THE MANAGEMENT UNIVERSITY OF AFRICA (MUA)

SCHOOL OF MANAGEMENT AND LEADERSHIP

EFFECTS OF REWARD MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE IN THE HOSPITALITY INDUSTRY

A CASE STUDY OF INTERCONTINENTAL HOTEL NAIROBI

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BML/8/00208/2/2014

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE IN BACHELOR OF MANAGEMENT AND LEADERSHIP OF THE MANAGEMENT UNIVERSITY OF AFRICA MANAGEMENT

JULY 2017
DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University.

Signature: ..............................................  Date: ..........................................................

MWAMBURI SUSAN CHAO
BML/8/00208/2/2014

DECLARATION BY THE SUPERVISOR

This Research Project has been submitted for examination with my approval as University Supervisor.

Signature: ..............................................  Date: ..........................................................

DAVID KANYANJUA
THE MANAGEMENT UNIVERSITY OF AFRICA
DEDICATION

This proposal is particularly devoted to my son, Victor that he may grow and write many projects in his line of interest in future.
ACKNOWLEDGEMENT

I would like to give thanks to the God Almighty for giving me the health, strength and ability to go through my studies at the Management University of Africa.

Special thanks to my supervisor David Kanyanjua for the immense support all the way, without whom this project work could not have been successful. I am appreciative to Mundai, Intercontinental hotel, who connected me to the team at the hotel which facilitated the success of the study. Special thanks to Willy as well who did editing and compiling of the entire research project work and made it a success.
ABSTRACT

The main objective of the research was to evaluate the Effects of reward management practices on organizational performance with special reference to the Intercontinental Hotel. The specific objectives were to establish if merit increases, training, salary and fringe benefits can better organizational performance. A descriptive research design was used and stratified random sampling was a method used in collecting the data. The target population was (450) employees. A sample of forty five (45) employees was used for the purpose of the study. A questionnaire with both open-ended and closed-ended questions was used to gather data/information. The data was studied both quantitatively and qualitatively and the findings presented using tables, graphs and pie charts where appropriate. The findings will help top management of the hotel to develop an appropriate compensation policy to suite the organization and staff needs as a whole. The findings will also be significant to future researchers who will benefit as they will be in a position to refer to this document for any recommendations and identify research gaps if any. From the findings it shows clearly that performance is directly affected by the rewards offered by the firm to its workforce. The study found out that basic pay affects workers morale and in general the performance of the organisation. It was revealed that workers will appreciate a more improved pay considering the changing economic times, and also ensure equity in pay. It was revealed from the study that merit pay affects on the employees performance. It was revealed that training affects organizational performance with a significant 36% in agreement. It was also evident from the study that majority of the employees who sharpened their skills through training, were more prone to secure jobs if the market conditions appeal to them elsewhere. The study further found out that merit pay affects performance in the hotel to either lower or better performance depending on how it is perceived by different individuals. Fringe benefits affect organizational performance at intercontinental hotel, with a 78% in agreement that the benefits they receive are a contribution to their improved performance hence organizational performance and the opposite true for those who felt the inadequacy of the benefits. The researcher thus recommends strategies by the hotel’s management that will ensure retention of its skilled workforce, for instance, invest in career progression of its staff and recognize the trainees after undergoing trainings such as through promotions. The researcher advocates for constant salary reviews and a salary scale that will ensure equity by bridging the gap between those who are extremely well paid and the opposite applies in consideration with their qualifications, more suggestions also to the hotel to have standards in place to justify merit as earned. The researcher further recommends to the hotel’s management to ensure inclusion of workers whenever making decisions that involve them to ensure that they offer benefits that the employees need the most. All these, even as the researcher suggests, will ensure harmony at work and greatly impact on the performance of the organisation.
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**DEFINITION OF TERMS**

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<tr>
<td>Employee</td>
<td>a member of staff or a worker in an organisation</td>
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<tr>
<td>Job performance</td>
<td>refers to work output or presentation, function, capability of an individual at the organization</td>
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<tr>
<td>Morale</td>
<td>mental and emotional condition that gives an individual or group positive driving force (with enthusiasm and loyalty) with regard to the tasks at hand</td>
</tr>
<tr>
<td>Performance</td>
<td>an achievement of values, goals and objectives</td>
</tr>
<tr>
<td>Compensation</td>
<td>a fair return for good or bad behavior</td>
</tr>
<tr>
<td>Retention</td>
<td>maintenance of staff or employees</td>
</tr>
<tr>
<td>Recognition</td>
<td>public praise or commendation for somebody’s work/actions</td>
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<tr>
<td>Remuneration</td>
<td>pay, wage or salary</td>
</tr>
<tr>
<td>Reward</td>
<td>something that is given in recognition of service, effort, or achievement</td>
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<td>Relational compensation</td>
<td>intangible compensations concerned with knowledge and the growth and the work know how.</td>
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<tr>
<td>Transactional compensation</td>
<td>tangible compensation that arise from dealings between the employer and employees regarding recompense and benefits</td>
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CHAPTER ONE

1.0 Introduction

This section will deal with the general introduction of the study. This will include background of the study, statement of the problem, objectives of the study and research questions, significance and scope of the study, limitations and conceptual framework.

1.1 Background of the Study

Reward is probably the most imperative contract term in every employment contract. Its bearing to the workforce cannot be underrated. The reward given to an employee will go a long way to affect on the behavior and intensify their commitment to the organisation. Reward strategy is the identification of the significance of reward as an incentive practice that many organizations devote a great deal in order to win the behavior of their workforce. (Shields, 2007)

 Reward can be defined as something that is given in recognition of service, effort, or achievement (Oxford Dictionary). Reward management are strategies, policies, processes needed to make sure that the significance of the workforce and their participation in achieving the firm, departmental and group targets is identified and compensated. (Armstrong, 2010) From the Human resource perspective, reward or compensation is apprehensive with the formulation and realization of strategies and guiding principles that are to recompense workforce fairly, equitably and consistently as per their value to the Organisation. (Armstrong, 2014).

An effective organization recognizes and compensates creativeness and inventiveness, to mention productivity. The most important purpose organizations compensate employees is to draw employees to them, sustain and preserve the most talented employees. As such reward strategies must be in place to direct the operation of reward practices. "Reward strategies guide the growth and operation of practices of reward and processes and also form the compensation guidelines, and as a result affect practices of reward, processes and procedures" (Armstrong, 2010 p28).
The two types of rewards include extrinsic reward and intrinsic reward. (Byars, 2005) The tangible rewards in form of pay and benefits are extrinsic or financial rewards. The non tangible rewards internalized by the employees as a result of their participation in specific activities are intrinsic rewards or non financial rewards.

Examples of Extrinsic rewards or financial reward are formal-recognition such as base wage or salary, incentive payments, social relationship, fringe benefits, work environment and also promotion. The Non monetary or intrinsic rewards are feeling of accomplishment, achievement, job satisfaction, recognition, enlargement of job and enrichment, empowerment, and team work not forgetting personal growth.

Reward has been thought not to simply compensate employees for their efforts; it is also thought to have an influence on the staffing and retention of highly skilled personnel (Armstrong, 2012) Financial/monetary compensation together with non-financial compensation makes the total compensation or reward thus they are the components of the whole compensation. Total compensation or rewards are all inclusive apparatus accessible to the company and can be used to draw and inspire as well as keep hold of valued employees (Jiang, 2009) Thus embraces all that employees’ value in the employment relationship.

Total reward definitions include elements like learning and development, capacity to realize and exercise responsibility, career opportunities and recognition and not only traditional, proven elements like salary, variable pay and benefits. Total reward encompasses everything employees values in their employment relationship like basic pay, benefits, development and the work environment (Kaplan, 2007). Hertzberg, (1959) in his theory of motivation holds that individuals are thought to be demotivated by the absence of motivators, such as absence of individuals learning and growth opportunities and probably the exercise of responsibilities, and career opportunities. According to his theory, the opposite would be realized with the presence of motivators that is employees who are motivated.
Contingent pay represents the pay for persons related to performance, aptitude, input or service.

Variable pay is cash bonuses which are reliant on person, group or business performance. Variable pay has stronger motivation potential with significant advantages for the organisation (Greene, 2011). Employee benefits include for example provision for pension, ailing pay, perks such as entitlement to holidays and leave and or even company car. Wages are monetary payments paid per hour worked. In this case, workers are entitled to payment at week end. Any of the additional hours worked during the week, overtime is paid.

