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ABSTRACT

Employee performance is critical to organizations in this era of free market and intensive competition. In this, reward strategy is considered an important determinant of employee performance. This study examined the effect of reward strategy on employee performance in ten commercial banks listed in Nairobi Securities Exchange. The study adopted explanatory research design and used the stratified random sampling technique in the selection of 394 employees. Data was collected using closed-ended self-administered questionnaire and analyzed using descriptive and inferential statistics. The hypothesis was tested using a linear regression model. The results indicated that reward strategy had a significant direct effect on employee performance in commercial banks listed in the Nairobi Securities Exchange. The study concluded that an improvement in reward strategy significantly leads to an improvement in employee performance. The study recommended that commercial bank managers should utilize appropriate reward strategy which is externally competitive, internally fair and consistent with the current acceptable best practices. Managers should take action to ensure that reward strategy is result oriented and geared to reward high performance, this will encourage and motivate employees to exert extra effort in their work. The reward structure should as much as possible be all rounded encompassing intended objectives, policies and techniques to meet the needs of the employees and organization.

Key Words: *Reward strategy, Objectives, Policies, Techniques, Employee performance*

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BACKGROUND OF THE STUDY

Employees are the blood stream of any business and the success or failure of a business entity is dependent on its employees' performance (Imran and Elnaga, 2013). Employee performance may take the form of their tasks done, effectiveness, cooperation with other parties, quantity and quality of their job output (Martono, Khoiruddin, and Wulansari, 2018). In the field of management and organizational behavior, individual work performance has been an area of great interest not only to companies but also to researchers who have conducted many diverse empirical studies that have offered insights to enable better understanding of the concept (Koopmans *et al.,* 2011; Atatsi, Stoffer and Kil, 2019). Individual performance encompasses work outcomes of an employee during a certain period of duty and work attendance (Tamunomiebi and Oyibo, 2020). According to Sonnentag, Volmer and Spychala (2010) individual performance is of high relevance for organizations and individuals alike. Exhibiting high performance in work related duties leads to satisfaction, feelings of self-efficacy, competence, effectiveness and mastery to the individual (Sonnentag *et al.,* 2010). Moreover, better performing individuals get promoted, rewarded, and honored, and that career growth prospects for high performing employees are much better than those of moderate or low performing employees.

At a broader and macro level individual work role performance propels the whole economy since collective individual efforts form the base and building blocks for group performance, organizational performance and economic sector performance (Campbell and Wiernik, 2015). Employee performance is often conceptualized as deliberate behaviors and actions under the domain of the individual that contribute to the goals of the organization (Johnson and Meade, 2009). Employee performance is an important building block of an organization and antecedents that promote high performance must be analyzed since every organization cannot progress by isolated efforts of one or two individuals, it must be the collective effort of all the employees (Yaqoob and Abbas 2009). As a consequence of collective efforts of fulfilled, inspired and devoted human resources, firms are able to produce innovative ideas for new products or services, increase quality of products and maintain customer satisfaction (Tamunomiebi and Oyibo, 2020). However skilled employees that make significant contribution and play a part in value addition to the organization desire to be rewarded for their expertise, competence and labor (Nwokocha, 2016). It is for this reason that scholars advance the use of both financial and non-financial rewards as a tool to enhance performance, boost productivity, ensure commitment and enable the organization to retain their most talented employees (Armstrong and Baron, 2011; Kavuludi *et al,* 2016; Rahim *et al,* 2016; Kathombe *et al,* 2018; Francis, Oaya and Mambula 2020)

Companies which exercise prudence in how they use and invest their resources have a competitive edge which enables them to grow faster and thrive in the highly competitive business environment (Vosloban 2012). Güngör (2011) states that one of the main strategies of the organization is to invest in its employees by seeking to develop, motivate and increase the performance of their employees in a variety of human resource applications. Reward management system is a core function of human resource discipline, a strategic partner with company management and besides, has an important role on employee performance (Güngör 2011). Kavuludi *et al.,* (2016) expresses a similar view arguing that today's organizations consider employee performance as their topmost priority hence make a great effort to encourage and enhance employee performance through incentives which also increases employee performance. Whilst it is an astute business strategy for organizations to invest in their employees, Dessler (2013) argues for the need of aligning total rewards with strategy reasoning that compensation management should first advance the firm's strategic aim. The management should produce an aligned reward strategy creating compensation package including wages, incentives and benefits that produce the employees' behavior the firm needs to support and achieve its competitive strategy.

