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Effects of Employee Incentives on Employee Performance in Private Universities in Kenya: A Case of Kabarak University

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Abstract

Human Resource Management is the strategic approach to the management of an organizations most vital asset, the people who contribute to the achievement of the objectives of the organization. Employee incentives constitute some of the high performance work practices used by organizations to improve knowledge, skills, and abilities of current and potential employees, increase motivation and enhance retention of quality employees. Kabarak University has a number of employee incentives in place. However, there is scanty empirical research to determine the influence of these incentives on employee performance. This study examined the relationship between specific employee incentives and employee performance in private Universities in Kenya. The study population comprised of all the employees of Kabarak University, selected as respondents; thereby a census study was carried out. The study involved use of structured questionnaire to collect the data. Secondary data was extracted from the Human Resource department. Analysis of the collected data was done by use of Mann Whitney U test, factor analysis and Chi-square, and presented using descriptive statistics in frequency tables and charts. Financial and nonfinancial incentives are applied to a great extent to motivate the employees. Financial incentives that are perceived to have significant influence on employee motivation include: salary, insurance financing, retirement benefits, performance based rewards, holiday, overtime pay, and loan entitlement. Non-financial incentives with significant influence on performance were: creativity at work, organizational goals, challenging tasks, opportunity for personal development, autonomy and responsibility, teamwork, job security, professionally stimulating environment, opportunity to set performance goals, predictable work life, opportunity to lead, training and development and flexible policies. Recommendations include; the need for top management of organizations to design effective incentive schemes that comprise a mix of financial and non-financial incentives, with non-financial incentives being key, supplemented by financial incentives. The findings are vital for policy makers in human capital intensive organizations such as universities and other institutions.

Key words: employee incentives, employee performance, private universities

Introduction

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The issue of consistency, frequency and provision of employee incentive schemes is one of vital research area in the realm of Human Resource Management. Human Resource Management basically concerns itself with some key objectives that an organization needs to achieve, such as performance objective (Torrington, 2008). The use of incentives is one of the work policies that are essential in the quest for the achievement of defined goals in an organization, specifically performance goals. Employee incentives here refer to an element of payment linked to the working performance of an individual or working group as a result of prior arrangement (Wang & Barney, 2007).

According to Armstrong (2010), employee performance refers to the outcome, accomplishment of work as well as the results achieved, which is linked to the strategic goals of the organization, customer satisfaction and economic contributions. Armstrong continues to indicate that performance has to be managed by taking systematic action to improve organizational, team and individual performance; where individual performance management process is associated with both financial and non-financial incentives. The author concludes that Organizations are obliged to meet the needs of their stakeholders, in this case employees, by rewarding their employees equitably according to their contribution.

According to Wang (2007), managing individual performance in organizations has traditionally centered on assessing performance and enhancing incentives, where effective performance is seen as the result of the interaction between individual ability and motivation, this goes hand in hand with performance goals. It is worth noting that the higher the employee morale and drive, the greater the chances that a company will not only keep the best employees but will also motivate talented employees to performance at optimum levels. Reward in form of employee incentives has its magnitude of contribution to performance and productivity. The author further observed that use of various employee incentives to improve work performance is in most cases ignored, not of priority or at best assumed to be handled with existing pay and benefits. However, research work is yet to be done to determine the magnitude of influence of the various incentives on employee performance. This draws the need to investigate the effects of specific incentives to employee performance in an organization.

Davis (1995) observes that performance management is a joint process that involves both the management and the employee who identify common goals which correlate to the higher goals of the institution. Davis further states that when employees are effectively rewarded, then the organizations will experience increased productivity and improved quality of output. Similarly, when people are valued, shown trust, listened to and encouraged to do better, they reciprocate by being responsible and productive. Consequently, commitment and loyalty of the employees to the organization is enhanced and thereby the organizational culture and values are developed.

In Kenya, we have two categories of universities - public and private. Public universities are owned and funded by the state. Private universities are owned by private individuals or organizations and some are faith based, its funding is majorly tuition fees from students and sponsors. According to report by Commission for University Education, Kabarak University is one of the twenty three private universities accredited by the Commission for University Education in Kenya. Kabarak University is a growing institution that has expanded in terms of number of employees, faculty programmes number of students and campuses.

