

**INFLUENCE OF EMPLOYEE REWARD ON THE PERFORMANCE OF PARASTATALS IN KENYA**

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## **ABSTRACT**

This study sought to examine the effect of employee reward on the performance of parastatals in Kenya. The study adopted a descriptive survey design with both quantitative and qualitative approaches. A population of 9600 was targeted in 32 purely commercial parastatals in Kenya. A sample of 240 respondents was selected from 10 parastatals using cluster random sampling technique. Cluster sampling allows study of parastatals in the clusters as they are involved in different businesses. The

respondents included CEOs, senior managers, supervisors and other staff in each of these parastatals. Primary data was obtained from the respondents through self-administered questionnaires and interviews. Questionnaires were administered through drop and pick later method. Interviews were conducted by use of an interview guide. Data was analyzed using both descriptive and inferential statistics with the use of Statistical Package for Social Science (SPSS version 23). Descriptive including mean scores, standard deviations, percentages and frequency distribution were computed to describe the characteristics of the variables of interest in the study. Inferential statistics like linear regression technique was used to establish the nature and magnitude of the relationships between the variables. The results were presented in tables and figures (graphs and pie charts). The findings indicated that the relationship between employee reward and performance of parastatals was positive and statistically significant. Results indicated that employees agreed that the rewards offered by the parastatals had an effect on their performance and the rewards offered attracted and retained high quality employees. Based on the findings of this study, it was revealed that employee rewards affects the motivation of employees which in turn influences the firm's performance. It is therefore possible to conclude that reward is a very critical and central activity in the human resource management function in any organization. Human resource is the most vital tool for organizational development. The parastatals need to re-evaluate their compensation programs within the context of their corporate strategy and specific HR strategy to ensure that they are consistent with the necessary performance measures required by the public sector. The study recommends that the boards of parastatals set specific levels of remuneration of executives and senior staff in consultations with the parent Ministry and the State corporations Advisory Committee.

**Key Words:** *Employee Reward, Compensation, Performance, Parastatals*

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