Armstrong (2006) advances that reward management systems have major impact on organization capability to catch, retain and motivate high potential employees and as a result getting the highest levels of performance. Rahim *et al.,* (2016) argue that reward systems of which its main purpose is to increase employee performance and productivity is one of organizational key policies. Reward is generally categorized into two broad classifications as financial and non-financial (Khan *et al,* 2017). Agarwala (2011) terms financial (extrinsic) rewards as payment such as wages, bonuses, pension, insurance and further describes non-financial reward as non-monetary benefits such as social recognition, appreciation and praise. Armstrong and Baron (2011) describe reward strategy as all the available tools that may be used to attract, retain, motivate and satisfy employees. Therefore, firms should formulate their strategies together with reward as a motivator to enhance the work of employees. In the study, it is concluded that the reward system must have the elements of transparency, good communication to all levels in the organization as well as fairness.

The study was done in commercial banks listed in Nairobi Securities Exchange. As at 31st December 2017, the Kenya banking sector comprised the Central Bank of Kenya, as the regulatory authority, 43 banking institutions (42 commercial banks and one mortgage finance company) (CBK, 2017). According to the report, out of 43 banking institutions, 40 are privately owned while the Kenya government had majority ownership in three institutions of the 40 privately owned banks, 25 are locally owned while 15 are foreign owned. According to this report there are 8 large banks with a market share of 65.32 %, 11 medium banks with a market share of 25.90% and 20 small banks with a market share of 7.77%. This study therefore focused on investigating the relationship between reward strategy and employee performance adopted by the commercial banks listed in Nairobi Securities Exchange. These banks are among the eight large banks with a market share of 65.32%.

Statement of the Problem

Employee performance is a multidimensional concept consisting of task, contextual, adaptive and counter-productive behavior and is highly linked to strategic goals in an organization. In particular, the banking industry globally faces different challenges which include digitization, legal regulations and changing customer needs and for any bank to maintain competitive advantage employee performance plays an important role (Kuchciak and Warwas, 2021).

According to the Central Bank, banking sector report (2017), development and challenges in the Kenyan Banking Sector include disruptions brought about by development and changes in information and communication technology, innovative system platforms and employee efficiency. Kenya has one of the most developed banking sector compared to other African countries however that success hinges on human resources capital and its application (Nyasha and Odhiambo, 2015). Munjuri, Obonyo and Ogutu (2015) submit that the Kenyan Banking Sector faces diverse challenges in relation to employee performance due to high turnover and shortage of skilled staff.

Given the significance of employee performance on organizational growth and success, several studies have been conducted to investigate the determinants and factors that influence employee performance (De Menezes and Escrig, 2019). The extensive research on employee performance has covered both behavioral science and human resource aspects with scholars using different methodologies in their respective research (Sonnentag *et al,* 2008; Salah, 2016). Some of the predictors established from prior research include compensation (Kelil, 2010; Zakaria *et al.* 2011).

The nature of employee performance is that while previous works and methodology may provide valuable information, it can be argued that none of them capture the complexity and full range of behaviors that constitute employee performance (Koopmans *et al,* 2011). The existing literature tends to be concentrated towards narrowed specific aspects rewards and their influence on employee performance in organizations. There is a large volume of studies on the impact of reward components such as bonuses, promotions, salary and benefits on employee performance and organizational commitment (Tremblay and Chenevert, 2008; Wambugu and Ombui, 2013; Korir and Kipkebut, 2016; Chelangat, 2016). Despite the large body of research and literature which covers the effect of rewards on employee performance, few studies have measured rewards in terms of objectives, policies and techniques. This study inculcates reward objectives, reward policies and reward techniques into reward strategy to provide a wholistic analysis in its relationship with employee performance. This study therefore sought to fill this gap through investigating the relationship between reward strategy and employee performance in commercial banks listed in the Nairobi Securities Exchange.

Study Objective

The objective of this study was to determine the effect of reward strategy on employee performance in commercial banks listed in the Nairobi Securities Exchange, Kenya. Consequently, a null hypothesis was developed from the objective of the study;

- H_{01}: Reward strategy has no significant direct effect on employee performance.

LITERATURE REVIEW

Theoretical Review

This study was anchored on self-efficacy theory to support employee performance and equity theory to support reward strategy.

Self-Efficacy Theory

Self-Efficacy theory is defined as a personal judgment of how well one can execute courses of action required to deal with prospective situations (Stajkovic and Lultans 1998). Self-Efficacy, a key concept in Bandura's 1986 social – cognitive theory, refers to task – specific self-confidence (Locke and Latham, 1991). It is broader in meaning that effort performance expectancy in expectancy theory in that self-efficacy includes all factors that could lead one to perform well at a task for instance adaptability, creativity, resourcefulness, perceived capacity to orchestrate complex action sequence (Locke and Latham 1991). Locke and Latham (1991) continue to argue that self-efficacy has direct effect on performance. In addition to affecting performance directly, self-efficacy can affect it indirectly by affecting personal goal choice and commitment to assigned goals.

