

**INFLUENCE OF REWARD SYSTEM ON FIRM PERFORMANCE IN STATE CORPORATIONS
IN KENYA**

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ABSTRACT

Reward systems and talent management issues are becoming the most critical performance management challenges of the immediate future. However, there are no recent studies which explain whether state corporations in Kenya employ reward system as a tool for better performance. The purpose of this study was to investigate the influence of reward system on firm performance among state corporations in Kenya. The target population comprised all the 187 state corporations as at 2013, while the sample size consisted of 385 employees who were selected using simple random sampling technique. The study adopted explanatory research design using both qualitative and quantitative research approaches. SPSS version 23.0 and Excel computer software were used to analyze quantitative data and presented using tables, charts and graphs. Descriptive statistics, correlation analysis and multiple regression models were used to test the influence of independent variables on dependent variables. The study found out that reward systems positively and significantly influence performance of state corporations in Kenya.

The study concluded that there was an elaborate policy on recognition system in the organization, employees were given positive recognition when they produced high quality work/services and the organization valued individual excellence over team work.

The study recommends that rewards offer ought to attract and retain talented employees, employees ought to be satisfied with how the organization rewards individual performance and individual excellence ought to be valued by the organization. Employees in the organization ought to be given promotions, salary increments or other benefits when they meet their targets. State corporations ought to pay well their staffs and offers other good benefits compared to other organizations. State corporations ought to be fair in the manner in which the reward system is managed in the organization

Key Words: *Reward Systems and Performance of State Corporations*

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