Salaries are yearly in other words, based on a year’s work and salaried at each month end.

Piece-rate as a monetary compensation is paying individuals per piece they produce in a certain period of time, suggested by Taylor (1991) the motivation theorist.

In profit sharing, employees are given a share in the company’s proceeds, meaning the employee is in the same ranking as shareholders. It is identified to increase workers satisfaction and even engagement. Profit sharing has an affective organizational commitment and trust in management. (Kintana, 2009).

As pertains to non monetary compensation, no direct expenses are involved but mostly they arise from the job itself.

Recognition is viewed as one of the most influential motivators. People want their accomplishment appreciated not only how they have reached their targets. Recognition is certainly one way to create a better working environment. (Chris Ceplenski, 2017) The managers should be on the forefront into recognizing people by buying into their recommendations and better still recognize their input. People can also be recognized by job enlargement which provides range of more interesting and rewarding work, allocation of major projects and promotion. Other forms of acknowledgment may include Awards
for long service, status symbols of different kinds, public recognition opportunities for congratulatory remarks, trips abroad (work related) giving Creating and fostering a system that encourages frequent and widespread recognition impacts the way employees view their company (Burgess, 2017)

Responsibility as a non financial reward was a philosophy expressed by McGregor (1960) Theory Y, which states that, “A normal person learns under suitable surroundings, to seek responsibility not only accepting” Responsibility as reward is motivating, seeing that people are given more responsibilities of their own work. "Management of rewards is not just about monetary compensation, basic pay and individuals benefit, but concerns also non monetary compensation for instance increase in job responsibility, learning and growth opportunities (Armstrong, 2010) This is basically what empowerment entails, and is in consistent with the notion of build in motivation in relation to what the job entails. It is also related to the primary conception that people are inspired when they are given the way to accomplish their purpose. Increased responsibility as a way of providing enthusiasm is a subject of designing a job and use of performance management procedures.

Maslow’s (1943) needs hierarchy, self actualization is ranked the top most among other needs, and thus a definitive motivator. This in real meaning is personal growth as a form reward. Maslow identifies self realization as “The need to grow potentials and abilities to transforming to what one intends to become.” “Employer at times would identify compensation as the reimbursement for the workers service, but for worker this goes beyond. (Kyle LaMalfa, 2007) Compensation is a standard which can measure to what extent a firm can satisfy its workers efforts value and aspiration; this includes personal growth. Determined individuals will try to find these openings themselves, even though the company s required to make clear the range for learning and development it is able to give –failure to which they will leave for opportunities in other places. Identify the significance of all all times advancing their abilities and of increasingly growing their careers. Most individuals now consider availability to training as an important aspect in their overall compensation wrap up.
Every organization needs to learn how to inspire its workers for it to achieve the most from its people, freedom and autonomy is a form of motivation, which is a reward. Working atmosphere with much responsibility and employees being in charge of their work have much better productivity in addition to job satisfaction. Workers under restricted environments have higher chances of being disengaged in their work. Macey (2009) states that inspiration to engage people proceeds from handling them with respect, provision of working environment that is suitable and gives an impression that people are most valued, and in return reciprocate through willful engagement. The organizations therefore stand to benefit by standing for and allowing acceptable levels of individuals being in charge of their work and assessing often that the workers are aware of the existence of the autonomous working environment.

Gaining of knowledge is an inwardly satisfying at the same time rewarding experience. Alderfer (1969) emphasizes the significance of an opportunity to progress as a way of compensating individuals, thus stimulating them. Talented people generally would want to advance in an organisation, besides substantial reimbursement of progressing in the organisation, ambitious workers find it necessary to advance their skills and broaden their understanding. (Victor, 2014)

Career development opportunities in organizations are highly in demand by the employees and as well are a number one retention tool. Individuals during recruitment would always want reassurance of their progress. To appropriate the concept of compensation, companies are required to be transparent on the career paths available in the firm and the conditions necessary for making diagonal moves and also promotions. “When the environment is favorable for development, people at all times achieve excellently” (Lipmann, 2014).

Most focused organizations note that an encouraging atmosphere is important to attaining their purpose, thus motivation through work life balance (non financial reward). Work-life balance concerns identifying stability amid an individual work and their life outside work and about feeling contented with both obligations, whether related to Job or not (Clark, 2009). These
organizations understand well that work life balance can be used to pull on to and keep most skilled and motivated workforce. Such organizations are keen to permit their workers stability amid work and their life outside work. This is done either by reducing the rigidity of work which may involve part time working, working from home, job sharing, varied working hours and compressed hours. Hobson, Delunas and Kesic (2007) maintains that persistent incapability of employees to keep a balance of their work and their life outside work has its own consequences among which are non attendance and people leaving the company for other places favorable to them, increased levels of healthcare costs and unengaged workforce.

Reward management looks into and it is by itself a motivational tool used to recognize workers for their contribution to the company. It is the approach, guidelines and procedures necessary to guarantee that the value of workers and their contribution in attaining the company’s objectives are identified and rewarded accordingly. (Armstrong, 2010)

Organizational performance is critical in order to realization of company’s objectives. One of the organizations major objectives is to have and be known for its industry and service offering expertise; and it is up to the management to be held accountable and the outcome dependant not on management only but also the workforce. It is of key importance therefore that employees are well rewarded to enhance performance. It is paramount for organisation to realize that for them to achieve their objectives and have the working environs that workers are engaged, there must be a compensation strategy in place to ensure that workers are recognized and feel the sense of being valued, by being rewarded for their contribution to the overall success of the firm (Armstrong, 2010). inadequately managed reward practices have a tendency to result into to low motivation, lack of good performance and increased levels of workers resignation (Allen & Helms, 2001). An employee who best performs will be aimed to stay with the organisation for a long term because the company profits from them and for a corporate image they create. of (Gruman, 2011)
1.1.1 Intercontinental Hotel

Intercontinental Hotel stands out as a leading international hospitality faction with over 3,500 hotels transversely to almost 100 nations. The genesis of Intercontinental Hotel faction can be traced back to 1777 when William Bass established a brewery in Burton on Trent trading under his own name. During which it acquired a number of regional companies including Mitchells and butlers. The business thrived rising into a primary domestic brewer and exporter. Between 1989 – 1995, the first notable move into hotel sector came in 1988 with the purchase of holiday Inns International although by then Bass already owned a small chain of Hotels which had been acquired in 1987. The world’s leading midscale Hotel brand that was founded in Tennessee in 1952, followed in by the possession of the remaining North American business of Holiday Inns in 1990. Much noteworthy progress for Intercontinental hotel came in March 1988 with the acquisition intercontinental founded by pan American world Airlines in 1946.

Early extension of the company was developed alongside the Airlines route into Latin America and later all over the world Intercontinental supplemented superior fashionable brand to the hotel portfolio with a significant worldwide position and complimented wide range of brands including the mid-scale markets. The property (intercontinental Hotel) Nairobi is located in the city center, approximately 20 kilometres from Jomo Kenyatta International Airport (JKIA). It was started more than 30 years back, when intercontinental Hotels were expanding in the East and Central Africa.

A five star symbol in the urban centre, Intercontinental Hotel can be said to have been for years an oasis of magnificence for business explorer, and also those who want to experience the wonders of Africa – it is well equipped hotel including restaurants and bars, amenities and services such as gymnasium, steam room, sauna, Jacuzzi, massages. The Hotel contains 385 luxurious rooms, among these, 375 unsalable. The reserve for car parks stands at 350.
1.2 Statement of the Problem

The hotel industry is faced with dynamic changes, especially those affecting the tourism industry worldwide. The competitive nature of the business today dictates that quality products and services are produced and customer satisfaction taking the centre stage. Organizations must therefore establish in advance the connection between reward management practices and workers productivity - if you want to sell outside your company you have to start by selling within it. (Marks & Spenser, 2008) Many employers cannot afford spoilage and incurring losses and poor service delivery owing to employee’s performance.