Kabarak University was established as a private university with objectives that include provision of a holistic education with Christian liberal arts foundation that will enable the student to develop intellectually, spiritually, physically and socially, and to become a centre of excellence for research and teaching within the context of Christian perspective. This would lead to share of knowledge, skills, and experiences with the rest of mankind in the pursuit of human advancement (Kabarak University Staff Hand Book 2011).

In order to achieve these objectives, Kabarak University must therefore take up the challenge of retaining quality, trained manpower, motivating and utilizing the capability, potential in the employees through the strategy of employee incentives. Therefore, employee incentives greatly contribute towards the attainment of the university objectives.

Study Objectives

The Study was guided by the following objectives:

(i) To characterize the incentives that are used in Kabarak University.

(ii) To examine the perception of employees on the use of incentives in Kabarak University.

(iii) To establish the effects of employee incentives on employee performance in Kabarak University.

Statement of the Problem

The performance of an employee depends on the strength of employee incentive schemes used in an institution. Employee incentive is given accordingly, to encourage the behavior and work done. The trend of growth and establishment of private universities in Kenya is on an increasing proportion since most people find them less expensive, an alternative to seeking higher education abroad. Kenyan private universities are young and experience stiff competition among themselves and from the public Universities, hence there is need to remain competitive by retaining high quality manpower among other strategies. The psychological literature on employee motivation states that motivational incentives can produce better employee performance. In essence, few of these studies are supported by an explanation of how incentives in work place affect employee performance (Torrington, 2008). Employee performance is measured through, service delivery, productivity, creativity, complains and turnover. The purpose of the study was to investigate specific employee incentive schemes in Kabarak University and their influence to employee performance.

Theoretical Framework

The study was guided by Maslows motivational theory. Graham (1998) and Armstrong, (2006) expounds on Maslow's motivational theory which categorizes human needs as follows:-

Physiological or basic needs: the need for oxygen, food, water and sex. Graham (1998) states that in the work environment, the fundamental purpose of a wage or salary is to provide the means of satisfying basic needs.

Security or safety needs: the need for protection against danger and the deprivation of physiological needs, work environment, the wish for security of tenure, existence of restrictive practices and many aspects of Trade unionism, thus showing how employees try to satisfy needs of this kind.

Social needs: the need for love, affection, and acceptance as belonging to a group.

Esteem or ego needs: a position of authority, company car, an office carpet, or special type of overall.

Self –actualization or fulfillment: the need to develop potentialities and skills or become what one believes one is capable of becoming. It involves skilled operation, professional workers and managers.

The hierarchy of needs reveals that people tend to satisfy their needs in a certain order of precedence, for instance a manager who receives a substantial salary and thus adequately satisfy lower needs regards status symbols like a well furnished office as important, but a former manager who has been unemployed for a long time will eventually take any available job that brings a reasonable income, even though it is of low status (Armstrong, 2006). Further explains that when a lower need is satisfied, the next highest becomes dominant and the individuals attention is turned to satisfying this higher need, an indication that the need for self-fulfillment however can never be satisfied, referring man as a wanting animal.

Literature Review

According to Iqbila (2009), incentives tie pay directly to performance of an individual employee, a team of employees and total business unit. It’s mentioned that employee incentives may be of long-term or short term. Performance objectives may be defined as cost savings, volume produced, quality standards met, revenues, return on investments or increased profit (Naila, 2009). In this case, service organizations will reflect performance in service delivery, innovation, creativity and quality of work done. It was noted that incentives influence performance by offering pay to influence future behavior or to course a repeat of particular behavior. The author further indicates that any efforts to identify recruit and maintain top talent is key to an institution’s success. In absence of a good employee base, an institution goes without a mass of creative ideas, innovation, strategic insight and the ability to meet client demands. Incentives to motivate employees are numerous; however, some are more effective than others. In this regard, this research sought to establish incentives which were more effective.