This study will make use of self-efficacy theory to describe employee performance as well as its measures, which include task performance, contextual performance and adaptive performance. In an extensive literature review on self-efficacy Bandura and Locke (2003) argues that self-efficacy is a powerful determinant of employee performance. Judge et al (2007) also supports this view that perhaps the most focal variable to which self-efficacy has been related is work related performance for example job and task performance. Task performance in the model comprises of job explicit behaviors which includes fundamental job responsibilities assigned as a part of job description. Adaptive performance is an individual's ability to acclimatize and provide necessary support to the job profile in a dynamic work situation. Contextual performance refers to voluntary actions of employee that benefits employers intangibly (Pradham and Jena 2016).

Equity Theory

Matthewman, Rose and Hetherington (2009) argue that the theory which is credited to Adams (1963, 1965) is about judgment whereby one considers if they are treated fairly in comparison with another person or group. If a feeling of fairness is apparent then we can say that the person feels that there is equity but if not, and other outcome do not equal their inputs, then a feeling of inequity will follow.

The desire for equity in inputs and outcomes through social comparison causes people to be motivated to obtain what they consider to be fair reward in return for their efforts.

Equity theory regards pay (salary and wage) as an outcome (Mamah and Ulo 2015). An outcome has been defined as financial reward after an input has been expended or discharged in form of work service (Mamah and Ulo, 2015). A pay model - the model developed by (Milkovich, Newman and Gerhart 2011), contains three basic building blocks which are the compensation objectives, the policies that form the foundation of the compensation system and the techniques that make up the compensation system. On compensation objectives, pay systems are designed to achieve certain objectives, which include efficiency, fairness, ethics and compliance with laws and regulation. In addition, Milkovich *et al* (2011) advance that every employer must address the policy decisions such as, internal alignment, external competitiveness, employee contributions and management of pay systems arguing that the policies are foundation on which pay systems are built. The third component that is pay techniques tie the basic policies to the pay objectives and consist of internal structure, pay structure, pay for performance and evaluation.

Empirical Review

Francis *et al* (2020) undertook a study focused on review of previous articles on reward systems as a strategy to enhance employee performance of organizations at different levels. The study whose main objective was to investigate issues related to reward systems and employee performance also explored whether low performance factors can be eliminated in firms using a descriptive research design. As is concerned with reward systems the study paid particular attention to intrinsic and extrinsic rewards and asserted that in the application of any reward system the fundamental concern should be its utility and efficiency in motivating employees to higher levels of performance and productivity. The finding of the study was that rewards positively influence employee performance and organizations should tailor their reward system to match with employee needs and align with organizational culture.

Chijoke and Chinedu (2015) study as well, on the effects of rewards on employee performance in organizations intended to examine the relationship between intrinsic and extrinsic rewards on employee performance. The study adopted the use of a questionnaire structured on a likert-scale format that was distributed to employees of commercial banks in Awka Metropolis in Nigeria. The outcome of the study found a positive relationship between rewards and employee performance however extrinsic and intrinsic rewards differed significantly in their effect on performance. The study argues that extrinsic rewards in the form of salaries serves to attract employees but does not lead to employee retention in the long run while intrinsic rewards increase performance and can sustain it over a longer period. It was recommended that since both of them can influence employee behavior management should create a balance in their application in order to optimize results.

Kelil (2010) study whose purpose was to examine employee perception toward compensation and benefit policy: the case of selected government higher education institutions in Addis Ababa. A sample of 150 employees from three institutes of teachers' education participated in the study and 96 questionnaires were returned. Data analysis was done using descriptive statistics and the findings were that employees perceived the current compensation and benefits inadequate, that they did not participate in compensation and benefits decision. It was recommended that compensation and benefits policy should be periodically revised taking into account the market conditions and nature of jobs.

Ngwa *et al* (2019) study sought to determine the effect of reward system on employee performance in selected manufacturing firms in Cameroon. The study assessed profit sharing, flat rate systems and collective bargaining reward systems and the degree to which they affect employee commitment, work values and cohesiveness respectively. A survey was used to collect data using a questionnaire on a sample of 538 employees calculated using the Cochran's formula from a population of 5146 employees. The findings revealed that, profit sharing had a significantly positive effect on employee commitment; flat rate system had a significantly positive effect on employee work values and collective bargaining reward systems had a significantly positive impact on employee cohesiveness in manufacturing firms. The study proposed a shift from flat or fixed salaries to a renumeration system where employees are entitled to a percentage of profits to influence employee behavior towards efficiency and effectiveness, deter tardiness, promote productivity and encourage group cohesiveness.