At hotel intercontinental, although it leaves no doubt that the employees enjoy rewards that the hotel offers, they are not adequate because they do not meet the expectations of the employees resulting into observed behaviors such as high rates of turn over and low levels of productivity. The aim of the study was therefore to determine effects of reward management practices to organizational performance.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of the study was to;

To determine the effects of reward management practices on organizational performance in the hospitality Industry

1.3.2 Specific Objectives

i) To assess the effect of basic salary on the organizational performance at hotel Intercontinental.

ii) To determine the effect of training on organizational performance, at the Intercontinental Hotel.
iii) To determine the effect of merit increases on the organizational performance at the Hotel Intercontinental.

iv) To identify the effect of fringe benefits on organizational performance at the Intercontinental hotel.

1.4 Research Questions

i) How does basic salary affect organizational performance at the Intercontinental Hotel?

ii) What is the effect of training to the organizational performance at the Intercontinental hotel?

iii) What is the effect of merit increase to organizational performance at Hotel Intercontinental?

iv) How do fringe benefits affect organizational performance at hotel Intercontinental?

1.5 Significance of the Study

The study looked at the critical issues of compensation at the Intercontinental Hotel. The findings will help top management of the hotel to develop an appropriate compensation policy to suite the organization and staff need as a whole. The findings will enable the staff air their views on what should be done as pertaining to compensation in the organization.

Relevance too, will be to the Ministry of Labor in assessing the significance of compensation offered to people working in this industry and how they can be improved.

1.6 Scope of the Study

The research was undertaken in Intercontinental Hotel in Nairobi. The hotel has 8 departments with sizeable employee population of 450 in both the management and the union. The research mainly focused on the issue relating to reward. The sample was taken from the entire senior management level and
all the union stable employees. The study was scheduled for the month of June 2017, between 5\textsuperscript{th} and 17\textsuperscript{th} June, which was thought adequate to collect the necessary information for the study. Only 45 members of the staff were sampled from both manageable and unionisable staff.

1.7 Chapter summary

Reward management is fundamental in the realization of organizational performance. The chapter has delved into the whole aspect of understanding reward and reward management, identified the problem and study objectives, research questions, scope of the study and how undertaking the research will be significant to Intercontinental hotel and others.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

A literature review can be described as an evaluative report of information found in the literature correlated to the chosen part of study. The evaluation is intended to review, weigh up and make clear the literature. It should give a hypothetical base for the study and assist in determining the nature of the research. The use of past researchers to provide evidence in support of the thesis is what we call literature review. A literature review is the use of Metcalfe (2003) It is a very important area of any research undertaking since it outlines the efforts of other researchers on the area of interest. “The review forms main chapter in the hypothesis where its intention is to give the background to and validation for the study carried out” Bruce (1994). Effects of reward management practices on organizational performance which in turn enhances productivity and improved quality have not been fully exhausted and therefore more effort and emphasis need to be given to this area to uplift organizations recognition and employee capabilities.

It is the literature review that normally forms part of the study thesis. It will be observed that in this chapter, It allocates each work in the context of its input to the subject matter, it describes the connection between each work to the others under consideration, recognize latest ways to infer, and shed light on any research gaps in previous study and also resolve differences amid seemingly differing past studies. The chapter also shows the way onward for further study and places anew piece of research in context of existing literature.

The chapter will major in theoretical literature review, where theories formulated to explain how reward affects performance will be discussed. Further, look into empirical literature review, where past studies done in the area of reward and organizational performance shall be dealt with in relation to the variables and identifying the research gaps.
2.1 Theoretical Literature Review

Theories are formulated to explain, predict and understand phenomena. Theoretical literature connects the researcher to existing knowledge. It also specifies which key variables influence a phenomenon of interest. This study will be anchored on Victor Vroom’s expectancy theory (1964) and Hertzberg’s two factor theory (Hygiene and motivation theory).

2.1.1 Victor Vroom Expectancy Theory

Expectancy theory was a theory proposed by Victor Vroom (1964) and is basically based on the expectation individuals carry to the work condition, and the circumstance and means in which these expectations are fulfilled" (Marchington and Wilkinson 2005 sited Vroom 1964). In his theory on expectancy, Vroom’s focal point is on results. According to this theory, the passion of a propensity to deliver in a certain way is reliant on the strength of an expectation that the performance will be followed by a specific outcome and on the appeal of the outcome to a person.

From the expectancy model, it affirms that, "What motivates people to work is the achievement of the things they expect to obtain from their work” A basic premise of the expectancy model is that employees are rational people. Employees are rational people according to the theory and imagine about what they have to do to be compensated and how the compensation mean to them prior to delivery of the jobs" (Hellriegel, Slocum and Woodman, 2001).

The desire for the reward is presumed to be strong enough to make the effort worthwhile. It affirms that employees drive is an result of how much they want the reward. This in other words known as Valence, evaluation that the probability that the effort will lead to expected outcome, in other words Expectancy, and the conviction that the outcome or performance will lead to reward, (Instrumentality). Valence being the importance associated by individuals of the expected performance.

Employees will tend to act in a certain way, in relation to what they expect of their action in organizations. For instance, if hard work will result to an employee being rewarded a promotion, and more responsibilities, which they
value most, this will influence their action hence the motivation, directly impacting on the organizational performance.

2.1.2 Fredrick Hertzberg Two Factor Theory

Hertzberg (1965), in his two factor theory (motivation-Hygiene theory) hypothesized that satisfaction is not the same as dissatisfaction and that are affected by different factors, thus cannot be calculated on the same balance. Factors that pertained to work according to Hertzberg he called hygiene factors. The hygiene factors included Interpersonal relationships, supervision, interpersonal relations, salary, company policy and work conditions.

Hygiene factors cannot produce motivation. The Motivational factors comprise of a sense of achievement, recognition, promotion opportunities, responsibility, and meaningful work. It is until Hygiene factor are cleaned up then motivation can be said to take effect, as stated by (Byars and Rue, 2005) Intrinsic and extrinsic rewards which relate to motivation and Hygiene factors respectively.

To apply Herzberg's theory therefore a two step procedure to inspire individuals has to be espoused. Initially, get rid of the dissatisfactions people are experiencing, for instance remove obstructive company policies and fixing poor and disruptive company guidelines and, providing efficient, helpful and non invasive administration, build and sustain custom of respect and distinction for all team members, remuneration should also be competitive – most employees would certainly appreciate the fact that the hygiene factors are taken care of, such as good pay as stated by Marchington and Wilkinson, (2005) that pay is an aspect that can stimulate workforce to work but not enduring most individuals are aggravated to work hard in spite of financial reward and others, the level of fiscal recompense is essential representatively as appreciation of value. Thus according to Hertzberg, the second thing that need to be done, is to help them find satisfaction for instance provide avenues for accomplishment, recognise employees contribution, create the jobs that are compensating and equivalents the knowledge and abilities of the employee
providing responsibility to all the players, making available growth opportunities within the organisation, promoting within, growth and straining opportunities for growth opportunities that may be available in the firm.

According to Armstrong, 2010, holds that "reward management does not only involve monetary rewards, pay and benefits but also non monetary rewards including increased job responsibilities, recognition and also learning and development” The theory is greatly dependable for the practice of permitting individuals more dependability for arrangement and generally more autonomy in their job, as a way of adding to their motivation and contentment.

In essence, an aspect of total reward, which Hertzberg in his theory, expressed as Hygiene and motivational factors, is being embraced by focused organisations, in understanding that the people who work for them, not only value the packages they carry home but also their progress and well being within the organisation, which in turn motivates them give the best for the organisations they work for. “If the workers are anticipated to only be motivated by fiscal incentives, the administration approach used to deal with them is to teach them to perform precisely in the same manner” (Marchington and Wilkinson, 2005). The employees would always reciprocate the way they are treated.

2.2 Empirical Literature Review

Empirical literature review is the literature or previous studies that relate or argue positively with the study variables or hypothesis. The study shall seek to look into the past studies done in the area of training, merit pay, basic pay and benefits and how they relate to organisational performance.

2.2.1 Basic Salary and Organisational Performance

In today’s economic conditions, in most organisations, it is not easy to be sure which companies are equipped and prepared to compensate what can be termed as enough salaries and or wages. However, for organisations that know and want to thrive, this remains the option, to pay their workforce attractively. Ambitious companies, those which seek to pull and keep talented workforce in essence cannot run away from the challenge to pay their workers adequately
Agburu, 2012) In his research, (Muo, 2013) sort to identify from the Knowledge employees, the inspirational variables they would prefer.