Stajkovic (1997) states that peer review measure employee strengths and development areas. Peer reviews offer candid feedback to employees from those that work with them the most. Stajkovic discussed the different types of employee incentives used by organizations, peer reviews, self ratings and higher management reviews. This study reports that many companies conduct peer reviews on employees at the senior management levels and reward programs such as annual or off-cycle promotions, salary increment and bonuses that are tied to employee performance are used by most firms. Employee networking programs bring in prominent guest speakers to kick off events such as a women's conference or a department managers' off-site meeting, sports day, and cultural day.

Ramlall (2007) avers that employee who feels that the job itself is worthwhile will personally be responsible for work and therefore strive hard to perform very well. Ramlall noted that employees have a desire to be part of a company with a positive and encouraging work environment, thus motivating input and strong working relationships during the workday. In the case of public recognition, institutions that make public recognition part of their normal protocol will create an environment for the employees to perform well. In short, praise is an excellent motivator. This gives a strong indication on the strength of non-financial incentives that could be applied more frequently.

According to Perry (2006), financial incentives improve task performance significantly, but effectiveness dependent on organizational condition. Meta-analysis of 72 field studies indicated that an organizational behavior using monetary incentives improved task performance by 23% whereas social recognition did so by 17% and feedback by 10%. However, after combining all the three motivational reinforcers, performance improved by 45%. This is a stronger effect on performance than when each was applied separately. Feedback combined with money and social recognition produced the strongest effect on performance

Condly (2003) states that incentives can significantly increase work performance when they are carefully implemented and performance measured before and during incentive programs. The study further indicated that some incentive programs produced significantly more than 22% and there was 48% increase in team performance. Observed that financial incentives, the longer they are in place, (say beyond six months) the greater the performance gain realized. It was also noted that incentives improve performance whether that desired performance gain was qualitative or quantitative in nature. The average effect of incentive programs in work setting and on all tasks has a percentage gain. Intangible incentives such as the Employee of the Year Award, are one of the aspects that need to be examined to determine if they can have a positive effect on employee performance.

According to Shahzad (2008) researchers have found out that Human Resource practices are positively linked to organizational and employee performance. A compensation practice is one of the Human Resource practices and studies show that there is positive relationship between equity based compensation and the organizational performance. Therefore in human capital intensive firms, compensation plays a crucial role in attracting and retaining highly skilled employees. Shahzad observed that universities are human capital intensive organizations and therefore compensation practices are useful in hiring and retaining highly skilled and competent employees. Further, Shahzad mentioned that incentives pay plans positively and substantially affect performance of employees if combined with innovative work practices such as flexible job design, employee participation in problem solving teams, training to equip with multiple skills among others. It was stated further that high performance practices, such as compensation have a statistically significant relationship with employee outcomes and corporate financial performance. This study reported that companies which promote within found out that there is significantly positive correlation between promotion practices and perceived employee performance.

Milne (2007) found out that the pay has a significantly greater motivating potential for private than public sector managers. On the other hand, intrinsic factor of reward was ranked as the second most motivating factor for public sector managers and this was very low in the private sector. It was noted that public sector employers have not embraced pay that is tied to performance system as it is in the private sector and there are reasons for this in that many organizations are adopting team based reward and recognition programmes due to the interdependence of tasks. This study indicates further that in the implementing of reward and recognition programme, it has to be an intrinsic part of the organizational culture, embedded in policy and in the practice of management. The structures are particularly important for formal employee incentives which could be a simple letter of thanks or attendance at a grand formal occasion. People are the most valuable asset, employees come first and a company is only as strong as its employees. The study linked employee satisfaction and financial performance of a company. This study indicates that satisfied employees generate superior customer satisfaction. Thus a work environment with satisfied and motivated employees has been proven critical in achieving profit goals.

Methodology

The Mann Whitney U test made it possible to evaluate the relationship between the dependent variable comprising employee performance and other explanatory or independent variables. It was possible to analyze the impact of each explanatory factor on the dependent variable. The study was confined to all the employees of Kabarak University as respondents. Census study technique was used and questionnaires were used as the main data collection method. Out of 170 expected questionnaires, 70 were returned. The Mann Whitney U test was used in place of t-test for independent variables where it is most likely that the assumptions such as normality and homoscedasticity (equal variances) were violated. However, the assumption of randomness and independence were assured through the built-in process through which the data was collected and the instrumentation used.

