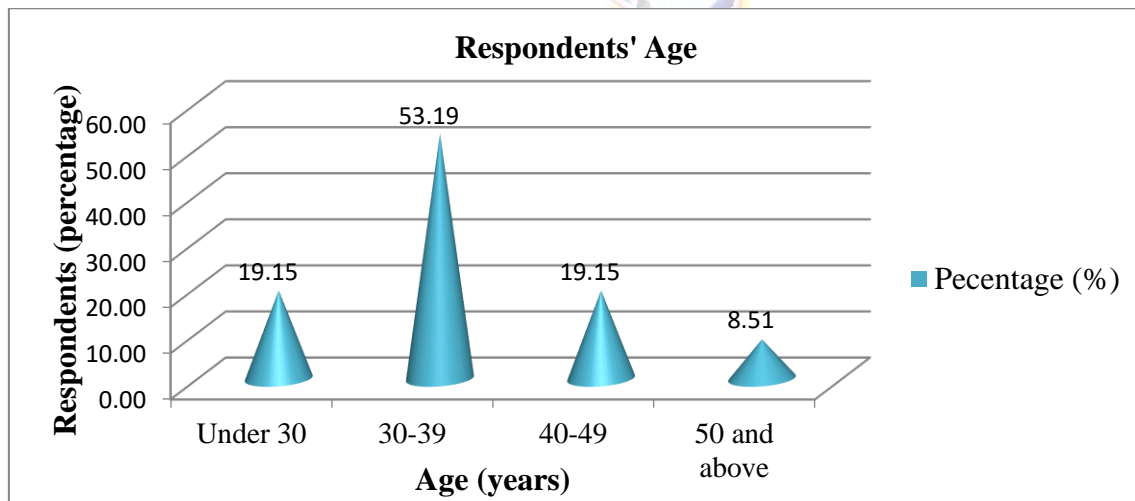


Figure 4: Age of respondents

Source: Researcher 2025

Based on the findings, a large proportion of the workforce in DT SACCOs in Bomet were between the ages of 30-39 years old representing 53.19% while those of 50 and above years old formed the minority representing 8.51%. Those under 30 years and those between 40-49 years

were at 19.15%. This indicates that most of the labor force in DT SACCOs in Bomet County were middle aged who are energetic and experienced to perform their work well when adequately rewarded.

4.2.3 Level of Education of Respondents

Table 6: Level of education of respondents

Education Level	Frequency	% frequency
Secondary	0	0.00
Certificate	1	2.13
Diploma	18	38.30
Degree	24	51.06
Others	4	8.51
Total	47	100

Source: *Researcher 2025*

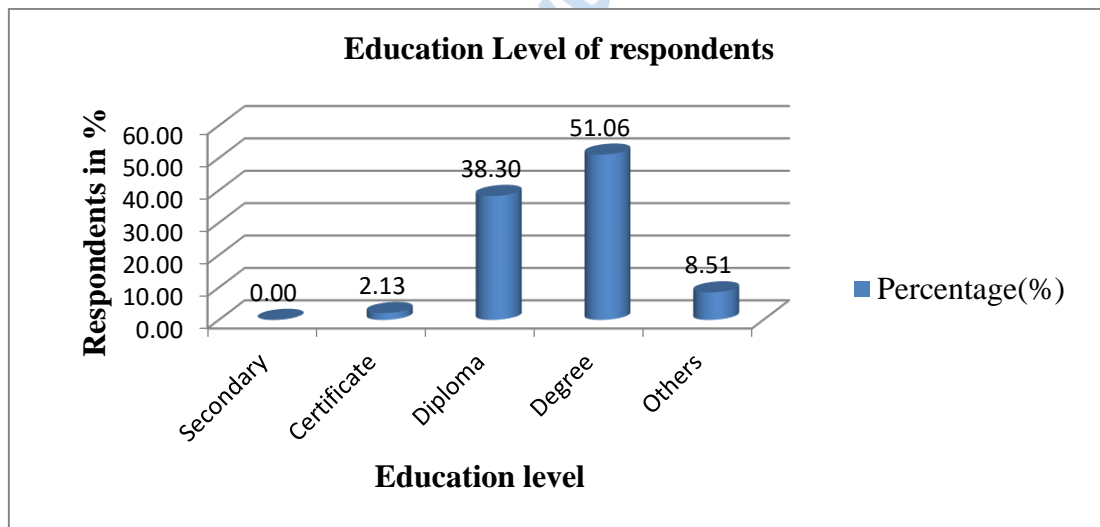


Figure 5: Education level of respondents

Source: *Researcher 2025*

The study revealed that 51.06% of the respondents possessed degrees, 38.30% possessed diplomas, 2.13% possessed certificates and those with others at 8.51%. There was no respondent with secondary level of education as the highest qualification. This shows that most employees at DT SACCOs in Bomet County were sufficiently educated since 89.36% had acquired at least a diploma certificate.

4.2.4 Period of Service in the Organization

Table 7: Period of service of the respondents in the organization

Period of Service	Frequency	Percentage frequency
0-5 years	24	51.06
6-10 years	14	29.79
Over 10 years	9	19.15
Total	47	100

Source: Researcher 2025

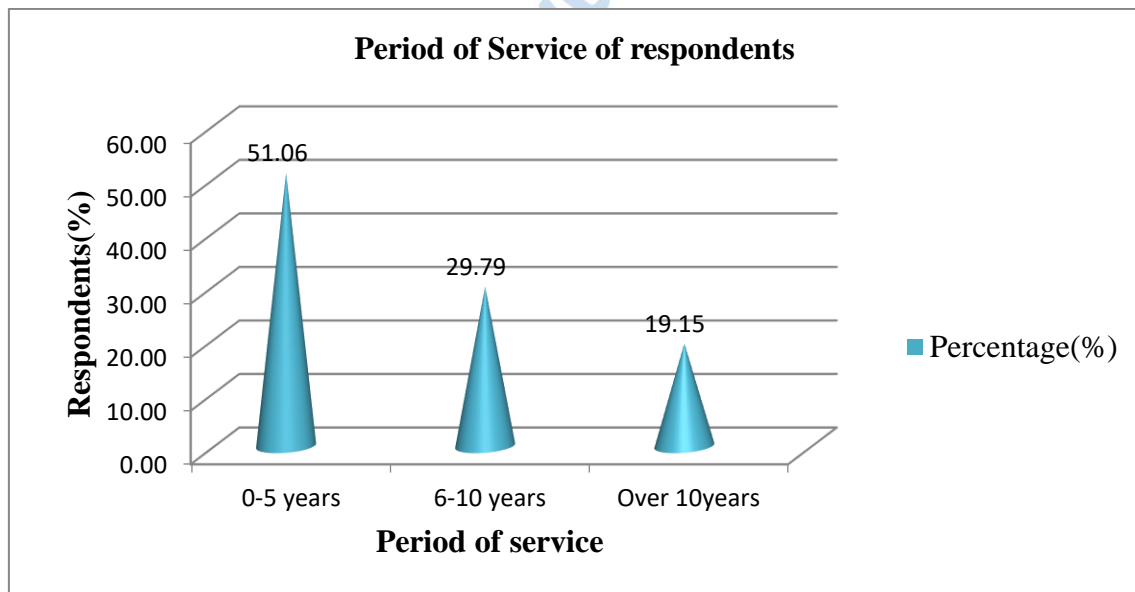


Figure 6: Period of service of the respondents

Source: Researcher 2025

According to the study, 51.06% of the respondents had been working in the SACCO for 5 years or less, 29.79% of survey participants had served in the SACCO for between 6 and 10 years while 19.15% of the participants had served in the SACCO for over 10 years. This shows that the organization has a young to moderately tenured workforce, with over 80% of employees having less than 10 years of service. This could imply that there was high staff turnover that need for retention strategies through provision of good reward strategies.