The variables included for study was empowerment and flexibility, monetary compensation, training and specialized development, fairness and equity, sense of belonging and innovative environment. The others considered are helpful seniors, association, liberty to make decisions, independence professionally and joint effort among others.

The study results revealed monetary compensation with 40%, exploration and specialty autonomy with 25%, training and specialty growth with 50%, empowerment and flexibility with 32%, and free will of choice with 20%. Others are fairness and equality and sense of belonging with 18%, helpful seniors with 17%, the environment that is innovative with 15% and not forgetting teamwork, association and attachment with 10%. From the research, reached conclusion that, as far as money is concerned, enthusiasm and behavioral consequences, it is indeed a key motivational variable.

The study also concluded that individuals are the significant resource for the company as they are responsible for acquiring and also managing other resources. Therefore in all attempts the organisation should gear into motivating people by considering satisfying their varied needs even as they work for the company. In yet another research, Wesonga (2011) which studied on sugar company, it was identified that majority of the present workers were prepared to leave their jobs for another if promised favorable terms of employment. It was identified that low profiled employees were the most dissatisfied.

Some of the recommendations, the researcher proposed that management should establish improved overtime payment, encourage employees cease the opportunities and review salaries, growth opportunities and fringe benefits so as to keep their employees.

In still another study by Nishii, Lepak, & Schneider (2008), the researchers identified that, workers make associate why organizations assume some practices. The attributions the workers make, they say have some consequences on their attitudes and behaviors. The authors moreover found
out that the workers are pessimistic on employers if they hold it that a particular practice is approved by management as a result of outside restrictions say compliance with the union and or other legal requirements.

2.2.2 Merit Increases and Organisational Performance

Organisations more often recompense the upmost performing workers with additional or incentive reward. This in other words is known as merit pay. The European Economic Association conducted a study (2013) and looked into the effect of slash on pay. The findings showed unfavorable and relentless impact on productivity, dropping average production by 20%. On how to better arrange for a possible increase in pay and thus make certain more favorable outcomes remained a question to be answered. The research concluded that many findings on wages and performance have been contradictory. Substantiation, from the Federal Employee Viewpoint Survey (2008) showed working in a company which has a policy of merit pay in place, more often this affects the workers satisfaction in a negative way, in particular their jobs, pay and also the organisation.

The survey was concluded that the relationship between pay satisfaction pay on merit could be viewed negative as workers don’t see their efforts in performing replicated in compensation or even increases in pay could be too little to satisfy them and the trouble could be what they expected: it explained further that, whereas some of the workers may have a perception they have received adequate increases in pay, most probably, many other workers are aggravated as a result of above expectations concerning increases in pay. The survey further indicated that because getting pay rise are normally limited to a few number of workers, normal satisfaction in pay is most probably lesser compared to organization with no pay based on merit In their study Nyberg, Pieper and Trevor (2013) identified merit on pay as an additional increase in base pay used to identify previous performance and bonuses as lump sum cash compensation to make known previous performance. The findings of the study revealed that both payments that is bonus and merit pay have a connection with the performance in future. Bonus pay however, showed to be
more significant as compared to merit pay. It was also revealed from the study findings that earnings and productivity are not perfectly correlated.

The study found out merit and bonus pay are optimistically allied with future performance, however, bonus pay come out as more influential than merit pay and compensatory effects exist between pay for performance components. The findings also showed that productivity and wages do not always move entirely as a function of one another. The results identified that, some association for instance job term and pay are not easy to separate simply because staff who consider their increases in merit and bonuses to not satisfy and inadequate chances are that they are more prone to quit.

The researchers had this in conclusion; workers may be more inspired to better perform when pay in bonus is an incentive. The researchers further concluded that by giving increased bonuses, comparative to merit pay, organizations would be able to manage cash flows with much flexibility. Firms would be able to facilitate more productivity by improved employee performance by affecting greater percentages of bonus pay.

2.2.3 Training and Organisational Performance

Studies done in the area of training show a positive influence on the employees performance hence organisational performance. Training is designed to provide employees with the knowledge and skills needed for their present jobs. Laing (2009) describes training as a pointer to improve the advanced attitude of employees, their skills and know how, competence that effect in effective performance of the employees.

The main resource for every organisation predictably is Human resource thus their progress or failure of it is entirely on their performance. (Abdul, 2011) Organizations that have a competitive edge over others have been identified to invest much in training as compared to others. Training enables individuals to obtain more information on their jobs and skills sharpened resulting into a vast of experienced workforce if compared with academic know how.

Trainers’ capability, appropriateness of technique of training employed by instructors, contents and objectives and even location of the training, all add to
effectiveness of the training. In their research, Rohan Singh, (2012) explicate that training is an essential instrument for the reason of improving and boosting the employees performance which it does, however, organizations ought to balance the worth it gets from training whilst also checking the disbursements thereof. The findings discovered that in various sectors the outcome of training differs. Afshan et al. (2012) defines performance as attainment of certain duties looked at using a standard set of precision, entirety, cost effectiveness and swiftness.

In their study, (Khawaja, 2013) training emphasize the needs of firms to major in on growing human resource competences and growth for their fulfillment in their various jobs. They said in their study that training workers will have an outcome in growing levels of their present jobs satisfaction. The benefits of training and their positive contribution to organizational performance was also demonstrated in yet another research on employee performance and development, which was conducted by (Abdul 2011). They found out human resource is the most essential resource that the firm has and their progress or failure of it is entirely dependent on their performance.

The study by Rajan, (2011) confirmed the positive correspondence training and workers performance. The results identified 50% of workforce feat can be attained exclusively by appropriate training. Falola, (2014) in the study they conducted to study the efficacy of training and development on workers’ feat and expertise, the outcome revealed a strong connection linking training and development, workers feat and their competitive edge. In yet another study, Bin Atan (2015) looked into the effect of training the workers and their job productivity. The results showed a considerable connection linking the two that is employees’ competency and the effectiveness in training.

In yet another research to study standard- to prolonged effects of training sessions in organizations (Diamantidis & Chatzoglou,2014) findings showed that the blueprint of the program me of training has the greatest effect on job performance including also behaviors of the workers after the training.

Training has a direct connection with organizational productivity, Aguinis and Kraiger (2009) affirms training progresses generally, organizational
productivity and output, its efficacy, and ultimately the revenue including other results that can be attached to training.

2.2.4 Fringe Benefits and Organisational Performance

Armstrong and Stephens (2005) maintain that Employees benefits consist of modalities by managements of organisations to improve on their workers wellness. Employee benefits are provided for several reasons (Amah, 2013) for instance to give workers incentives and enhance their allegiance to the company, make the pay package more competitive in the market in order to draw to and keep the workers for the benefit of the company even as they benefit, allow employees welfare activities, package that is not taxed too much such as the NSSF (Social security fund) some of the benefits to the workers may include leave payment such as maternity, sick leave and vacation. Retirement and insurance benefits, workers service benefits among others.

According to Amah (2013) benefits are an increase to other types of packages such as wages and salaries aimed to better the way of living for the workers, hence their commitment and better quality of work. In his research, Amah (2013) points out bonuses, commissions, stock options and piece rates that employers offer, in addition life and health insurance, child care provision, retirement plans, maternity leaves and others can have such a great and felt effect on workers commitment and their performance.

In yet another study, SoonYewet (2008) study outcomes, recommended all benefits including fringe and compulsory, have such a notable correlation with the workers engagement and their performance. As the study found out, fringe benefits have a more influential effect to workers commitment and performance as such the researchers anticipated workers commitment and improved performance with improved fringe benefits as compared to compulsory benefits. A research conducted by Ekere,( 2013) on a private health sector, detailed that what health sector employees get per month appeared too poor and availability of benefits too low as well. The study revealed that a very high number of workers earned very little and not a sustainable earnings in the tough economic times. As a result, more stressful lives and most workers not content with their work and work life. The
researcher identified a high turnover. Benefits that are favorable to workers assist them to be more engaged and committed hence an observed improved performance in their jobs resulting into excellence of the organizations they work for (Ekere, 2013). It was concluded from the study that much has to be done in the area of benefits to provide them with the benefits they require improving on their satisfaction and in return benefit the companies they work for by performing to their best abilities. Further, recommendations were made that workers views should be required and considered to ensure that the benefits employees value are finally introduced.