Factor analysis was used to generate the proposition that there are only a few factors underlying the employee incentives. Therefore it is used to explore the extent to which these factors explain the variation in performance. Factor analysis is a statistical procedure used to uncover relationships among many variables. This allows numerous inter correlated variables to be condensed into fewer dimensions, called factors. In the context of this research, the variables are the degree of agreement with various specific attitude statements and the factors are the general underlying attitudes. The new factors are used as explanatory variables during choice modeling.

Chi-square was used to test the distribution of responses (test of equality of proportions). This helped to indicate whether employees' view on incentive schemes as being of low importance, moderate or high importance. This was summarized as indicated below:

Objective 1: To characterize the incentives that are used in Kabarak University. Descriptive statistics were used; mean was to give indication of relative importance of various incentive schemes as used in Kabarak University. Pie, bar charts and frequency distributions were to summarize and present the incentives used in Kabarak University. Inferential statistics, Mann Whitney U test was used to test whether there was a statistical difference between the extent of use of financial versus non-financial incentive schemes.

Objective 2: To examine the perception of employees on the use of incentives in Kabarak University: Inferential statistics, Chi-square test of equality of proportions was used to test the extent of application of the various incentive schemes based on employee perception as in the data. This statistical test has the added advantage of steering the focus to those particular incentives that are perceived to improve performance the greatest and therefore can help design cost efficient incentive schemes.

Objective 3: To assess the influence of employee incentives on employee performance in Kabarak University: Descriptive statistics, where pie, bar charts, and frequency distributions were used to summarize and present data regarding the relative importance, in view of Kabarak University employees, of various incentive schemes and how they affect performance. Factor analysis was used to generate the proposition that there are only a few factors underlying the employee incentives. Therefore it is used to explore the extent to which these factors explain the variation in performance. Factor analysis is a statistical procedure used to uncover relationships among many variables. This allows numerous inter-correlated variables to be condensed into fewer dimensions, called factors. In the context of this research, the variables are the degree of agreement with various specific attitude statements and the factors are the general underlying attitudes. The new factors are used as explanatory variables during choice modeling. Mann-Whitney U test was used to test whether two broad grouping of incentives, that is financial/nonfinancial contribute equally or differently to employee performance. The test was carried out at 0.05 level of significance. Chi-square test replicated the results on Mann Whitney U test.

Analysis of Results

Demographic Characteristics

Among the 70 respondents, gender indication showed 59% were male and 41% female. This was important in demonstrating gender balance in the institution. It was established that 39% were junior, 19% middle, 39% senior and 4% management level of employees respectively. This was to help understand the distribution of incentives among the different levels and diversity in incentives preferences among the employees in the different levels. Maslow's theory on hierarchy of needs reveals that people tend to satisfy their needs in a certain order of precedence, for instance a manager who receives a substantial salary and thus adequately satisfies lower needs regards status symbols like a well furnished office as important, but a former manager who has been unemployed for a long time will eventually take any available job that brings a reasonable income, even though it is of low status. In other words, when a lower need is satisfied, the next highest becomes dominant and the individuals attention is turned to satisfying this higher need. In regard to different departments, teaching 26%, ICT 6%, library 14%, farm and Grounds 1%, administration 16%, catering 10%, accommodation 3%, security 9%, finance

7%, Estates 1%, internal audit 1%. Educational level among respondents established that, postgraduate 24%, Graduate 33%, intermediate 34% and KCSE 9%, this was meant to bring out the concentration of the majority of employees in terms of academic qualification. The range of age in terms of years, 21-25years 3%, 26-30years 21%, 31-40 years 50%, 41-50 years 13%, 51-60years 12% and 61-70 years 1%. This was relevant in bringing up the kind of labour force that the institution had, thus young and dynamic or old with immense experience. The mean years of service as indicated per departments, teaching 4 years, ICT 3 years library 7 years, farm and Grounds 10 years, administration 6 years, catering 6 years, accommodation 8 years security 6 years, finance 7years, Estates 9 years and internal audit 2 years. The length of service provided by an employee brings up a percentage of long serving employees, pointing out on job security and strength of incentives schemes generally. The summary of the statistics are presented in Table 1.