4.2.5 Categories of Respondents

Table 8:Categories of respondents

Category	Frequency	Percentage %
Senior level employee	9	19.15
Middle level employee	16	34.04
Junior level employee	22	46.81
Total	47	100

Source: Researcher 2025

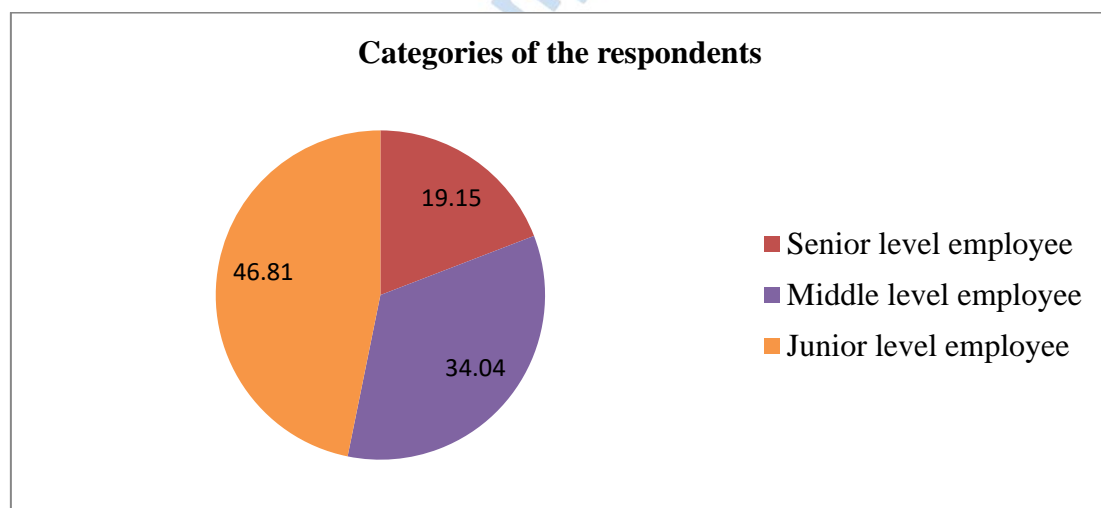


Figure 7:Categories of respondents

Source: Researcher 2025

According to the study, junior level employees form majority of the respondents with 46.81%. Middle level employees are at 34.04% while the respondents at senior level are the minority with 19.15%. This indicates that majority of the workforce at DT SACCOs in Bomet County are operational and supervisory staff who are often more directly involved in daily tasks and are especially at the levels most affected by management decisions.

4.3 Bonus and Employee Performance

Table 9:Level of agreement on SACCO giving bonus to employees

Level of agreement	Frequency	% frequency
Strongly agree	15	31.91
Agree	26	55.32
Neutral	0	0.00
Disagree	2	4.26
Strongly disagree	4	8.51
Total	47	100

Source: Researcher 2025

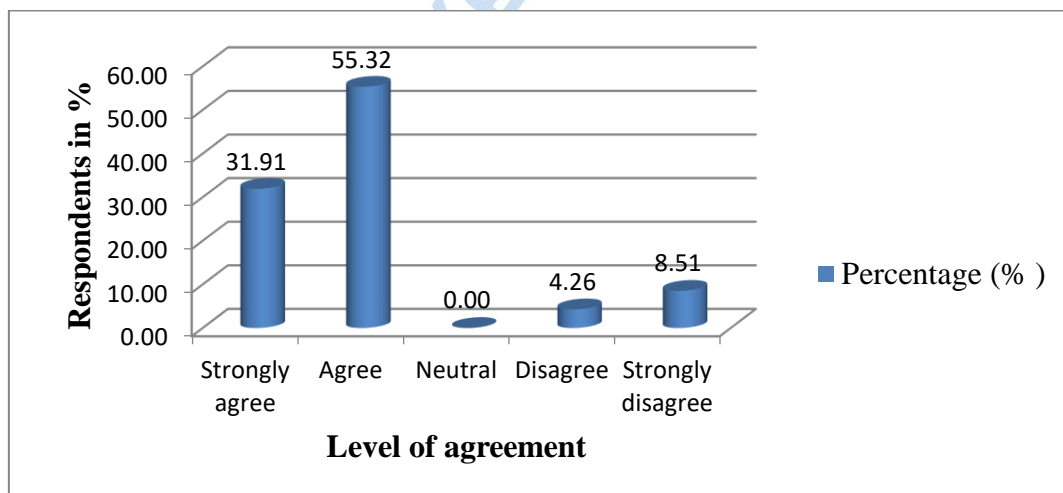


Figure 8:Distribution of Bonus to employees

Source: Researcher 2025

According to the study, most of the participants (55.32%) agreed that the Sacco gives bonus to them. Those who strongly agreed were at 31.91% and no respondent was neutral on this. Only 12.77% expressed disagreement. The results of the majority revealed the positive perception of the organization’s reward system, which may contribute to employee satisfaction and good performance while the absence of neutral responses implies that employees are well-informed and confident about the organization’s bonus practices.

Table 10: Bonus enhancing employee performance

Level of agreement	Frequency	% frequency
Strongly agree	26	55.32
Agree	17	36.17
Neutral	2	4.26
Disagree	2	4.26
Strongly disagree	0	0.00
Total	47	100

Source: Researcher 2025

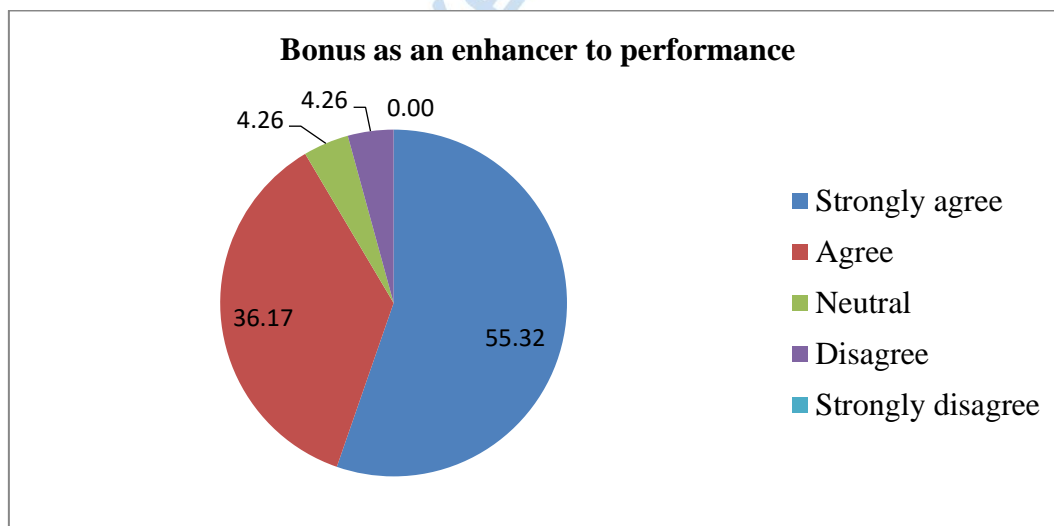


Figure 9: Bonus as an enhancer to performance

Source: Researcher 2025

From the findings, a large majority (91.5%) of respondents either strongly agree or agree that bonuses enhance employee performance. Only a small proportion (8.5%) were either neutral or disagreed, and no one strongly disagreed. This shows a clear belief in the motivational value of bonuses.

Table 11: Distribution of bonus according to performance

Level of agreement	Frequency	% frequency
Strongly agree	3	6.38
Agree	5	10.64
Neutral	5	10.64
Disagree	30	63.83
Strongly disagree	4	8.51
Total	47	100

Source: Researcher 2025

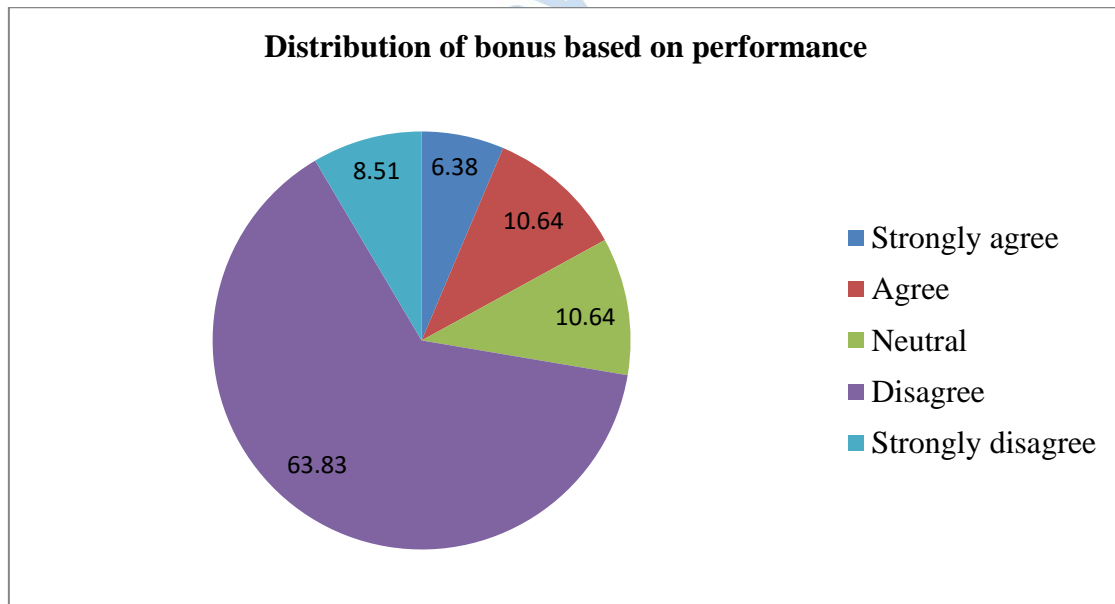


Figure 10: Distribution of bonus based on performance

Source: Researcher 2025

According to the study, only 17.02% of staff believed that bonuses are distributed based on performance. 10.64% were neutral, possibly due to lack of information or clarity on the criteria used and Majority (72.34%) disagree or strongly disagree, indicating dissatisfaction or distrust toward the fairness of the bonus distribution. This implies that there was a possible disconnect between the reward system and performance appraisal which could undermine morale and reduce trust in management practices.