Zakaria *et al* (2011) a study as well on employee's perceptions on reward practice at Toyota 3S centre: a case study in Malaysia, used the convenient sampling technique, the employees were given questionnaires regarding the reward practice in the organization. 82 respondents, comprising both employer and employee were sampled. The result of the findings was that all factors were not significant to contribute to employees' performance, even the transparency factor with the highest degree of contribution still was not significant. It was therefore recommended that organizations should be aware of the rights of employees which should be considered in the reward program.

Tremblay and Chenevert (2008) studied the influence of compensation strategies in Canadian technology-intensive firms on organization and human resources performance. Using a survey of 252 firms, the author concludes that technological intensity has a significant influence on compensation policies. A second survey of 128 Canadian organizations also demonstrated that that greater emphasis on group performance plans and market pay is positively associated with productivity in high technology firms. Extensive use of individual performance pay plans in high technological firms is positively associated with turnover whereas the use of group performance plans is negatively related to turnover.

Marin (2021) studied reward management in organizations; a retrospective on what organizations have set out and achieved to identify future actions. The objective of the study was to advance the idea that organizations should aim to implement an efficient total reward management to attract, retain, motivate and improve the performance of its employees. The study also sought to distinguish the limitations of the compensation model in comparison to the total rewards management model. The study was based on empirical studies, surveys, reports and books that have addressed this area and the analysis reveal the evolution of reward practices to that of total rewards emanates from a need to diversify and supplement the previously existing compensation system. Total rewards management plays a determining role in increasing performance since it offers the entire package of rewards cognizant of cultural, gender and age preferences of employees. The study recommended the necessity of ensuring financial sustainability from an organizational perspective and alignment to organizational business goals to achieve employee attraction, motivation, retention and job satisfaction in a diversified work environment.

Riasat, Aslam and Nisar (2016) investigated the influence of rewards on job satisfaction and job performance. Questionnaires were used to gather data from 320 respondents in the health sector of Gujranwala, Pakistan. Component factor analysis and Structural equation modelling showed that monetary and non-monetary rewards are positively associated with job satisfaction; there is a positive correlation between intrinsic, extrinsic motivation and employee performance and job satisfaction of nursing staff in hospitals. Moreover the results revealed that reward system significantly and partially mediated the relationship between intrinsic and extrinsic rewards, job performance and job satisfaction.

Conceptual Framework

In this study conceptual framework is developed from the review of literature, theories of reward strategy and employee performance. It is formulated to bring out the dimensions of the variables in the study. It also took into account the objective and the hypothesis which was tested to determine the influence of reward strategy on employee performance in commercial banks listed in Nairobi Securities Exchange in Nairobi, Kenya.

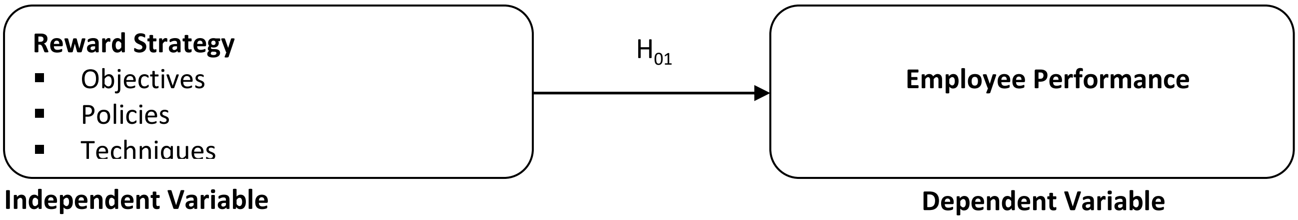

Figure 1: Conceptual Framework

METHODOLOGY

The study adopted the positivist paradigm putting into consideration the positivists and constructivist approaches. The study followed an explanatory design which establishes causal relationship to determine the effect of reward strategy on employee performance. The target population of this study was employees of ten (10) commercial banks listed in Nairobi Securities Exchange (NSE). These banks are Absa Bank Kenya, Stanbic Bank, Diamond Trust Bank (DTB), Equity Bank, Kenya Commercial Bank (KCB), National Bank of Kenya (NBK), National Industrial Credit (NIC) Bank, Standard Chartered Bank (SCB), Cooperative Bank and Investment and Mortgage Bank (I&M). The study was carried in Nairobi which is the capital city and where all the ten banks have their headquarters and well established in terms of branches and networks. According to Central Bank (2017) annual report, the ten banks have a total population of 26361 staff.