2.2.5 Summary and Research Gaps

The past studies done in the area by other scholars on the field of reward are commendable, but it has not exhaustively covered on the effects of reward management practices by organizations to employees’ performance. Most of the firms for instance reward their employees, though differently; but how well can the reward aspect be integrated to business strategy to enhance performance? The researcher aims to go deep and critically analyze on the effects of reward management practices to organizational performance with special reference to Intercontinental hotel, Nairobi.

2.3 Conceptual Framework

![Conceptual Framework Diagram]

**Figure 2.1: Conceptual Framework**

20
2.4 **Operationalization of the Variables**

Conceptual structure is a set of connections of interlinked thought that jointly provide an inclusive perceptive of an occurrence or observable fact (Jabareen, 2009). Conceptual framework is used to give details on the connection linking the dependent variables and the dependent variable, in other words, in which way do the independent variables influence the dependent variable. Variables that are independent in the study are Merit pay, training, basic pay and fringe benefits which affect organizational performance as the independent variable in different ways.

Operationalization is the process of strictly defining variables into measurable factors. Operationalization is removing ambiguity in written work and research by defining all relevant variables such that they can be objectively measured. (Graham, 2016).

Basic Pay – The study sort to identify the level of satisfaction of employees with their basic pay, identify of any annual increments and whether the hotel gives any form of allowances The results were then to be put in a likert scale.

Fringe benefits – The study sort to identify whether the hotel offers pension and Insurance benefits and or any other benefits and how does this make the employees feel. The results were measured using the likert scale.

Training – The researcher carried out a situation analysis to explore and identify the training needs of staff at intercontinental hotel, which was be followed by drawing up a conceptual framework from the results and there after develop a programme to facilitate training.

Merit Increases – the study sort to find out whether the hotel has any policy in place on merit pay, how the employees feel about the policy and what are possibly some of the elements that are considered for merit and how this affect on their performance do. The results were then measured using the Likert Scale.
2.5 Summary

In summary, Reward management plays a significant role in the overall organizational performance. The chapter has looked into past studies done on some of the reward strategies to employees which influence on the firm’s performance. The researcher looked into the effects of reward to organizational performance in the hospitality industry with special reference to Intercontinental hotel. The findings will help the management in finding the most reliable ways to reward their employees for better performance.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

The chapter is concerned with design as well as the methodology of the study. It looks into detail; the target population, sample size, sampling design, data collection techniques and procedures.

3.1 Research Design

Research design is a comprehensive outline of how an investigation will take place. It is a plot, a roadmap and proposed strategy of analysis visualized so as to get answers to research questions; it is the heart of any study. (Kothari, 2004)

Descriptive research design was adopted to collect data. According to Burns & Grove (2003) descriptive research is a research designed to provide a picture of a situation as it naturally happens. According to (Mabel Kibore, 2014) descriptive research design was used because the study anticipated collecting quantitative and qualitative data that depict the effects of intrinsic motivation on staff productivity. This design was used since it describes the state of affairs as they are. It tried to discover answers as to who, what, when, where and sometimes how questions. It attempted to capture attitude of and patterns of past behavior.

3.2 Target Population

The target population is population that includes members of a group that a researcher has an interest to out a study. The outcomes of the study are summed up to this population, since they all have significant characteristics in common of the employees and management at the hotel Intercontinental.

The population of interest in the study was the entire staff of Intercontinental hotel with the population of 450 employees who are either Management or Union employees. This information was presented in Table 3.1.
Table 3.1: Table Showing the Research Target Population

<table>
<thead>
<tr>
<th>Employee Category</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>50</td>
</tr>
<tr>
<td>Unionisable</td>
<td>450</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>450</strong></td>
</tr>
</tbody>
</table>

Source: HRM Intercontinental hotel (2017)

3.3 Sample and Sampling Technique

A sample was a small fraction of the total population of the management and staff at Hotel Intercontinental. Sampling was used because it was not possible for the researcher to gather data from the entire population. “Sampling is the procedure by which a relative small number of individual, items or occurrence is preferred and studied so as to find out something about the whole population from which it was chosen” (Denning, 2001)

For the purpose of carrying out the study, stratified random sampling was used. It is a sampling technique which entails distribution of a population into strata, in other words, smaller groups, in this case the departments. In stratified random sampling, the strata are created based on members' shared characteristics or uniqueness. The subsets of the strata are then joined to form a random sample. The reason of using this method in the study was because Intercontinental is divided into management and union staff which the researcher has adopted as strata.

The researcher took samples from both management and the union. The researcher used stratified random sampling method to obtain the sample of 45 respondents. The sample ratio of 0.1 was used to draw samples, and since the sample was drawn from both management and the union, it was considered homogenous and a representative of the rest of the population. This involved sectioning the staff to where they belong; either Management or the Union and thereafter, 10% of staff from both the union and the management was drawn randomly as representative of the rest. The sample size was considered adequate to represent the rest of the population. This is presented in Table 3.2
Table 3.2: Table Showing the Research Study Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Population</th>
<th>Sample Ratio</th>
<th>Sample Size</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>50</td>
<td>0.1</td>
<td>5</td>
<td>11.1</td>
</tr>
<tr>
<td>Unionisable</td>
<td>400</td>
<td>0.1</td>
<td>40</td>
<td>88.9</td>
</tr>
<tr>
<td>Total</td>
<td>450</td>
<td></td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

3.4 Data Collection Instruments

The research study employed both primary and secondary data. Both questionnaires and interviews were used. Primary data was acquired through the use of closed and open-ended questionnaire. Questionnaires were preferred because according to (Poopers, 1959) can be carried out by the researcher or by any number of people with minimal affect to its reliability and validity. Information obtained from the questionnaires is bias free and the researcher is in control and thus perfect of valid data collected (Festing, 2007). The researcher prepared questionnaires for respondents. The purpose of the closed-ended questionnaire was to facilitate accurate data analysis and classification while open-ended questionnaire was to provide a greater depth of response.

The researcher then gathered secondary data from the Hotel Human Resource (HR) department records which was provided by the Human Resource Manager. The aim was to facilitate some of the primary research findings.

The instrument used provided the necessary data or information which was up to date and relevant to the requirements of the study as well as convenient to the researcher in terms of time and cost.

3.5 Pilot Study

“Pilot study is a small-scale inquiry of the techniques and actions to be used on a bigger scale” (Porta, 2008). The basic reason of carrying out a pilot study was to check the possibility of an approach that was projected to eventually be used in a much bigger scale study.

The study allowed for the prior examination of the research apparatus, and was not included in the actual study. The present literature suggests that pilot study sample should be 10% of the sample anticipated for the ultimate much
bigger scale study. (Connelly, 2008) However, the study choose a pilot team of 10 people from the target population to examine the consistency of the research apparatus which the experts recommended was adequate since the study was just a pretest of the main study, carried in a small scale. The results helped the researcher identify problems in the main research process. Pilot study can assist the researcher in identifying or refining a study query, outline techniques better for pursuing it, and approximate the amount of time and resources required to finish up the project including other things (Ashley Crossman, 2017).

3.5.1 Validity

According to Mason and Bramble (1989), validity is described as the extent to which a test measures what it is intended to measure. The validity test was to help the researcher to be certain that the data collecting apparatus that was used measured what it was intended to measure and this was done in regular manner. In the study, face validity was used to determine whether the instrument measured appropriately what it was meant to measure. Face validity is concluding concerning the suitability of use of some specific measuring apparatus in a given evaluation conditions through the process of simple inspection of that instrument by the examinees or laypersons (Davis, 1964). In the study, a group of self advocate experts were used to give their opinion regarding the instrument used, whether it measured what it was meant to measure.