To further analyze the influence of bonus on employee performance, more descriptive statistics were computed for each statement as presented in Table 12. These statistics provide a more concise summary of the central tendency and variability in respondents' perceptions.

Table 12: Measures of central tendency and variability for Bonus

Statement	Mean	Median	Mode	Std Dev
SACCO gives Bonus to employees	3.98	4.00	4.00	1.13
Bonus enhances employee performance	4.43	2.00	5.00	0.77
Bonus is distributed to employees according to their performance	2.43	2.00	2.00	1.02

Source: *Researcher 2025*

The descriptive statistics in table 12 indicate that most respondents generally agree that SACCO gives bonuses to employees, as reflected by a mean of 3.98, a median and mode of 4.00, and a moderate standard deviation of 1.13, suggesting some variability in responses but overall positive sentiment. There is strong agreement that bonuses enhance employee performance, shown by a high mean of 4.43 and a mode of 5.00; however, the unusually low median of 2.00 raises concerns about possible data entry errors or a highly skewed response pattern, warranting

further examination. On the other hand, the responses suggest disagreement with the idea that bonuses are distributed based on performance, as evidenced by a low mean of 2.43, median and mode of 2.00, and a standard deviation of 1.02, reflecting a perception of unfairness or lack of transparency in the bonus distribution process. Overall, while bonuses are acknowledged and seen as performance motivators, concerns remain regarding the fairness of their allocation.

These findings are consistent with those of Njiraine (2019), who examined financial incentives as a measure of employee performance at the University of Nairobi, Kenya, and concluded that wage bonuses significantly enhance employee performance. Similarly, the results align with the work of Luzon (2022), who investigated the impact of performance-based bonuses on employee motivation and productivity, and found that such bonuses positively influence both.

4.4 Pay Rise and Employee Performance

Table 13: Pay rise increasing employee performance

Level of agreement	Frequency	% frequency
Strongly agree	23	48.94
Agree	21	44.68
Neutral	1	2.13
Disagree	1	2.13
Strongly disagree	1	2.13
Total	47	100

Source: Researcher 2025

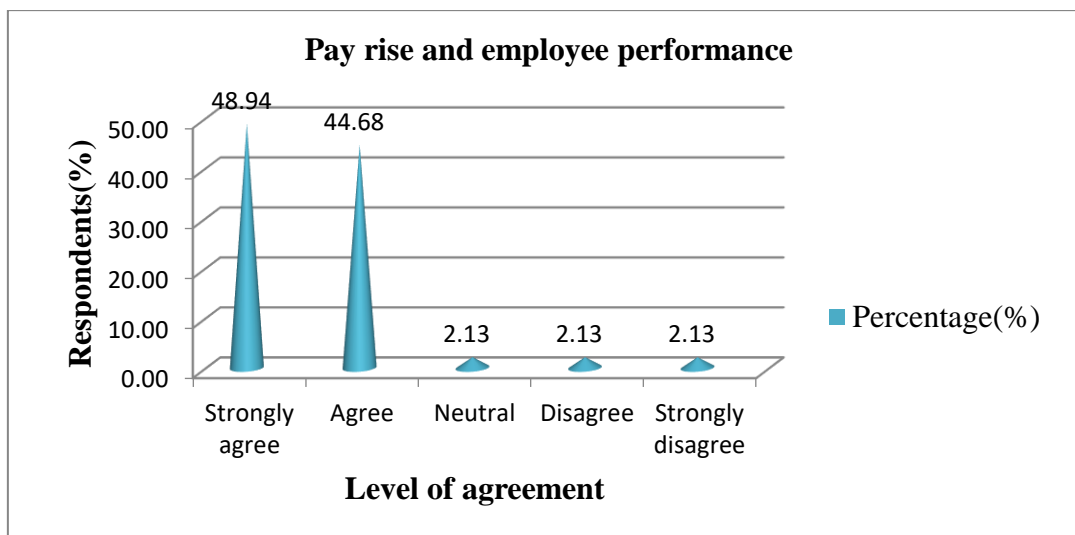


Figure 11:Pay rise and employee performance

Source: Researcher 2025

From table 14, a combined majority of the respondents representing 93.62% agree or strongly agree that pay rises improve employee performance. Only 6.39% were neutral or disagreed, with just one respondent in each category. The results show an overwhelming consensus among employees that pay rise is a strong strategy for improved performance. This suggest that employees view compensation as a key driver to productivity and are likely to respond positively to salary adjustments.

Table 14:Existence of annual pay rise scheme for employees

Level of agreement	Frequency	% frequency
Strongly agree	13	27.66
Agree	23	48.94
Neutral	5	10.64
Disagree	3	6.38
Strongly disagree	3	6.38
Total	47	100

Source: Researcher 2025

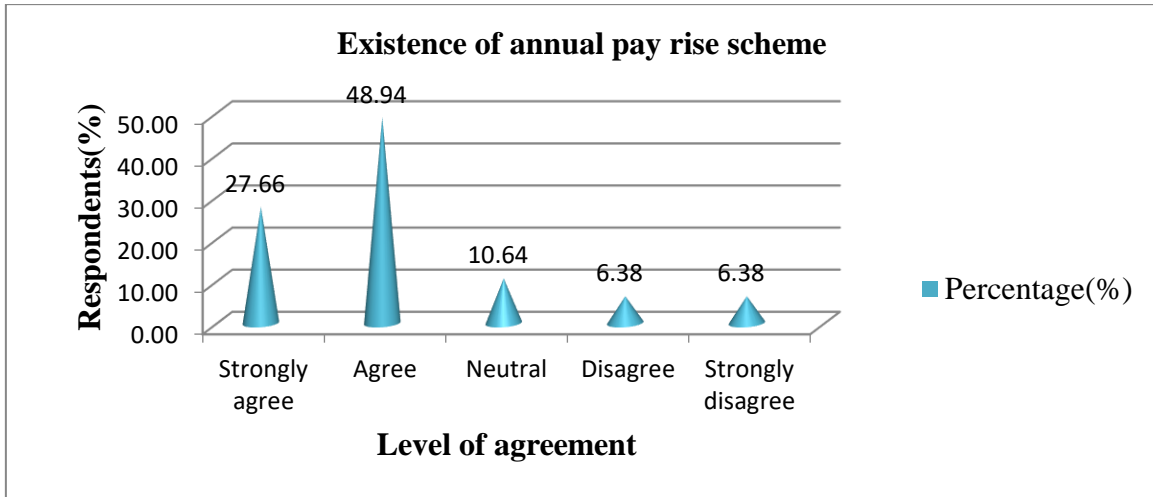


Figure 12:Existence of annual pay rise scheme

Source: Researcher 2025

From the findings, 48.94% and 27.66% of respondents agree and strongly agree respectively that there is an annual pay rise scheme in place. Only a combined 12.76% of respondents disagree or strongly disagree, while 10.64% were neutral. This indicated that majority of employees believed in existence of an annual pay rise scheme in the SACCO, which suggest that there was a generally positive awareness of compensation practices related to annual salary adjustments.