The sample of this research was determined by using Yamane (Yamane, 1967) formula with 95 % confidence level and taking into consideration a population of 26361 staff of the ten commercial banks listed in the Nairobi Securities Exchange.

The study used probability sampling technique to select 394 respondents. Every element was selected independently of each other and the sample drawn by a simple random procedure from a sampling framework. As shown in the table, the sample in each bank was considered based on the proportion of the staff out of total of 26,361 for the ten banks.

Table 1: Sample distribution according to commercial banks

Bank	No of employees	Sample
Absa	4000	60
Equity	6243	93
KCB	5639	84
DTB	1264	19
NBK	1079	16
SCB	1905	29
NIC	1001	15
STANBIC	704	11
Co-operative	4177	62
I&M	349	5
Total	**26,361**	**394**

Source: Central Bank of Kenya annual report (2017).

Primary data was used in the study. The Questionnaire was adopted from previous related studies and modified to suit the current study and then distributed to the employees of listed commercial banks in Nairobi Securities Exchange. The study used self-administered questionnaire to collect data. The respondents were provided with a questionnaire with questions on a five-point Likert scale which required them to score according to their perception.

Testing the relationship between variables was done using linear regression analysis. This was done through testing of a regression equation taking into account the relationship of the variables as shown in the conceptual framework. The data was analyzed using regression. Statistical Package for Social Sciences (SPSS) version 25 was used to conduct the regression analysis.

The following was the model adopted in this study:

$Y = \beta_0 + \beta_1 X + \mathcal{E}$.

This equation was applied to test for the direct effect of reward strategy (X) on employee performance (Y), where B_0 represents Constant, β_1 represents Coefficients of determination and ε represents Error term. Before regression analysis, the study tested regression assumptions including linear relationship, multivariate normality, no or little multicollinearity, no autocorrelation and homoscedasticity (Williams *et al*., 2013).

FINDINGS AND DISCUSSIONS

The study computed the response rate to ascertain whether it was adequate for analysis. From the findings, 394 questionnaires were administered to the respondents from which 268 questionnaires were fully filled and returned. This gave a response rate of 68%. This was significant response rate for statistical analysis since it is above 50% as per Creswell and Creswell (2017) recommendations.

Descriptive Statistics

Descriptive statistics analysis was done on all items for employee performance as dependent variable and reward strategy as the independent variable. The descriptive analysis includes means and standard deviations.

Employee Performance

From the findings in Table 2, most of respondents strongly agreed that they are capable of handling assignments without much supervision as shown by a mean of 4.53 and a standard deviation of 0.762 and that they extend help to their coworkers when asked or needed as shown by a mean of 4.52 and a standard deviation of 0.640. In addition, most of respondent also strongly agreed that they share knowledge and ideas among their team members as shown by a mean of 4.50 and a standard deviation of 0.701 and that that they know they can handle multiple assignment for achieving organizational goals as shown by a mean of 4.48 and a standard deviation of 0.732. Moreover, respondents were in strong agreement that they are very passionate about their work as shown by a mean of 4.47 and a standard deviation of 0.828 and that they guide new colleagues beyond their job responsibilities as shown by a mean of 4.47 and a standard deviation of 0.722. Also, respondents strongly agreed that they derive a lot of satisfaction nurturing others in organization as shown by a mean of 4.46 and a standard deviation of 0.711 and that they communicate effectively with their colleagues for problem solving and decision making as shown by a mean of 4.46 and a standard deviation of 0.689.

Further, most of respondents agreed that they maintain high standard of work as shown by a mean of 4.44 and a standard deviation of 0.785 and that they extend sympathy and empathy to their co-workers when they are in trouble as shown by a mean of 4.42 and a standard deviation of 0.768. In addition, there was agreement that respondents praise their co-workers for their good work as shown by a mean of 4.40 and a standard deviation of 0.737 and they maintain good coordination among fellow workers as shown by a mean of 4.40 and a standard deviation of 0.741. Also, respondents agreed that they actively participate in group discussions and work meetings as shown by a mean of 4.39 and a standard deviation of 0.713 and that they complete assignments on time as shown by a mean of 4.33 and a standard deviation of 0.794. Additionally, respondents agreed that they love to handle extra responsibilities as shown by a mean of 4.30 and a standard deviation of 0.757 and that they can effectively handle their work team in the face of change as shown by a mean of 4.28 and a standard deviation of 0.731.