3.5.2 Reliability Test

A test is reliable if it is consistent within itself and across time. It is steadiness of measurement (Bollen, 1989), or constancy of measurement over a selection of surroundings in which essentially the same results should be attained (Nunnally, 1978). The reliability test helped the researcher ensure that consistent same results were obtained. For the purposes of the study, Split half was used by comparing the results of one half of a test with the results from the other half. This was done by having initially first half, subsequently the second half and thereafter established whether the two halves of the test provide similar results, which helped the researcher conclude on reliability.
3.6 **Data Collection Procedure**

The research study entailed both primary and secondary data. Before the process of data collecting kicked off, the researcher ensured that all the materials necessary were ready. This included prepared questionnaires, both closed and open ended, and a representative trained and coached by the researcher to work closely with. The reason for the use of a representative was to ensure adequate and accurate data collection within the set time and budget. This couldn’t be left to the researcher alone due to constraints of time and cost. Before the distribution of the questionnaires was done, the respondents were taken through to familiarize the whole process; this included explaining to respondents the objectives of the study and assuring them of confidentiality and any other necessary information, as well, to welcome any questions from the respondents. With the help of the representative, the researcher obtained secondary data from the Hotel Human Resource (HR) department records which was provided by the Human Resource Manager. The aim was to facilitate some of the primary research findings.

3.7 **Data Analysis and Presentation**

Before analyzing the data, it was first edited, coded and entered to spreadsheet software where the researcher used descriptive statistical analysis for analysis of the data. It included standard deviation, weighted means, relative frequencies and percentages.

This was done to ensure the accuracy of the output. The SPSS has descriptive statistics features which was used to give clear indications of response frequencies, thus it was used for analysis to produce facts display that was used for data subsequently. Frequency tables and charts as well as graphs were then used where necessary to present the results for easier understanding and interpretation.
3.8 Ethical Considerations

3.8.1 Informed Consent

Due to the sensitive nature of the hospitality industry, the researcher ensured utmost caution to ensure that prior to administration of the instruments, an introduction on the aim and the purpose of the study was made to the respondents. The researcher required the consent of the respondents before providing them with any requirements for the study.

3.8.2 Voluntary participation

Moral principals were put into great consideration when carrying out the study and the researcher ensured that no respondent was coerced in any way into providing required information for the study. The information sought from the respondents was provided willfully.

3.8.3 Confidentiality

This also bearing in mind the sensitive nature of the hospitality industry; discipline, customer care, respect for the staff and management among others. Information provided for instance on interviews by the respondents, confidentiality was assured. The researcher also observed integrity to crucial information obtained so as to safeguard the confidentiality of the hotel.

3.8.4 Privacy

Respondents’ rights and privacy was upheld for instance, the researcher ensured that no participant was be identified from the information got either from interviews and questionnaires.

3.8.5 Anonymity

The respondents were informed that giving names on the questionnaire was optional otherwise they left that anonymous.
3.9 Chapter Summary

In summary the chapter discussed the methodology approach for the study and the research design, target population, sampling technique, data collection instruments, data analysis and presentation and ethical consideration.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

The chapter covered the analysis, interpretation and presentation of findings from primary statistics that were collected from the respondents. The purpose of the research was to analyze the effects of reward management practices on organizational performance in the hospitality industry. Descriptive research design was employed for the purpose of the study. The study aimed at collecting data from a sample of 45 respondents from the two categories, which are the Management and the Union in hotel Intercontinental.

The data has been presented in the form of tables, charts and percentage where applicable, for the purpose of showing the relationship among variables, based on research questions and objectives.

The specific study objectives aimed to look at the effects of merit pay to employees on organizational performance, effects of training employees on organizational performance, effects of fringe benefits on organizational performance and effects of employees’ basic pay on organizational performance. Personnel records which provided the secondary data were obtained from annual reports for the past three years.

4.1 Presentation of Research Findings

4.1.1 Respondents Rate Analysis

Table 4.3: Table showing the Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample</th>
<th>Response</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5</td>
<td>2</td>
<td>4.4</td>
</tr>
<tr>
<td>Union</td>
<td>40</td>
<td>34</td>
<td>75.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>45</td>
<td>36</td>
<td>80</td>
</tr>
</tbody>
</table>

A total of 45 questionnaires were disseminated but only 36 were returned having been filled in. Thus a response rate of 80% was obtained. According to Mugenda (2003), this was an indication that the response was excellent.
4.1.2 Information on the Gender of the Respondents

Table 4.4: Table showing the Gender Response

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>23</td>
<td>64</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2: Chart illustrating Gender Response
The responses show that the majority of the respondents are men with 64% while 36% are female, an indication that men are more dominant as compared to female, and the research probed to find out that the nature of the jobs in some departments, were more male dominant such as the chefs, resulting to the disparity of gender in the hotel.

4.1.3 Level of Education of the Respondents

Table 4.5: Table showing Level of Education of the Respondents

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Diploma</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>Graduate</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Doctorate</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.3: Chart showing Level of Education of the Respondents

Majority of the respondents as the findings from table 4.3 and figure 4.3 show that 14% of them hold certificates as their highest attained level of education, 50% hold diploma, 28% are graduates and 8% are postgraduates while from
the sample there was found no one with a doctorate degree, an interpretation that majority of the employees are diploma holders followed by the graduates.

The study also found out that staffs in the hotel who are certificate holders have been with the hotel for many years employed back then. However, the system had hence changed and no longer absorbs certificate holders, thus also their number has kept on reducing.

4.1.4 Information on the Respondents Age

Table 4.6: Table showing the Respondents’ Age

<table>
<thead>
<tr>
<th>Age Bracket (Years)</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 – 25</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>26 – 33</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>34 – 41</td>
<td>16</td>
<td>44</td>
</tr>
<tr>
<td>42 – 49</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>50 and Above</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.4: Chart showing the Respondents’ Age

From the table and the figure above, it is clear that majority of the respondents are between the ages of 26 to 41 years combined they make a total of 72% of
the total population sampled. Between the ages of 18 – 25 years make 3%, 42 – 49 years make 19% while those in the age bracket of 50 and above make only 6%. An interpretation from the respondents show that majority of the workforce in the hotel are aged between 26 to 41 years.

4.1.5 Length of Service of the Respondents

<table>
<thead>
<tr>
<th>Length of Service (Years)</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>6 – 10</td>
<td>13</td>
<td>36</td>
</tr>
<tr>
<td>11 – 15</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>16 – 20</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>20 and Above</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

From the findings, 19% of the respondents have served at the hotel for a period of 16 - 20 years, equally, those who have served above 20 years make another 11%. while a considerable 28% have served for between 11-15 years, 36% have served for 6-10 years while 6% indicate those who have served for between 1 – 5 Years in the hotel. An interpretation that majority of the employees work for the hotel in a duration of 6-10 years.
The researcher found out that the length of staff in the hotel depended mostly on the management. If the management is favourable, then staff tend to stay longer and the opposite is true, thus an average of 6-10 years of length observed. Those who are 11-15 years it was found out that the Awards that the hotel gives really contributes to their stay, thus the Awards can be viewed as a very good retention tool.

4.1.6 Training System

The researcher sort to know whether hotel Intercontinental offers training to its staff.

Table 4.8: Table showing Existence of a Training System

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>36</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.6: Chart showing Existence of a Training System

From the results above, it was revealed that the respondents receive training from the hotel. This, as the study found out employees in the hotel receives training, an interpretation that the hotel is concerned on developing and enhancing skills and competence of their workforce.
4.1.7 Improvement through Training

The researcher sought to know whether training at the hotel has improved staff as individuals and whether this contributes to improved desire to give the best to the hotel.

Table 4.9: Table showing Improvement through Training

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Agree</td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td>Neutral</td>
<td>12</td>
<td>34</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.7: Chart showing Improvement through Training

The findings showed 11% of the respondents agree strongly, with 25% just agreeing that trainings improve performance and their motivation, 8% strongly disagree and 22% only disagree that training indeed improves performance. 34% of the respondents were neutral on the matter, an interpretation that most of the employees in the hotel are aware of the trainings, not forgetting there are those who still disagree and felt they make no much improvement.
The study revealed that especially others remained neutral because they felt that after undergoing the training they did not receive any form of recognition for instance in their responsibilities and promotions.

4.1.8 Compensation in terms of Basic Pay

The study sort to find out whether Compensation in terms of basic pay offered by the hotel is adequate for its employees.

Table 4.10: Table showing Compensation in terms of Basic Pay

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Good</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Fair</td>
<td>20</td>
<td>56</td>
</tr>
<tr>
<td>Poor</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.8: Chart illustrating Compensation in terms of Basic Pay

A considerable percentage of 56% respondents consider their basic pay to be fair, 22% of the respondents said their pay is good, a fraction of 17% indicated their compensation in terms of basic pay is poor and smallest percentage of 5% said their pay is excellent. From the figures it can be interpreted that most of the employees are okay with their pay. The study revealed that the employees make comparison with how other hotels remunerate their
workforce and identified that at hotel intercontinental the basic pay to their employees is much fair.