Table 15: Pay rise improving employee retention

Level of agreement	Frequency	% frequency
Strongly agree	23	48.94
Agree	17	36.17
Neutral	3	6.38
Disagree	3	6.38
Strongly disagree	1	2.13
Total	47	100

Source: Researcher 2025

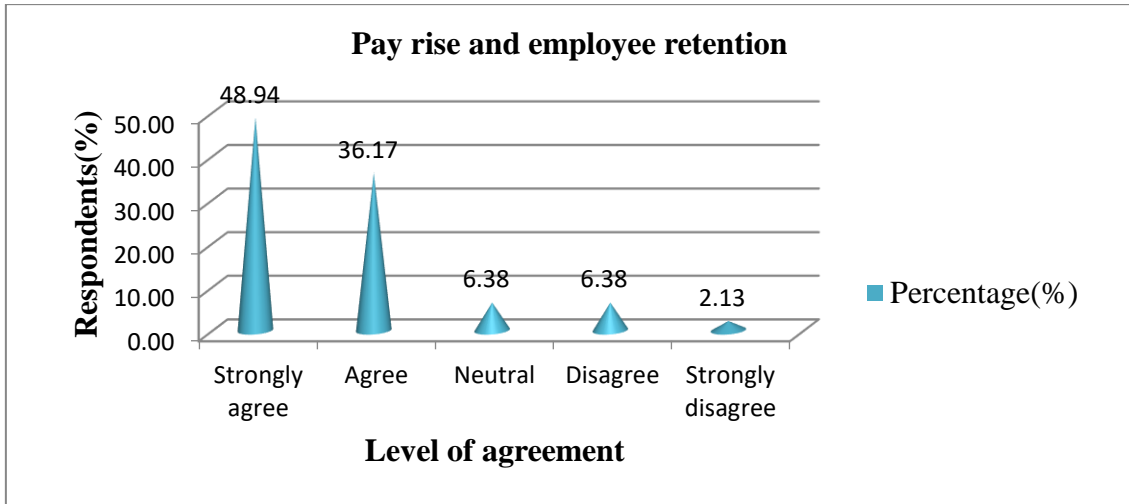


Figure 13: Pay rise and employee retention

Source: Researcher 2025

According to the study, the majority of respondents (48.94%) strongly agreed that pay rises have contributed to improved employee retention within the SACCO. 36.17% of the respondents agreed and only 8.51% disagreed or strongly disagreed, while a minority of 6.38% were neutral. The data suggests that the majority of employees believe that pay rises have positively influenced staff retention within the SACCO and it is a key factor in reducing turnover.

Table 16: Measures of central tendency and variability for Pay rise

Statement	Mean	Median	Mode	Std Dev
Pay rise increases employee performance	4.36	4.00	5.00	0.82
There is an annual pay rise scheme for employees	3.85	4.00	4.00	1.10
Pay rise has improved employee retention	4.23	4.00	5.00	0.98

Source: Researcher 2025

The results suggest that respondents generally perceive pay rises positively in relation to performance and retention. The statement *"Pay rise increases employee performance"* received a high mean score of 4.36, a median of 4.00, and a mode of 5.00, with a low standard deviation of 0.82, indicating strong agreement and consistent responses. Similarly, *"Pay rise has improved employee retention"* had a high mean of 4.23 and a mode of 5.00, reflecting positive sentiment, although with slightly greater variability (SD = 0.98). The statement *"There is an annual pay rise scheme for employees"* received a slightly lower mean of 3.85, but the median and mode remained at 4.00, suggesting general agreement, though with more varied opinions (SD = 1.10). Overall, the data indicate that employees view pay rises as beneficial to both performance and retention, while the consistency of the annual pay rise scheme may be somewhat less certain.

These outcomes correspond with the findings of Cheruiyot and Kalei's (2020) who studied the influence of reward strategies on employee performance on public university campuses in Kericho County, Kenya and found that pay raise strategy had a very high impact on employee performance on their campuses. It also concurs with the findings of Basaza (2017) who found out that employee performance is significantly enhanced by pay increases.

4.5 Recognition and Employee Performance

Table 17: Formal recognition of employees' efforts by Management

Level of agreement	Frequency	% frequency
Strongly agree	13	27.66
Agree	25	53.19
Neutral	5	10.64
Disagree	2	4.26
Strongly disagree	2	4.26
Total	47	100

Source: Researcher 2025

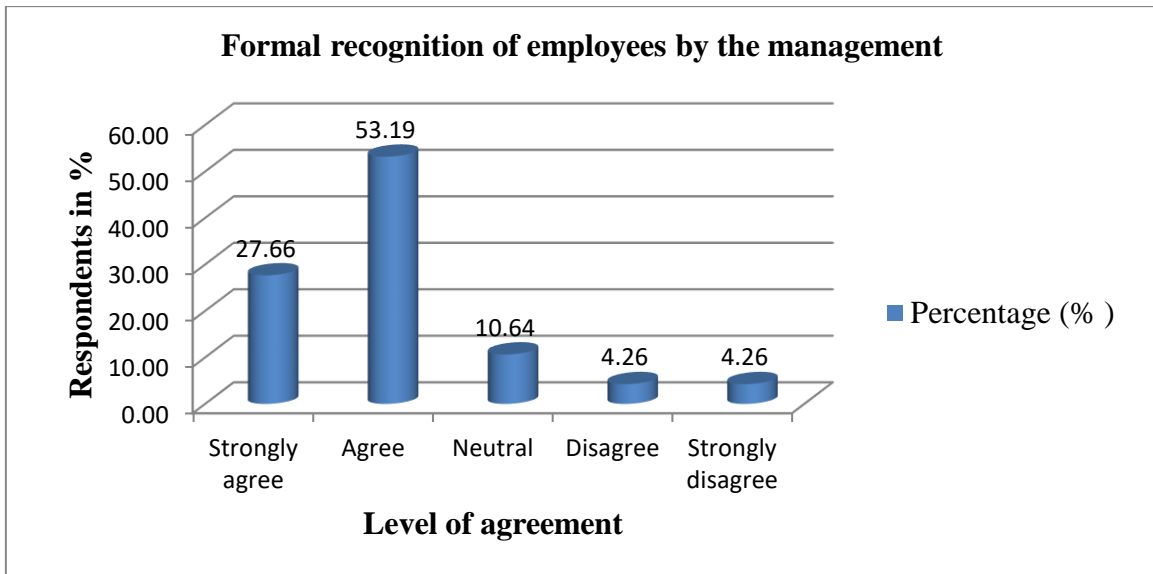


Figure 14: Formal recognition of employees by the management

Source: Researcher 2025

The findings indicated 53.19% of the respondents agreed that the SACCO management formally recognizes employee efforts. 27.66% of respondents strongly agreed with the statement while 10.64% remained neutral, suggesting some uncertainty or lack of personal experience with formal recognition. 4.26% each disagreed and strongly disagreed, indicating a small portion of the staff felt that recognition was lacking or absent. The responses showed that more than half of the employees agreed and about a quarter strongly agreed that management formally recognizes their efforts, suggesting that recognition is generally practiced and acknowledged. This pattern indicates that while the recognition system is generally effective, there is room for improvement in making recognition more inclusive, visible, and meaningful to all staff.

Table 18: Documentation of Recognitions

Level of agreement	Frequency	% frequency
Strongly agree	1	2.13
Agree	3	6.38
Neutral	18	38.30
Disagree	20	42.55
Strongly disagree	5	10.64
Total	47	100

Source: Researcher 2025

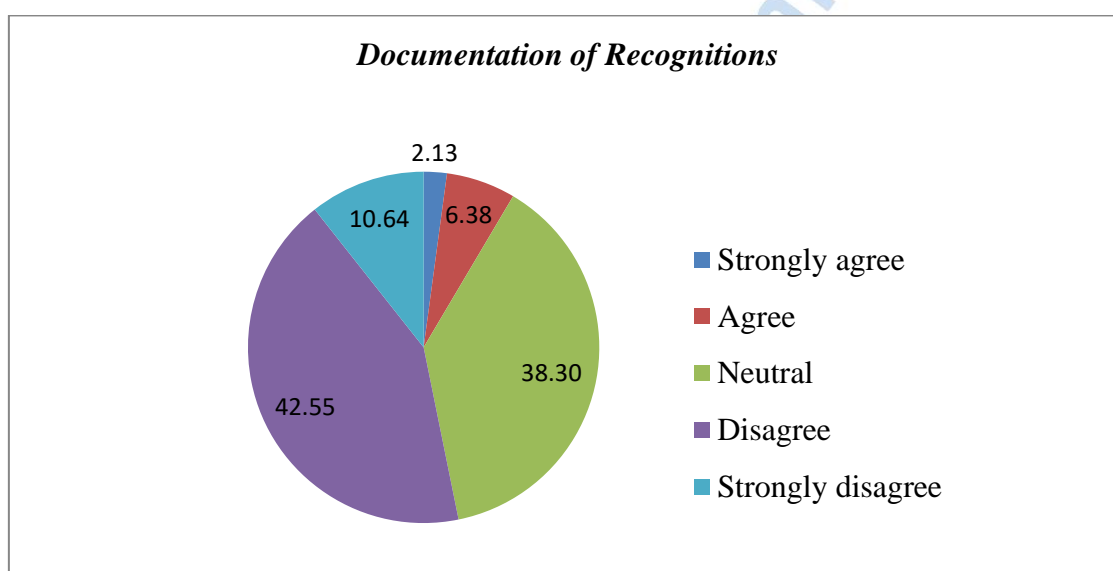


Figure 15: Documentation of Recognitions

Source: Researcher 2025

From the study, only a small portion of respondents 2.13% strongly agree and 6.38% agree that formal recognition is properly documented and utilized for future reference. A significant number (38.30%) remained neutral, which may suggest lack of awareness or unclear documentation processes. A total of 53.19% of respondents (42.55% disagree and 10.64% strongly disagree) do not believe that recognition is properly documented or referenced. The

results indicate that most employees in the DT SACCOs were either unaware of or did not believe that formal recognition practices in the SACCO are systematically documented or referred to in the future. This may suggest a gap in communication or transparency regarding recognition records and that the SACCO may benefit from improving documentation practices and ensuring that recognition efforts are formalized, communicated, and integrated into performance reviews.