Further respondents agreed that their colleagues believe they are a high performer in their organization as shown by a mean of 4.23 and a standard deviation of 0.870 and that they always believe that mutual understanding can lead to a viable solution in organization as shown by a mean of 4.23 and a standard deviation of 0.976. Additionally, respondents agreed that they cope well with organizational changes from time to time as shown by a mean of 4.23 and a standard deviation of 0.718 and that they could manage change in job very well whenever the situation demands as shown by a mean of 4.19 and a standard deviation of 0.804. However, the respondents disagreed that they lose temper when faced with criticism from their team members as shown by a mean of 2.49 and a standard deviation of 1.393.

Table 2: Descriptive Statistics for Employee Performance

	Mean	Std. Dev.
I maintain high standard of work	4.44	.785
I am capable of handling my assignments without much supervision	4.53	.762
I am very passionate about my work	4.47	.828
I know I can handle multiple assignment for achieving organizational goals	4.48	.732
I complete my assignments on time	4.33	.794
My colleagues believe I am a high performer in my organization	4.23	.870
I perform well to mobilize collective intelligence for affective teamwork	4.13	.800
I could manage change in my job very well whenever the situation demands	4.19	.804
I can handle effectively my work team in the face of change	4.28	.731
I always believe that mutual understanding can lead to a viable solution in organization	4.23	.976
I lose temper when faced with criticism from my team members	2.49	1.393
I am very comfortable with job flexibility	4.06	.878
I cope well with organizational changes from time to time	4.23	.718
I extend help to my coworkers when asked or needed	4.52	.640
I love to handle extra responsibilities	4.30	.757
I extend my sympathy and empathy to my co-workers when they are in trouble	4.42	.768
I actively participate in group discussions and work meetings	4.39	.713
I praise my co-workers for their good work	4.40	.737
I derive a lot of satisfaction nurturing others in organization	4.46	.711
I share knowledge and ideas among my team members	4.50	.701
I maintain good coordination among fellow workers	4.40	.741
I guide new colleagues beyond my job responsibilities	4.47	.722
I communicate effectively with my colleagues for problem solving and decision making	4.46	.689

Reward Strategy

From the findings in Table 3, the respondents agreed that they attribute high performance to reward objectives with a mean of 4.10 and standard deviation of 0.966. In addition, respondents agreed that pay decisions uphold the principle of confidentiality and privacy as shown by a mean of 4.01 and standard deviation of 0.930. Additionally, respondents agreed that pay system encourages them to put extra effort as shown by a mean of 3.81 and standard deviation of 1.029. Findings also showed that respondents agreed that the pay objectives are compliant with government regulations and labor laws as shown by a mean of 3.77 and standard deviation of 0.969. Moreover, respondents agreed that the pay strategy is aligned to the vision, mission and core values of the organization as shown by a mean of 3.64 and standard deviation of 1.107. Respondents also agreed that the views of senior managers are considered in reward strategy as shown by a mean of 3.57 and standard deviation of 1.071.

Table 3: Descriptive Statistics for Reward Objectives

	Mean	Std. Dev.
Reward Objectives		
I attribute high performance to reward objectives	4.10	.966
Pay system encourages me to put extra effort	3.81	1.029
I am fairly rewarded considering the responsibilities of my job	3.57	.945
I am fairly rewarded considering my level of education	3.39	1.006
I am fairly rewarded regarding my level of experience	3.34	1.085
I am fairly rewarded for the stresses and strains of my job	2.93	1.060
The pay objectives are compliant with government regulations and labour laws	3.77	.969
Pay grievances are resolved in compliance with existing labour guidelines	3.69	1.070
Pay decisions uphold the principle of confidentiality and privacy	4.01	.930
The pay strategy is aligned to the vision, mission, and core values of the organization	3.64	1.107

As shown in Table 4, there was also an agreement that respondents would recommend the bank as a good employer to others as shown by a mean of 3.87 and standard deviation of 1.016. Respondents also agreed that they are fairly rewarded considering the responsibilities of the job as shown by a mean of 3.57 and standard deviation of 0.945. There was also an agreement that respondents comparing with similar organizations, the reward strategy makes their employer a great place to work as shown by a mean of 3.54 and standard deviation of 1.065.