Table 1
Demographic Distribution of Sampled Respondent

Characteristics	**Percentage %**
Cadre	
Junior level	39
Middle level	19
Senior level	39
Management level	4
Gender	
Male	59
Female	41
Education	
Postgraduate	24
Graduate	33
Intermediate	34
KCSE	9
Range of Age in Years	
21-25	3
26-30	21
31-40	50
41-50	13
51-60	12
61-70	1

Discussions

Given the evolving face of today's workplace, as organizations become more diversified in terms of their Human Resource, it is imperative to take a keen interest in the employee make-up and to relate these with the various categories of incentive schemes. To answer question two of the study, examine the perception of employees on the use of incentives in Kabarak University. Mann Whitney u test was applied. The perception data from the employees was therefore tested to find out whether the employees perceive the various incentives as being different. In this case incentives are divided into two broad categories which included financial and non-financial.

The third research objective - to assess the influence of employee incentives on employee performance in Kabarak University-. was answered using a variety of tools. It is evident from the Table 2 that p-value is less than 0.05; meaning that there was sufficient evidence that employees at Kabarak University believed that non-financial incentives schemes led to higher performance as compared to financial incentives that ranked lower. It was therefore concluded that employees at Kabarak University perceive that different type of incentives would influence performance differently.

Table 2:

Statistical test	**Score**
Mann-Whitney U	45.500
Wilcoxon W	150.500
Z	-3.792
Asymp. Sig. (2-tailed)	.000

In order to test for inconsistencies; chi-square test of independence was applied. The results indicated p- value (p= 0.01) which is less than 0.05 and therefore consistent as indicated in Table 3

Table 3: Chi-Square Tests

	Value	**df**	**Asymp. Sig. (2-tailed)**
Pearson Chi-Square	13.943	4	.007
Likelihood Ratio	15.254	4	.004
Linear-by-Linear Association	9.795	1	.002
N of Valid Cases	42		

The test helped to establish if there was an association between the type of incentive used and its effect on performance. At α=05 significance, there is evidence to believe that the type of incentive used affects performance differently depending on the incentive type, P=.007<.05.This statistical test result to a conclusion that the incentive type, financial or non financial would affect or influence performance differently when applied to the employee.

The incentives were further categorized as either financial or nonfinancial. Factor analysis was used to generate the proposition that there were only a few factors underlying the employee incentives. Therefore it was used to explore the extent to which these factors explained the variation in performance. In the context of this research, the variables were the degree of agreement with various specific attitude statements designed to measure attitude and the factors were the general underlying attitudes. The new factors were used as explanatory variables during choice modeling.

The various incentive schemes used at Kabarak University were reduced to twelve factors that explain the various changes that have taken place in the workplace at Kabarak University that inevitably will have far reaching implications on employee motivation and performance. These factors included security, perquisites, basic pay, consolidated pay, traditional compensation models, job content, growth prospects, responsibility, flexible benefits, recognition, participation and communication.

From the results, it's inferred that both financial and non-financial incentives influence performance. The non-financial incentives influenced performance to a larger percentage compared to financial incentives. This brings up a very important aspect since financial incentives usually account for 50% of the cost in a Human capital intensive organization such as Kabarak University. It is commonly perceived that since an institution may not be in a position to rely on financial incentives to motivate her employees, non-financial incentives therefore become key, supplemented by the financial incentives. Non-Financial incentives are in-exhaustive and would be applied on day-to-day basis; for instance a word of '*thank you'* and appreciation from a manager will influence a lot more on an employee performance.

Twelve components were extracted from Principal component analysis. These were:

Security: Job security emerged as an important component accounting for about 29% of the observed variances in performance. The specific pertinent issues here involved tenure of the job, predictability of work life, and long term financing which includes home, insurance and pension schemes. Security in general accounted for high percentage of variance since employees overall wanted to be empowered in terms of continued stream of income, help in case of emergencies and acquisition of long lived assets.