Table 19: Recognition encouraging improved performance

Level of agreement	Frequency	% frequency
Strongly agree	19	40.43
Agree	22	46.81
Neutral	4	8.51
Disagree	2	4.26
Strongly disagree	0	0.00
Total	47	100

Source: Researcher 2025

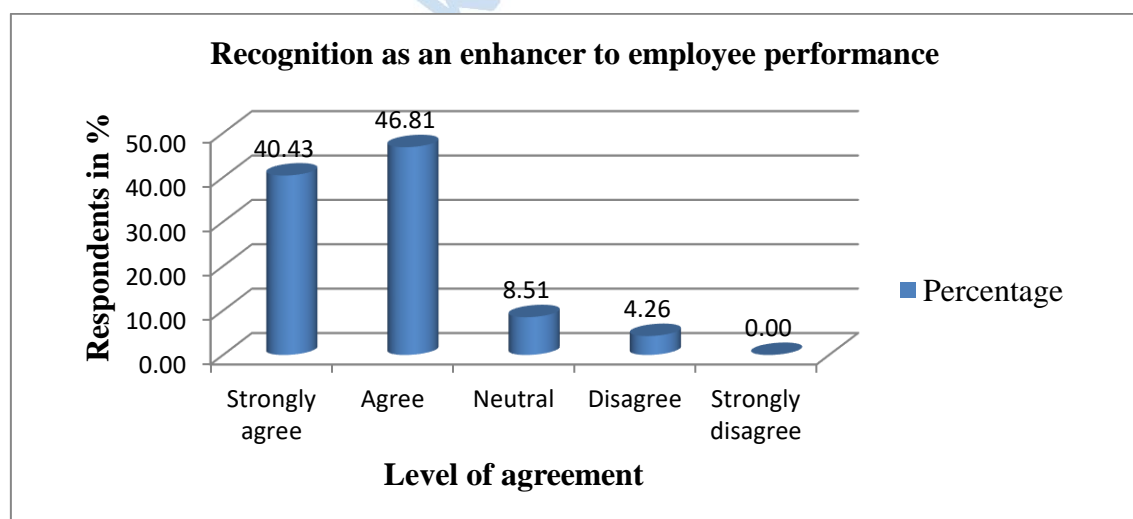


Figure 16: Recognition as an enhancer to employee performance

Source: Researcher 2025

A majority of respondents 40.43% strongly agree and 46.81% agree that recognition helps improve performance. 8.51% were neutral, possibly uncertain about the effect or not having experienced recognition firsthand. Only 4.26% disagree, and none strongly disagree, indicating very little opposition to the statement. The findings show a clear and strong belief among employees in Bomet DT SACCOs that recognition serves as a motivator for better performance. With more than 87% expressing agreement, it's evident that recognition is seen as a powerful performance driver.

Table 20: Measures of central tendency and variability for Recognition

Statement	Mean	Median	Mode	Std Dev
The Sacco management formally recognizes employee efforts	3.96	4.00	4.00	0.98
Formal recognition is well documented and used for future reference	2.47	2.00	2.00	0.86
Employee recognition encourages employees to improve performance	4.23	4.00	4.00	0.79

Source: Researcher 2025

The data reveal mixed perceptions regarding employee recognition at the SACCO. Respondents generally agree that the SACCO management formally recognizes employee efforts, as shown by a mean of 3.96 and both the median and mode at 4.00, with a moderate standard deviation of 0.98 indicating fairly consistent responses. There is strong agreement that recognition motivates employees to improve performance, with a high mean of 4.23, median and mode of 4.00, and a low standard deviation of 0.79, reflecting a clear and consistent belief in the motivational value of recognition. However, the statement that formal recognition is well-documented received a much lower mean of 2.47, median and mode of 2.00, and a relatively

low standard deviation of 0.86, indicating general disagreement and consistent concern about the lack of formal processes. Overall, while employees value and feel the impact of recognition, there appears to be a significant gap in how systematically recognition is documented and applied.

The findings of this study align with those of Kariuki et al. (2021), who reported a positive and significant relationship between employee recognition and performance among staff in public hospitals in Nyeri County, Kenya. Similarly, the results are consistent with the findings of Sikira et al. (2024).

Table 21: Regression Model Summary

Model	R	R square	Adjusted R square	Standard Error of the Estimate
1	.467 ^a	.219	.209	4.49555

Table 22: ANOVA

Model	Sum of Squares	df	Mean Squares	F	Sig.
1 Regression	1418.650	3	472.883	23.399	0.000 ^b
Residual	5072.699	251	20.210		
Total	6491.349	254	493.093	23.399	0.000 ^b

Table 23: Coefficients and Betas

Variable	Std Dev (X)	Unstandardized Coeff (B)	Std Dev (Y)	Standardized Coeff (Beta)
Bonus	0.97	0.77	0.94	0.79
Pay rise	0.97	0.82	0.94	0.85
Recognition	0.87	0.79	0.94	0.73

Source: Researcher 2025

The regression model summary revealed a moderate positive correlation ($R = 0.467$) and an R Square of 0.219, indicating that 21.9% of the variation in employee performance is explained by these reward strategies. The ANOVA results ($F = 23.399$, $p = 0.000$) confirm that the model is statistically significant, meaning the joint effect of the independent variables demonstrates a meaningful contribution to changes in the dependent variable.

The coefficients and betas table indicated that all three reward strategies positively influence employee performance. Pay rise emerged as the strongest predictor ($Beta = 0.85$), followed by bonus ($Beta = 0.79$), and recognition ($Beta = 0.73$). This suggests that while financial incentives have a strong motivational effect, non-financial rewards like recognition also contribute significantly to employee engagement and productivity.

These findings highlight the importance of implementing transparent, performance-based reward systems. A combination of fair salary increases, clear bonus criteria, and consistent employee recognition can enhance motivation, strengthen commitment, and improve overall organizational performance. For DT SACCOs, investing in well-structured reward strategies is essential in driving workforce effectiveness and sustaining institutional growth.

4.6 Satisfaction with the Current Pay

Table 24: Satisfaction with the current pay

Level of Satisfaction	Frequency	% frequency
Very satisfied	7	14.89
Satisfied	17	36.17
Neutral	6	12.77
Fairly satisfied	10	21.28
Not satisfied	7	14.89
Total	47	100