Table 4: Descriptive Statistics for Reward Policies

Reward Policies	**Mean**	**Std. Dev.**
Equal pay is provided for related work of equal value	3.11	1.093
the bank has a well-defined grading and pay structure	3.49	1.216
The reward strategy attaches importance to external competitiveness	3.34	1.078
Comparing with similar organizations, the reward strategy makes my employer a great place to work	3.54	1.065
I would recommend the bank as a good employer to others	3.87	1.016
The reward strategy takes account of emerging compensation trends	3.42	1.035
My pay compares well with other related jobs in the market	3.37	1.066
My pay is competitive compared to similar jobs in other sectors	3.33	1.039
The reward strategy has created a strong bond between the bank and me	3.33	1.042
The pay practices have resulted to commitment to my work	3.42	.994
The views of senior managers are considered in reward strategy	3.57	1.071
The line managers are involved in the process of reward determination	3.38	1.140

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The respondents agreed that they know what their responsibilities are as shown by a mean of 4.40 and standard deviation of 0.834 and that respondents received induction training (orientation) for information systems, bank facilities and procedures at the beginning of their employment as shown by a mean score of 4.15 and standard deviation of 0.979. Moreover, respondents agreed that their immediate supervisor is approachable as shown by a mean of 4.09 and standard deviation of 1.056. The respondents also agreed that they know how their performance is going to be evaluated as shown by a mean of 4.08 and standard deviation of 1.006 and that they are satisfied with the immediate supervisor's ability to lead me as shown by a mean of 4.07 and standard deviation of 1.016. The respondents also agreed that their job requires use of personal initiative in carrying out the work as shown by a mean of 4.07 and standard deviation 0.921 and they are satisfied with the technical competence of my supervisor as shown by a mean of 4.05 and standard deviation of 1.044.

In addition, respondents agreed that clear planned objectives exist for the job as shown by a mean of 4.00 and standard deviation of 0.931. Respondents also agreed that they are satisfied with the supportive attitude of their co-workers at work as shown by a mean of 3.95 and standard deviation of 0.868 and that they are satisfied with the way their immediate supervisor helps them achieve goals as shown by a mean of 3.94 and standard deviation of 1.017 and that they receive regular training to keep them updated for good service as shown by a mean of 3.94 and standard deviation of 0.970. Respondents also agreed that the job requires them to use a number of complex skills as shown by a mean of 3.91 and standard deviation of 0.973 and that their co-workers cooperate more often than they compete as shown by a mean of 3.90 and standard deviation of 0.916. There was also an agreement that respondents feel certain about the level of authority they have as shown by a mean of 3.90 and standard deviation of 0.989.

Moreover, respondents agreed that they feel it is easy to get job improvement ideas across to the immediate supervisor as shown by a mean of 3.85 and standard deviation of 0.966 and that their immediate supervisor asks for their opinion when a problem comes up as shown by a mean of 3.84 and standard deviation of 0.982. Additionally, respondents agreed that they are satisfied with working conditions at their workplace as shown by a mean of 3.81 and standard deviation of 0.940. Respondents also agreed that the working conditions are adequate to perform a good job as shown by a mean of 3.81 and standard deviation of 0.953 and that they receive recognition from their immediate superior for providing good service as shown by a mean of 3.81 and standard deviation of 0.953. Findings also showed that respondents agreed that pay grievances are resolved in compliance with existing labor guidelines as shown by a mean of 3.69 and standard deviation of 1.070. Moreover, respondents agreed that they can influence decisions of immediate supervisors regarding issues in the job as shown by a mean of 3.65 and standard deviation of 0.979.

Table 5: Descriptive Statistics for Reward Techniques

Reward Techniques	Mean	Std. Dev.
I am satisfied with working conditions at my workplace	3.81	.940
The working conditions are adequate to perform a good job	3.81	.953
I am satisfied with the amount of pay I receive for the job I do	3.21	1.072
I am satisfied with the fringe benefits package provided by the bank	3.39	1.007
I feel that the promotion policy is good at my workplace	3.14	1.085
There is enough opportunity for advancement (improvement) on my job	3.51	1.155
My immediate supervisor is approachable	4.09	1.056
I am satisfied with the technical competence of my supervisor	4.05	1.044
I am satisfied with my immediate supervisor's ability to lead me	4.07	1.016
I am satisfied with the way my immediate supervisor helps me achieve my goals	3.94	1.017
I am satisfied with the supportive attitude of my co-workers	3.95	.868
My co-workers cooperate more often than they compete	3.90	.916
clear planned objectives exist for my job	4.00	.931
I know what my responsibilities are	4.40	.834
I know how my performance is going to be evaluated	4.08	1.006
I feel certain about the level of authority I have	3.90	.989
the job requires me to use a number of complex skills	3.91	.973
my job requires me to use personal initiative in carrying out the work	4.07	.921
I have freedom to do what I want on my job to satisfy clients	3.45	1.014
I receive recognition from my immediate superior for providing good service	3.81	.953
I received induction training (orientation) for information systems, bank facilities and procedures at the beginning of my employment	4.15	.979
I receive regular training to keep me updated for good service	3.94	.970
I can influence decisions of my immediate supervisor regarding issues in my job	3.65	.979
my immediate supervisor asks my opinion when a problem comes up	3.84	.982
I feel it is easy to get job improvement ideas across to my immediate supervisor	3.85	.966

Correlation Analysis

Pearson correlation coefficient was used to determine the strength and the direction of the relationship between the dependent variable and the independent variable. According to Bryman and Bell (2011), the correlation coefficient value (r) that range from 0.10 to 0.29 is considered weak, any that lies between 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. Findings in Table 5 indicate that the correlation between employee performance and reward strategy was strong ($r = 0.621$, $p = 0.000$).