4.1.9 Basic Pay and Productivity

The research aimed to find out whether the level of basic pay affects job performance and productivity of the employees.

Table 4.11: Table showing relationship between Basic Pay and Productivity

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>67</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.9: Figure showing relationship between Basic Pay and Productivity

From the results above, a good percentage, 67% of the respondents agree to the fact that basic pay affects their work productivity, while 33% of the respondents felt that basic pay did not affect their productivity. From the results it can be interpreted that basic pay indeed affect employees productivity in the hotel. The researcher discovered that although basic pay is key into achieving good productivity, still other factors are necessary, such as
trainings and benefits, the reason why 33% of the respondents felt basic pay really cannot affect job performance and productivity.

4.1.10 Basic Pay at Intercontinental Hotel and the Market Rate

The study sort to find out whether basic pay at Intercontinental hotel ranges competitively in the market.

Table 4.12: Table showing whether Basic Pay at Intercontinental Hotel Ranges Competitively in the Market

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Agree</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.10: Figure showing whether Basic Pay at Intercontinental Hotel Range Competitively in the Market.

4.1.11 Merit pay and Organizational Performance

The study aimed to find out whether merit pay has an upshot on the performance of employees at Hotel Intercontinental.

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The study revealed that majority of respondents agreed that indeed merit pay has an positive upshot in their performance, this supported by a triumphant 81% response, while 19% of the respondents were in disagreement. The study could thus interpret merit pay is a very good input into good organizational performance.

The study discovered that most of the employees really looked forward into their services being recognized by the customers since then, the hotel’s management also recognizes them, while still a small fraction of employees it was found out that do not appreciate since they have not been recognized and felt the whole practice is not fair and biased.
4.1.12 Merit Pay and Retention

The study sort to find out whether fringe benefits acted as a retention tool.

Table 4.14: Table showing relationship between Merit Pay and Retention

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>26</td>
<td>72</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.12: Chart showing relationship between Merit Pay and Retention

The study indicated that 72% of the respondents agreed that merit pay acted as a retention tool while 28% did not agree that merit pay acted as a retention tool, the interpretation from the results that majority of the employees view merit pay as a retention tool.

4.1.13 Fringe Benefits and Organizational Performance

The research study purposed to find out whether fringe benefits offered by the hotel to its employees affect their performance
Table 4.15: Table showing relationship between Fringe Benefits and Organizational Performance

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>28</td>
<td>78</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>TOTAL</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.13: Chart showing relationship between Fringe benefits and Organizational Performance

The findings revealed that 78% of the respondents concur that fringe benefits improve performance. The rest of the respondents 22% seem not to agree that fringe benefits improve performance. It can be concluded from the results that most of the employees in the hotel appreciate the benefits offered to them which results in their increased morale to perform better. However, the gap that exist between those who are content and those who are not, need to be bridged by the hotel’s management. It is vital for the management to find out the benefits most preferred by staff in order to bridge the big gap that can only be interpreted that some individuals are not satisfied with the benefits and hence manifesting even in their performance.
4.2 Limitations of the Study

Resources were a limitation to exhaustively cover other factors that affect on employee performance other than reward management practices and therefore suggest that more should be done in the areas of external factors affecting organizational performance.

The researcher also experienced various other limitations in the course of carrying out the study some of which were lack of corporation from respondents who were busy with their routine activities and thus became difficult and not reliable to collect information from, also considering the timeframes of the study, collecting the data became somehow complex.

A few respondents did not understand what the study was all about and therefore did not respond relevantly, still others, withheld information especially what they considered sensitive. Because of some of the constraints, the researcher assured the respondents of the confidentiality of the data they were to give out and explained to them the importance of carrying out the research. The researcher also ensured that she had a more cooperating sample team – the study got response from 36 respondents out of the 45 targeted as a sample.

4.3 Chapter Summary

This chapter has covered the analysis, interpretation and presentation of findings from the raw data collected from the respondents. The researcher purposed to collect data from a sample of 45 respondents from the two categories, which are the Management and the Union in the hotel, but collected feedback from the 36 respondents. The data has been presented in the form of tables, charts and percentage where applicable, based on research questions and objectives.
CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

The chapter will look into the summary of the findings, conclusions and recommendation for future research. The chapter will summarize the major findings of the study, relevant conclusions drawn from the findings and the recommendations by the researcher based on the main aim of the study to find out the effect of reward management practices on organizational performance.

5.1 Summary of Findings

The main interest of the research was to find out the effects of reward management practices on organizational performance in the hospitality industry, with special reference to Intercontinental hotel, Nairobi. It is palpable from the study findings that performance in organizations is directly affected by the rewards offered by the firm to its workforce. The reward management practices go a long way to ensure achievement of the organizations objectives, retention of its valued assets, the employees and uphold a good corporate standing which is a key to successful marketing for the organisation.

The study findings show that for a high organizational performance to prevail reward management practices cannot be left to chance; there is a need to have good relationship between independent variables and the dependent variable. The specific objectives were to look at the effects of basic pay, training, merit pay and fringe benefits to organizational performance.

The study found out that remuneration affects the workers morale and in overall organizational performance thus a need for the hotel to ensure there is a good remuneration for the workers, in addition, considering their competence, for maximum productivity to be realized. These findings concur with Muo (2013). The study found out that the respondents seem to agree that their basic pay is better, with 56% of respondents saying their basic pay is fair
and especially in comparison to others in the same industry. It was established from the respondents however, they would appreciate if the hotel improves on the basic pay considering the hard economic times. From the response the researcher identified only 5% of the respondents saying their basic pay was excellent and another 5% confessing their basic pay was poor affecting on their performance, mostly affecting the low profiled employees. These findings correspond with the past studies by Wesonga (2011).

The study found out indeed the hotel invests in training its workforce and this affects positively the organizational performance. More competence and as a result high productivity were identified. The reviewed literature thus agrees with the findings of the study for both, identify connection between training workforce and the effect it has on organizational performance for instance (Khawaja, 2013) and also studies by Bin Atan (2015). Intercontinental hotel remains to be one of the outstanding hotels in terms of their service delivery.

The researcher identified the existence on-the-job training in addition to formal training, where the less experienced employees acquire the relevant skills by undertaking a structured trainee program at the hotel. Most of them ‘learn by doing’ and as the study found out, training really improves their competence, with 36% in agreement. Other trainings as the study revealed were mostly departmental on weekly basis just to refresh on their competence, others during orientation and when there is a need by management to train on anything new. The study also revealed this that some of the respondents were neutral when asked whether training improves their training and increases their desire to give the hotel the best, sighting that training sharpens individuals skills and the more they add value to themselves, the chances are that they are more prone to leave when the market conditions are appealing to them elsewhere, thus the reason it is not automatic that after training they would have the desire to still work for the hotel and give them the best, thus a 34% of those who remained neutral.

These findings however differ with (Khawaja, 2013) who only focused on sharpening of skills and job satisfaction but did not probe more into how training could also be strategized into retaining the workforce. The results also
showed that other staff in the hotel felt not recognized say after undergoing the trainings e.g. through promotion. The findings concurring with (Diamantidis & Chatzoglou, 2014) in their study on identifying the change in behavior after training e.g. being better and wanting recognition.

It is evident from the study findings that fringe benefits at intercontinental hotel affect organizational performance, The study revealed that the organization offers several employee benefits plan among them housing allowance, medical cover, meals and uniforms, insurance cover, off days, overtime and pension scheme on retirement, a contributory plan, and most of them agree the benefits generally improves productivity for example from the response, 78% were in agreement.

The results are in harmony with studies done by Amah (2013). The respondents for instance mentioned the pension scheme which is an internal policy has it that, when an employee stays with the hotel until retirement, then there is a guaranteed amount as their pension, depending on position held – this as most of the respondents added, was a very good retention tool and improved performance. Other benefits however, an example of medical cover as some of the respondents said was adequate for them, others felt it wasn’t since it was given on seniority basis.