Source: Researcher 2025

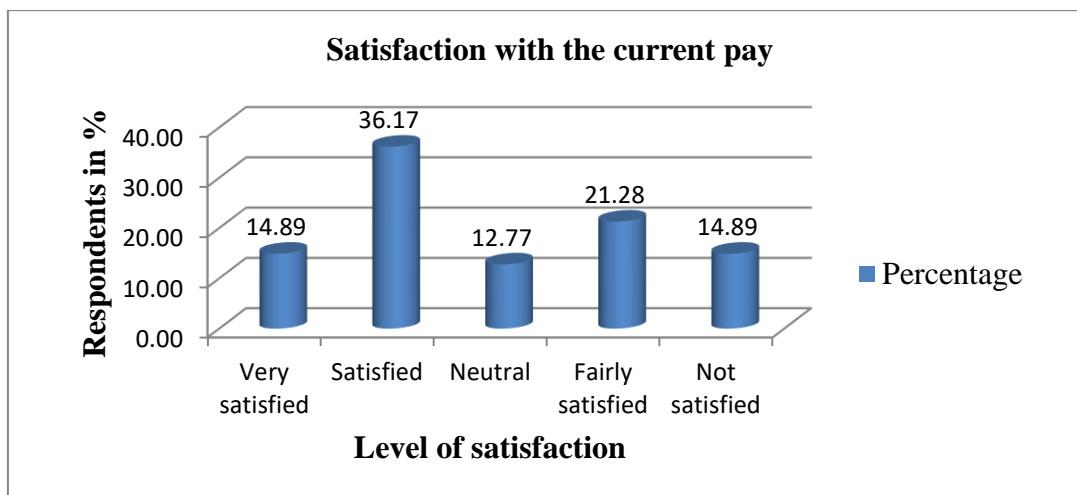


Figure 17: Satisfaction with the current pay

Source: Researcher 2025

The highest proportion of respondents (36.17%) reported being satisfied with their current pay. 14.89% are very satisfied, and 21.28% are fairly satisfied, showing that most respondents lean toward a positive outlook on their pay. 12.77% were neutral, while 14.89% were not satisfied. The findings suggest that while majority of employees (72.34%) expressed some level of satisfaction ranging from fairly satisfied to very satisfied there was still a notable portion (27.66%) who were neutral or not satisfied with their pay. This implies that the SACCO's pay structure was generally well-received, but there is room for improvement.

4.7 Forms of Reward Preferred by Employees

Table 25: Forms of reward preferred by employees

Forms of Reward	Frequency	% frequency
Pay rise	13	27.66
Bonus	10	21.28
Promotion	4	8.51
Recognition	10	21.28
Low interest on loans	2	4.26
Training	4	8.51
Health insurance	2	4.26
Others	2	4.26
Total	47	100

Source: Researcher 2025

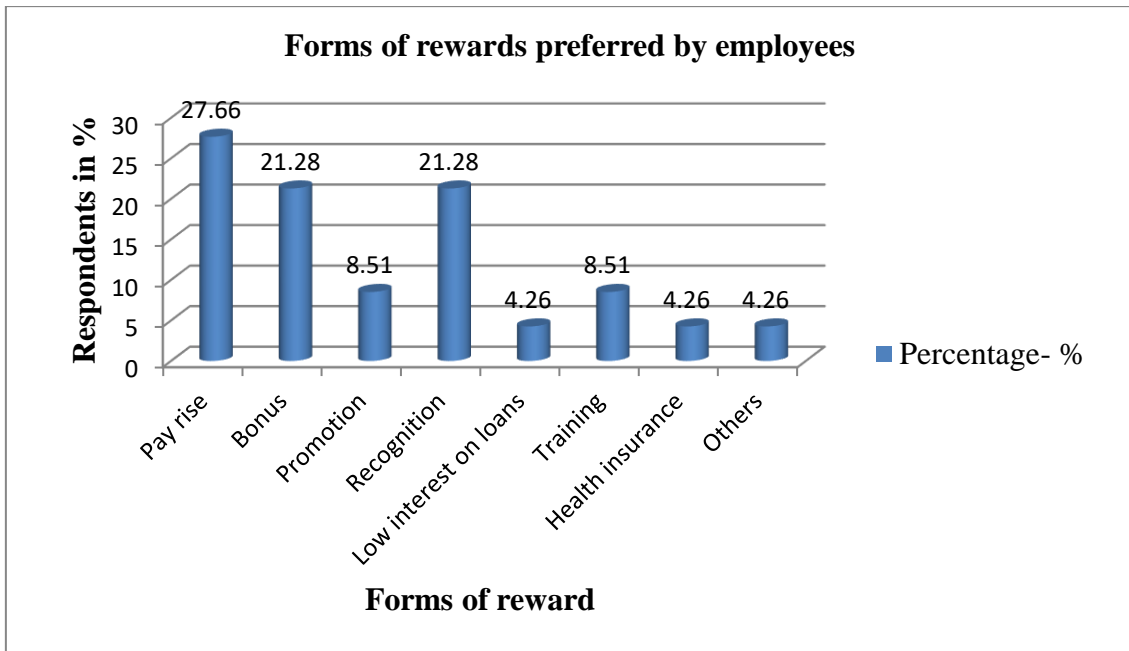


Figure 18:Forms of reward preferred by employees

Source: Researcher 2025

From the data in table 25 and as represented in figure 18, 27.66% of respondents preferred pay rise as their form of reward, making it the most popular choice. Those who preferred bonus and recognition were 21.28% each. 8.51% preferred promotion and training as rewards. 4.26% of respondents expressed interest in low interest on loans, health insurance, and other forms of reward. The “Others” category represents diverse and personalized reward expectations such as flexible work hours, retirement benefits, and allowances. The data indicates that pay rise was the most preferred form of reward among employees, with more than a quarter (27.66%) choosing it. This was followed closely by bonus and recognition at 21.28% each, which were also seen as highly desirable. The preference for pay rise suggests that employees are motivated by direct financial incentives, such as salary adjustments and bonuses, as a way to feel valued and rewarded for their contributions. Although not the most popular, these lesser-preferred rewards: promotion, training, health insurance, low-interest loans, and others collectively underscore a growing employee desire for holistic and supportive reward systems.

4.8 Main Effect of Good Reward Strategies in Organization

Table 26: Main effect of good reward strategies in organization

Main Effect	Frequency	% frequency
Improve performance	28	59.57
Increase retention	8	17.02
Increase employee motivation	5	10.64
Boost staff morale	4	8.51
Others	2	4.26
Total	47	100

Source: Researcher 2025



Figure 19: Main effect of good reward strategies in organization

Source: Researcher 2025

As shown in table 26, 59.57% of respondents believed the main effect of good reward strategies was to improve performance. 17.02% said that rewards primarily increase retention, while

10.64% thought rewards increase employee motivation. 8.51% of employees felt rewards primarily boost staff morale. 4.26% of the respondents selected "others", which may indicate more specific or personal effects not covered by the listed options. The data clearly shows that improving performance is viewed as the most significant effect of good reward strategies, with nearly 60% of employees agreeing. This highlights that employees recognize the importance of rewards as performance motivators, suggesting that well-structured rewards are seen as directly tied to individual and organizational success.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

A complete overview of the research is presented in this chapter, including core findings, conclusions, actionable recommendations, and directions for future studies. It synthesizes the insights gained from the investigation of the three key reward strategies; Bonus, Pay rise and Recognition and their influence on employee performance. The recommendations provided are informed by the empirical evidence collected during the study and are designed to address the specific challenges identified at DT SACCOs in Bomet county while considering the broader context of reward provision in resource-constrained environments.

5.1 Summary of the Findings

This study comprehensively investigated the influence of reward strategies on employee performance within Deposit-Taking (DT) SACCOs in Bomet County, Kenya. The research specifically focused on three key components of reward systems: bonuses, pay rise, and employee recognition. A cross-sectional approach was adopted to collect relevant information during a specific period, providing a clear snapshot of employee perceptions and organizational practices. The sample consisted of 47 respondents, yielding a high response rate of 83.93%. Participants were drawn from various organizational levels, including senior management, middle-level staff, and junior employees, to ensure a balanced representation of perspectives across the workforce.

5.1.1 Influence of Pay Rise on Employee Performance

The analysis of pay rise practices uncovered a lack of formal structure and communication regarding salary adjustments. Employees expressed uncertainty about when pay reviews occur, what performance criteria are considered, and how decisions are made. This ambiguity has led

to low employee confidence in the fairness of salary increment processes, especially among staff who consistently meet or exceed performance targets.

Regression results also confirmed that pay rises positively correlate with improved performance, suggesting that when salary increases are aligned with performance metrics, they can effectively motivate staff. However, the absence of a clearly defined framework and the limited visibility into decision-making processes have undermined the role of pay rises as a performance incentive.

5.1.2 Influence of Bonus on Employee Performance

The findings revealed that bonuses are a strong motivator and positively influence performance when applied correctly. However, transparency in how bonuses are awarded is lacking. Many employees indicated that they are unsure of the specific metrics or criteria used to calculate bonus amounts, and this has led to suspicions of bias and favoritism.

Furthermore, while bonuses are meant to reward exceptional performance, the analysis showed that bonuses were distributed uniformly or without clear justification tied to performance outcomes. Majority of the employees accounting to 72.34% disagreed that bonuses were distributed based on performance. This not only dilutes the motivational power of bonuses but can also demotivate high performers who feel unrewarded for their extra efforts.