Table 4: Correlation Analysis

		Reward Strategy	Employee Performance
Reward Strategy	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	260	
Employee Performance	Pearson Correlation	.621**	1
	Sig. (2-tailed)	.000	
	N	260	260

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

Hypothesis Testing

Hypothesis H_{01} stated that reward strategy has no significant effect on employee performance. The results show that the R-squared (R^2) was 0.385, and the adjusted R-squared (ΔR^2) was 0.383. This implies that reward strategy accounts for 38.3 % of variance in employee performance.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.621[a]	.385	.383	.39555

The F-calculated was 161.557 and the p-value (0.000) was less than the significance threshold (0.05) as shown in Table 6. This indicates that the model was a good fit for the data. Therefore, the model could be used in predicting the influence of reward strategy on employee performance.

Table 6: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.277	1	25.277	161.557	.000[b]
	Residual	40.366	258	.156		
	Total	65.643	259			

As shown in Table 7, findings reveal that reward strategy positively and significantly influences employee performance as indicated by $\beta = 0.512$, p = 0.000). Based on these results, H_{01}, is rejected and conclusion made that reward strategy positively and significantly influences employee performance.

Table 7: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.134	.156		13.722	.000
Reward Strategy	.512	.040	.621	12.711	.000

CONCLUSIONS AND RECOMMENDATIONS

The main purpose of this study was to investigate the effect of reward strategy on employee performance in commercial banks listed in the Nairobi Securities Exchange. The hypothesis of the study was derived from the primary objective in the study and was consequently tested. Descriptive statistics and correlation analysis for the constructs was conducted prior to hypothesis testing. The findings revealed a strong degree of association between reward strategy and employee performance. Further, the findings indicated that reward strategy had a positive and significant effect on employee performance. This was evidenced in the regression model with an R^2 of 0.383 which implied that reward strategy accounts for 38.3% of the variance in employee performance.

The study has highlighted the need for organizations to develop and document strategies for rewarding employees to enhance employee performance. The study recommends that the reward structure adopted is ternary consisting of reward objectives, reward policies and reward techniques to ensure that it is all rounded and comprehensive to meet the needs of the employees and the goals of the organization. Pay objectives should be seen to meet the need of efficiency, fairness, compliance with labor and government regulations and address the need of equity and fairness. Reward policies should bring about internal alignment through well-defined pay structures, external competitiveness and accommodate emerging compensation trends. Techniques should address internal structures through work analysis and job evaluation, pay for performance which should include incentives and consideration of merit. In all, reward strategy should be cost effective to ensure sustainability in the long run.

Further, the study recommended that reward strategy used by organizations should align the performance of the organization with the way it rewards its employees, to provide the necessary incentives and motivation required for the employees to deliver the goals of the organization. Managers should take action to ensure that financial compensation in place particularly rewards high performance, this will encourage and motivate employees to exert extra effort in their work. In the reward structure, the financial and the non-financial rewards should match the performance achieved against set targets of each employee. In this endeavor, organizations should use both financial and non-financial rewards in addition to providing other incentives that will help motivate employees. Managers should also look to recognize, commend and applaud exemplary and outstanding contribution of their employees to the organization. It is important that organizations come up with unique and differentiated reward strategies tailored to the organization and its employees to have a competitive edge over their competitors. Compensation and reward strategy will not only boost up the efficiency and performance of employees but also contribute to overall organizational performance.

Suggestions for Future Research

This study focused mainly on commercial banks listed in Nairobi Securities Exchange in Nairobi. It is recommended that the same study may be carried out in all the commercial banks in Kenya covering a wider scope and a larger target population. Future researchers could consider carrying out a similar study in different sectors. The study relied on primary data as a source of data through close ended questionnaires distributed to the staff. Other study should consider using qualitative or mixed methods as this may come up with different findings. Finally, the variables considered in this study were, reward strategy and employee performance. Future studies could consider narrowing down to various components or sub constructs of these variables.

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