They said though staff was covered with their families, the cover given per family depended on the seniority of the worker, disadvantaging those who were in the lower ranks and had big families, thus, as the study found out some felt it wasn’t adequate, going along way into affecting productivity, with those feeling inadequacy of the benefits, having a low commitment and morale to their work. The findings seem to agree with studies on private health sector by Ekere (2013) where it was concluded that there is a need to provide workers with the benefits they require for better performance.

It is evident from the findings that merit increases or pay, affects organizational performance either positively or negatively. The study found out that there is a percentage that a worker is given besides their basic pay when their services are recognized by the customers and even management.
This, even as the study found out there are those who felt that their services were not being recognized, and this greatly affected their morale to work which in turn affected their productivity. The findings of the study concur with the Federal Employee Viewpoint Survey (2008)

The researcher also found out that there are merits for workers depending on the number of years they stay with the hotel for instance; workers are given an Award of up to 35,000/= on attaining 10 years with the hotel, 45,000 on attaining 15 years with the hotel and the amount of the Awards increases in value as the worker stays many years with the firm. This most respondents agreed that acted as a retention and motivational tool. The results concur with SoonYewet (2008) where the findings reveal that benefits increase engagement and productivity.

5.2 Recommendations

From the results, the researcher pointed on the recommendations for the hotel in order to stabilize on its reward management practices.

5.2.1 Basic pay and Organizational performance

On the basic pay, the researcher advised it will be a good idea if the management of the hotel would consider constant salary reviews considering the changing economic times and also come up with a salary structure that will ensure equality as earned. This will bridge the gap between those who feel are extremely well paid and those who feel are extremely badly paid and will appreciate the measure used and this will greatly improve productivity and assist in retention.

5.2.2 Training and Organizational performance

Training ensures and secures the future of any organization, thus the researcher recommends career progression through training should be emphasized in the hotel as this will put the hotel ahead of the competition in the hotel industry as well as keep in pace with the technological changes, the researcher further advices that the hotel’s management should ensure to
recognize its employees after undergoing training through added responsibilities and promotions among others to retain the people they have invested on through trainings.

5.2.3 Merit pay and Organizational performance

On merit pay and increases, the researcher proposes that there should be more sensitivity by management on the same. Currently there is a gap that needs to be bridged – a substantial number of employees feel that merit pay and increases are not fair and therefore do little to improve their morale at work. Merit pay should be able to be viewed as fair by all staff and this can only be achieved, as the researcher proposes, by having standards in place to justify merit as earned. This will bring harmony at work and improve performance greatly in the hotel.

5.2.4 Fringe benefits and Organizational Performance

On the fringe benefits, the researcher advocates for employee participation in making decisions that involve them for instance the researcher advices the hotel’s management to involve its employees on matters pertaining to the benefits they would prefer in order of priority. This will ensure that the hotel offers the benefits the employees mostly prefer, and this will go a long way to improving the organizational performance as well as retaining its valued human resource.

5.3 Conclusion

There is the presence of a direct relationship between reward management practices and organizational performance. The overall purpose of human resource strategy is that of improved performance which can only be realized through a reward management practices strategy. It is evident from the study that an organization should be able to set up an attractive reward management practices that would enable them to attract, improve and maintain an effective workforce. Proper Human resource policy on all the components of reward management practices should be in place to provide a pathway to improve employee performance.
The common objective of this research was to identify the effects of reward management practices on organizational performance with special reference to Intercontinental Hotel, Nairobi. Based on the findings, it has been established that indeed factors such as training, merit increases, basic pay and fringe benefits have a major effect on organizational performance. It is therefore upon the management to ensure that these factors are well dealt with for this will ensure they coincide with organizational productivity.

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REFERENCES


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Dear Respondent,

I am a student at the Management University of Africa (MUA) pursuing undergraduate degree. I am undertaking a research project as part of the requirements for the fulfillment of the program. In line with this therefore, I am doing a Research on “The Effects of Reward management practices on organizational performance in the hospitality industry”

I have enclosed the questionnaires and will greatly appreciate your participation and help in giving the relevant information for the purposes of the study. I wish to state and make clear that the information will be treated with extreme confidentiality and this will be used for educational reasons only, which is the main intention.

Yours Truly,

SUSAN C. MWAMBURI
Appendix II: Questionnaire

PART A: Personal Information (Please tick appropriate in the spaces provided)

i) Name of the respondent (Please note this is optional)
..................................................................................................................................

ii) Gender: Male ( ) Female ( )

iii) Please indicate as appropriate your age bracket;
  18 – 25 Years ( )
  26 – 33 Years ( )
  34 – 41 Years ( )
  42 – 49 Years ( )
  50 and above ( )

iv) What is your highest level of Education? Kindly tick one.
   Certificate ( )
   Diploma ( )
   Graduate ( )
   Postgraduate ( )
   Doctorate ( )

v) Kindly, How many years have you worked for Hotel Intercontinental
   1- 5 Years ( )
   10 Years ( )
   11 - 15 Years ( )
   16 – 20 Years ( )
   20 – Above ( )

vi) Please indicate; the category you belong to:
   Management ( )
   Union ( )

PART B: Information on the Area of Study

1) TRAINING

i) Does the Hotel provide Training for its staff?
   Yes ( ) No ( )
If Yes, in a scale of 1 to 5, kindly state how often with 5 representing most often..........................................................................................................................................................................
Please explain........................................................................................................................................................................

ii) What impact has training had on your performance?
   Much better performance  (  )
   Slight Improvement  (  )
   No Change  (  )

iii) Of the trainings the hotel provides, what have been your expectations?
   Added responsibilities  (  )
   Promotion  (  )
   Others (Please specify).........................................................................................................................................................

iv) Please give reasons for your answer above.
....................................................................................................................................................................................

v) Please tick as appropriate; Trainings at Intercontinental hotel have made me who I am and would perform the best to make the hotel a success
   Strongly Agree
   Agree  (  )
   Neutral  (  )
   Disagree  (  )
   Strongly disagree  (  )

2) BASIC PAY
   i) Please tick as appropriate;
   ii) What would you say of the compensation that the hotel offers you in terms of basic pay?
      Excellent  (  )
      Good  (  )
      Fair  (  )
      Poor  (  )
   iii) Is the hotel’s basic pay range competitively in the market
      Strongly agree  (  )
      Agree  (  )
      Disagree  (  )
      Strongly disagree  (  )
   III
iv) In your opinion, does basic pay affect your job performance and productivity?
   YES ( )
   NO ( )

Please Explain
........................................................................................................................................

v) Can what you get in terms of basic pay affect your decision either to continue working for the hotel or look for another job?
   YES ( )
   NO ( )

Please Explain
........................................................................................................................................

3) MERIT INCREASES
   i) Does the hotel reward its employees on merit?
      YES ( )
      NO ( )
   
   ii) If Yes, what forms of merit increases does the hotel offer?
      ........................................................................................................................................

   iii) In your opinion, do you think the merit pay is fairly rewarded?
      YES ( )
      NO ( )
   
   iv) Please give reasons for your answer
      ........................................................................................................................................

   v) In your own words, does merit increase improve the hotel productivity and what is your take on giving employees this reward (merit increase)
   ........................................................................................................................................

4) FRINGE BENEFITS
   i) What are the fringe benefits offered by Hotel Intercontinental?
      ........................................................................................................................................

   ii) In your opinion, do you think the benefits are adequate?
      Yes they are ( ) No they are not ( ) Just average ( )

IV
iii) Does the management of the hotel seek to know which benefits are most preferred by the employees?
   Yes they are (  )
   No they are not (  )

iv) In your own assessment, do you think fringe benefits help improve workers morale & productivity?
   YES (  )
   NO (  )
   Please Explain
   ..........................................................................................................................
   ..........................................................................................................................

v) In your own assessment, do you think Fringe benefits can act as a retention tool of the employees by the Hotel?
   YES (  )
   NO (  )

Organizational Performance

vi) How can you rate Intercontinental hotel in terms of the rewards it offers its employees as compared to the other hotels and industries?
   Very good (  )
   Good (  )
   Average (  )
   Poor (  )

vii) Generally, how do the rewards offered by the hotel impact on the employees, including their satisfaction and job performance?
   Improved performance (  )
   Poor performance (  )
   Mixed reactions (  )
   Not sure (  )
   Please give your reasons for the answer.
   ..........................................................................................................................
   ..........................................................................................................................

Thank you so much for your feedback. This is greatly appreciated.