There is also limited communication about bonus schemes during performance reviews, leaving employees in the dark about how their achievements translate into monetary rewards. As a result, trust in the reward system is eroded, and the intended performance-enhancing effect of bonuses is weakened.

5.1.3 Influence of Recognition on Employee Performance

Both descriptive and inferential statistics clearly displayed that recognition has a significant and positive consequences for employee results in the DT SACCOs. Many employees expressed appreciation for the efforts made by managers to recognize their efforts whether through verbal praise, thank-you messages, or public commendations during team meetings. These practices help foster a positive work atmosphere in which workers experience a sense of value and acknowledgment.

Despite these positive efforts, a significant gap remains in the formal documentation and systematic use of recognition. In most cases, recognition is not recorded in any official format, such as performance logs, HR files, or employee development records. The absence of documentation poses several challenges. For instance, recognition loses its strategic value when it cannot be referenced during performance appraisals, promotion decisions, or reward distribution processes. Outstanding efforts may go unnoticed over time, particularly in fast-paced or high-turnover environments, where memories of informal praise may fade or be overlooked. This can lead to frustration among high-performing staff who feel their contributions have not been fairly considered or remembered.

5.2 Conclusion

The findings revealed the value of staff bonus approach, pay rise approach, and staff recognition approach in influencing employee performance. The conclusions are organized according to each specific objective of the study and supported by existing literature.

5.2.1 Influence of Pay Rise on Employee Performance

The findings revealed that employees perceive pay rise as a significant motivator, closely linked to improved performance, satisfaction, and retention. Although many participants acknowledged the existence of a salary review process, uncertainty surrounding the criteria and

consistency of implementation reduced its perceived fairness and impact. These results align with the findings of Cheruiyot and Kalei (2020), who established that pay raise strategies significantly influence employee performance in a firm. Similarly, Edirisooriya (2018) reported that financial incentives such as salary increments are positively associated with higher job satisfaction and commitment, especially when transparently administered.

5.2.2 Influence of Bonus on Employee Performance

Bonuses were recognized as a potentially powerful incentive. However, the study found that the absence of clear performance-based criteria for awarding bonuses led to perceptions of favoritism and demotivation among employees. A majority felt that bonuses were not tied to actual performance, thereby weakening their intended effect. This finding echoes the concerns raised by Kerr et al. (2022), who observed that when bonuses are distributed without performance linkage, their motivational value diminishes. On the other hand, studies such as Orockakwa (2018) demonstrated that well-structured bonus schemes have a strong influence on productivity and morale, reinforcing the need for clarity, fairness, and consistency in bonus administration.

5.2.3 Influence of Recognition on Employee Performance

Recognition was widely appreciated by employees and found to have a positive influence on morale and discretionary effort. However, its effectiveness was hampered by the lack of formal systems for documentation and follow-through. Informal recognition, while emotionally uplifting, was often not considered in performance appraisals or promotion decisions. These findings are supported by Novak (2016), who emphasized that non-monetary recognition satisfies employees' intrinsic need for appreciation and drives better performance when integrated into structured HR systems. Moreover, the CIPD (2021) highlighted that recognition is a critical element in engagement and retention, particularly when it is consistent and visibly linked to organizational goals.

5.2.4 Overall Conclusion

The study concludes that bonus, pay rise, and recognition are all perceived as effective tools for enhancing employee performance in DT SACCOs. However, structural and communication gaps, particularly in bonus distribution and recognition documentation undermine their full potential. These findings support previous research and further highlight the need for DT SACCOs to implement transparent, performance-linked, and systematically administered reward systems. Strengthening these reward strategies will not only boost motivation and productivity but also contribute to improved organizational commitment and long-term institutional growth.

5.3 Recommendations

The importance of employee rewards in enhancing daily task performance cannot be overstated especially when individuals are recognized for work well done. Given the growing demand for high organizational performance in DT SACCOs, it is essential to invest in diverse reward strategies. These efforts should be implemented in a way that ensures satisfaction among all stakeholders.

Based on the research findings and conclusions, the following recommendations are proposed:

5.3.1 Pay Rise and Employee Performance

This study recommend that the SACCOs formalize and clearly communicate the annual pay rise structure to all employees. A transparent approach to salary adjustments helps manage expectations and reinforces fairness, ensuring that all staff understand the basis on which pay rises are determined. Formalizing this structure involves setting clear timelines, criteria, and communication channels for how and when pay adjustments occur.

Moreover, salary increments should be directly linked to performance review outcomes to reinforce a culture of meritocracy. When employees see a tangible connection between their contributions and financial rewards, they are more likely to stay motivated and committed to organizational goals. This also strengthens the credibility of the performance appraisal process, turning it into a meaningful mechanism for professional development and reward.

Finally, the organization should strategically use pay rises as a retention tool, particularly for high-performing and high-potential employees. In a competitive labor market, regular and performance-based salary reviews can significantly enhance employee loyalty and reduce turnover. By aligning compensation strategies with talent management objectives, the organization positions itself to attract, retain, and engage top talent more effectively.

5.3.2 Bonus and Employee Performance

Bonus distribution should be aligned with clear and measurable performance metrics. When bonuses are directly tied to individual and team performance outcomes, employees are more likely to perceive the incentives as well-deserved and equitable, thereby reinforcing desired behaviors and productivity. This alignment also ensures that high performers are appropriately rewarded for their achievements, which can lead to improved morale and retention.

In addition, the organization should take deliberate steps to increase transparency in the bonus criteria and distribution processes. Employees need to clearly understand what is expected of them and how their efforts translate into financial rewards. Transparent communication about bonus eligibility, evaluation standards, and distribution timelines reduces confusion and mitigates the risk of perceived favoritism or inequality.

To further strengthen trust in the system, it is recommended that management conduct regular sensitization sessions with staff to explain how bonuses are calculated and awarded. These

sessions should be interactive, allowing employees to ask questions and receive clarification on the process. This proactive approach not only builds trust but also encourages a performance-driven culture, as employees become more informed and empowered to work toward specific, rewarding goals.

5.3.3 Recognition and Employee Performance

To enhance employee inspiration and performance, it is highly recommended that the organization develop a formal recognition framework. This framework should establish clear, transparent criteria for recognizing achievements, as well as standardized documentation protocols to ensure consistency and fairness across departments. Recognition should not be an ad hoc or occasional gesture it must be built into the organization's culture and operational processes.

An effective way to institutionalize recognition is to integrate it directly into performance appraisals and staff development plans. Doing so ensures that employees are acknowledged not just during occasional events but also during structured evaluations that impact their career progression. Linking recognition to these formal processes also reinforces the message that contributions are valued and tied to tangible outcomes.

Furthermore, it is essential to provide managers with training and tools needed to recognize employees accordingly. Managers should understand the strategic importance of timely and consistent recognition, and how it contributes to morale, retention, and productivity. Training should also cover how to document recognition instances appropriately, aligning them with both human resource records and team goals. Adopting this comprehensive approach to recognition will foster a culture of appreciation and active engagement across the organization.

5.4 Areas for Further Study

Considering the outcome of this investigation and observed gaps, this study proposes several directions for subsequent studies;

First, a repeat of this study in different SACCOs across different counties or regions would be valuable in assessing the generalizability of the results and determining whether the conclusions drawn from DT SACCOs in Bomet County hold true elsewhere.

Secondly, future research could broaden the scope of performance determinants by incorporating additional variables such as employee training and development, access to medical and welfare benefits, and the influence of various management styles. These factors may provide further insights into how organizations can holistically enhance employee performance beyond reward strategies alone.

Such studies would not only support the current findings but also enrich the overall understanding of the multifaceted factors that affect employee performance within the SACCO sector and beyond.

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APPENDICES

APPENDIX I: CONSENT FORM

Project Title: Influence of reward strategies on employee performance in Deposit Taking SACCOs in Bomet county, Kenya.

Dear Participant,

I am a postgraduate student at Mount Kenya University, currently pursuing a Master's degree in Business Administration with a specialization in Human Resource Management. As part of my academic requirements, I'm conducting a research study on the influence of reward strategies on employee performance in Deposit Taking SACCOs in Bomet County.

I kindly invite you to participate by completing a short questionnaire. Your responses will be kept strictly confidential, used only for academic purposes, and will not be linked to your identity. Pseudonyms will be used in any reports to ensure anonymity and the results will be utilized exclusively for this research project.

Participation in this study is entirely voluntary. You may choose not to answer specific questions or withdraw at any time without giving a reason. For any questions or concerns, you may contact me at **kiruij378@gmail.com** or **0715112524**.

For any complaints or concerns, please contact:

Office of the Secretary,
MKU Ethics Review Committee,
P.O. Box 342 – 01000,
Thika, Kenya.

CONSENT

I confirm that I have read and understood the information above. I have been given the opportunity to ask any questions and all my concerns have been addressed. I understand that participation is voluntary and that I may discontinue at any time without giving a reason.

I willingly agree to take part in this research.

Participant's signature _____ Date _____

Researcher's signature _____ Date _____

APPENDIX II: RESEARCH QUESTIONNAIRE

Instructions: Fill in the details, but if applicable, please tick your selection.

A) Demographic Information

1. What is your Gender?

Male Female

2. Please indicate your Age bracket in years

Under 30 30-39
40-49 50 and above

3. Indicate highest academic qualification?

Secondary Certificate Diploma
Degree Others

4. Period of service in the SACCO?

0-5 years 6-10 years Over 10 years

5. Category of employee?

Senior
Middle
Junior

B) Bonus and Employee Performance

Please mark the boxes that match to your level of agreement with the following statements about bonuses and employee performance at your Sacco.

Key: SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree and SD=Strongly Disagree

Statement	SA	A	N	D	SD
Our Sacco gives bonus to employees.					
Bonus enhances employee performance.					
Bonus is distributed to employees according to their performance.					

C) Pay rise and Employee Performance

To indicate how much you agree or disagree with the following comments regarding bonuses and employee performance in your Sacco, please check the boxes.

Key: SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree and SD=Strongly Disagree

Statement	SA	A	N	D	SD
Pay rise increases employee performance in our Sacco.					
There is an annual pay rise scheme for employees in our Sacco.					
Pay rise has improved employee retention in our Sacco.					

D) Recognition and Employee Performance

Please rate how you agree with the following statements regarding employee recognition and Performance in your Sacco (tick as appropriate)

Key: SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree and SD=Strongly Disagree

Statement	SA	A	N	D	SD
The Sacco management formally recognizes employee efforts.					
Formal recognition in our Sacco is well documented and used for future reference.					
Employee recognition encourages employees to improve performance in our Sacco.					


E) How satisfied are you with your current pay?.....

F) Which form of reward do you prefer to be given by your Sacco?.....

G) What do you think is the main effect of good reward strategies in your organization?

Thank you for your Cooperation.

APPENDIX III: ETHICAL CLEARANCE CERTIFICATE


Mount Kenya University

REF: MKU/ISERC/4852 Date: 20 March 2025
TO: JACKSON CHERUIYOT KIRUI
REG: MBA/2023/55293

Dear Sir/Madam,


RE: INFLUENCE OF REWARD STRATEGIES ON EMPLOYEE PERFORMANCE IN DEPOSIT TAKING SACCO'S IN BOMET COUNTY, KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3574**. The approval period is **20/03/2025 - 19/03/2026**.


This approval is subject to compliance with the following requirements:

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,


Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC


MOUNT KENYA UNIVERSITY
ETHICS REVIEW COMMITTEE
P.O. Box 342-01000,
THIKA

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Tel: +254 20 287 8000, Cell: +254 709 153 000
Email: info@mkua.ac.ke, Web: www.mkua.ac.ke
Chartered and ISO 9001 : 2015 Certified

APPENDIX IV: INTRODUCTION LETTER



DIRECTORATE OF GRADUATE STUDIES

MBA/2023/55293

21st March, 2025

National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA

Dear Sir/Madam,


RE: JACKSON CHERUYOT KIRUI - REGISTRATION NO. MBA/2023/55293

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **"Influence of Reward strategies on Employee Performance in Deposit Taking Saccos in Bomet County, Kenya."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **April, 2025 and June, 2025**.


Any assistance accorded to the student will be highly appreciated.

Thank you.


Dr. Samuel M. Karenga, PhD
Director, Graduate Studies


Mount Kenya University
P.O. Box 342 - 01000, THIKA
Office of the Director,
Graduate Studies

APPENDIX V: RESEARCH PERMIT



REPUBLIC OF KENYA


Ref No: **768546**



**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION.**

Date of Issue: **02/April/2025**

RESEARCH LICENSE




This is to Certify that Mr. Jackson Cheruiyot Kirui of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Bomet on the topic: INFLUENCE OF REWARD STRATEGIES ON EMPLOYEE PERFORMANCE IN DEPOSIT TAKING SACCOs IN BOMET COUNTY, KENYA for the period ending : 02/April/2026.

License No: NACOSTI/P/25/417693


Applicant Identification Number: **768546**

Director General

**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION**



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APPENDIX VI: AUTHORIZATION LETTER 1



**MINISTRY OF INTERIOR & NATIONAL ADMINISTRATION
STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION**

Telegrams: "DISTRICTER", Bomet
Telephone: (052) 22004/22077 Fax 052-22490
When replying please quote

COUNTY COMMISSIONER
P.O BOX 71- 20400
BOMET

2nd April, 2025

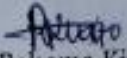
REF: EDU.12.1 VOL.IV/(175)

All Deputy County Commissioners
BOMET

RE: RESEARCH AUTHORIZATION – MR. JACKSON CHERUYOT KIRUI

The above named person has been authorized to carry out Research on *"Influence of reward strategies on employee performance in deposit taking Saccos in Bomet County"* for the period ending 2nd April, 2026 by the National Commission for Science, Technology and Innovation vide their letter Ref. No.768546 dated 2nd April, 2025.

Any assistance accorded would be appreciated.


Rehema Kiteto
For: County Commissioner
BOMET



APPENDIX VII: AUTHORIZATION LETTER 2



REPUBLIC OF KENYA
MINISTRY OF EDUCATION
STATE DEPARTMENT FOR BASIC EDUCATION

Telegrams: "ELIMU",
Telephone: 052-22265
When replying please quote
email: cdebometcounty@gmail.com
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COUNTY EDUCATION OFFICE,
BOMET COUNTY,
P.O. BOX 3-20400,
BOMET.

2ND APRIL, 2025

MR JACKSON CHERUIYOT
MOUNT KENYA UNIVERSITY
P.O BOX 342-01000,
THIKA.

TO WHOM IT MAY CONCERN

RE: RESEARCH AUTHORIZATION.

Reference is made to the letter dated 2nd April, 2025 Ref: No. 768546 P/25/417693 from NACOSTI requiring the above-mentioned person to conduct research on "*influence of reward strategies on employee performance in deposit taking SACCOS, in Bomet, Kenya,*" for the period ending 2nd April 2026

The purpose of this letter is to inform you that authority has been granted for him to carry out the study in Bomet County, including learning Institutions among others.

Kindly accord him the assistance he requires to carry out the exercise.

COUNTY DIRECTOR OF EDUCATION
BOMET
P. O. Box 3-20400, BOMET

WILLIAM N. MAKORI 21.4.2025
FOR COUNTY DIRECTOR OF EDUCATION
BOMET COUNTY

Copy

CEO- NACOSTI

APPENDIX VIII: AUTHORIZATION LETTER 3

REPUBLIC OF KENYA



**COUNTY GOVERNMENT OF BOMET
OFFICE OF THE COUNTY SECRETARY**

Telephone: 002544088
Email: countysecretary@bomet.go.ke
When replying please quote Ref/and Date

P.O Box 19-20400
BOMET, KENYA

BC.33/22/1 **2nd April,2025**

**Jackson Cheruiyot Kirui
Masters Student
Reg.No.MBA/2023/55293
Mount Kenya University**

TO WHOM IT MAY CONCERN

RE: RESEARCH AUTHORIZATION

Reference is made to the above subject matter.

The above mentioned person is required to conduct research on **“Influence of Reward Strategies on Employee Performance in Deposit Taking Saccos in Bomet County, Kenya”**

The purpose of this letter is to inform you that the authority has been granted for him to carry out study in Saccos within Bomet County for the period ending 2nd April,2026.

Kindly accord him assistance he requires to carry out the exercise.

Yours *Sincerely,*
Simon



**Simon Langat
County Secretary and
Head of County Public Service**

INFLUENCE OF REWARD STRATEGIES ON EMPLOYEE PERFORMANCE IN DEPOSIT TAKING SACCOS IN BOMET COUNTY, KENYA

by Jackson Kirui

Submission date: 01-Jul-2025 12:34PM (UTC+0300)

Submission ID: 2700518974

File name: JACKSON_CHERUIYOT_KIRUI_4.docx (2.32M)

Word count: 20023

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INFLUENCE OF REWARD STRATEGIES ON EMPLOYEE PERFORMANCE IN DEPOSIT TAKING SACCOS IN BOMET COUNTY, KENYA

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