Perquisites: Perquisites relate to additional benefits from the workplace usually given to the top management. In this study participants were asked to rate support to professional and social organizations, executive treatment, parking privileges, holiday, overtime and weekend pay. This incentive schemes accounted for 7.5% of the observed variances, meaning that in the rank, employees did not believe that they are key to their performance as other incentives that are more highly rated especially those that involve necessities.

Consolidated pay: Under consolidated pay the respondents were asked to rate how their work performance commensurate with their earnings, awards and bonuses, adequate compensation for qualifications, and salary paid correlating with performance. This incentive scheme accounted for 6.6% of the observed variances. It then becomes clear that employees are more interested in the total amount that they take home than just the amount awarded them as basic pay. This is in line with the Equity theory, concerned with the perceptions people have about how they are being treated compared to others and where it argues that equity in terms of payment is vital for better performance.

Basic pay: Basic pay is important but only accounts for the 5.5 % of the variance. The reason for this is that basic pay as such does not say much about the employees take home pay. However, it is a reasonable basis to gauge how much in total the employee will ultimately receive. Also basic pay is used to determine other benefits that an employee is given.

Traditional compensation: With only 4.4% of the total variance accounted for by this factor, it becomes clear that it's not preferred by the majority and again, these are benefits for a few at the higher rank. For instance, seniority payment and travel payment for spouse received mean rating of below 2.5 and with high positive coefficients of skewness. This is attributed to the changing face of the workplace where younger people and women have increased in number.

Job content: The fit between the job and the skills set of the employees are important. When the respondents were asked to rate how they perceived their skills as being adequately rewarded, their response indicates that the jog content accounts for 4% of the total variance in performance. This has implications on the recruitment programs to ensure that employees being recruited are with the highest potential of fitting the job requirements.

Career progression: This factor touches on two things, personal as well as professional growth and it becomes difficult to say which precedes which since they go hand in hand. The specific incentive schemes asked here were relating to scholarships, belonging to professional associations, and promotions. The variance explained is 3.6 % of the total variance. While the job content factor can be a major consideration in recruitment, career progression becomes key in employee development which is likely to pay back in terms of performance and that's why it is rated highly by the respondents in this case.

Responsibility: Since a lot of time employees have complained of being unable to connect the part of the work they do with the organizational mission or reason for existence, the researcher found it necessary to ask questions relating to responsibility. The respondents were asked to rate how delegation of authority was adequate. This is to shed light into the problem of when an employee is given a duty, a responsibility without authority to perform. This may in the end leave the employee frustrated other than being motivated. Again, they were asked to rate how autonomy and responsibility maximizes their productivity. These incentive schemes that ensure that employees are responsible for results over which they have clear authority accounted for 3.3% of the total variance meaning that responsibility is a vital incentive scheme.

Recognition: Recognition may take various forms including recognition for individual performance as well as for group performance. In this study, such delineation was not considered as recognition was viewed generally. It is explaining 3% of the total variance in performance as per the results of factor analysis. While these results are important as far as providing a basis for using recognition as part of the incentive system, it is important that further studies be carried out relating to this topic so that the perception of equity is adequately addressed.

Flexible benefits: The study also sought to gain insights as to how the various incentives suit the specific recipients' requirements. The questions revolved around how organization policies and procedures are flexible. The findings were that flexibility in organization policies and procedures affect flexibility with which incentive schemes are formulated for the individual employees and therefore accounting for 2.8% of the total variances in performance.

Participation: Participation and involvement of employees is crucial for the achievement of organizational goals and objectives. Employees are motivated to perform when involved in decision making and undertaking of key roles and therefore accounting for 2.7% of the total variances in performance. The response to this revolved around questions on; challenged to be creative with mean rating of 4.1, the job engages me intellectually and professionally, opportunity to set performance goals, opportunity to lead and adequate participation and consultation.

Communication: Feedback on work done plays a crucial role in motivating an employee and this has been supported tremendously by the studies and theories of Maslow and Herzberg where Managers use of compliments such as thank you and word of appreciation was termed as an excellent motivator. In this study, participants were asked to rate performance feedback which had a mean rating of 2.7. This explains why employees would participate more in implementing objectives and decisions that they were involved in the formulation stage.

The twelve components account for the total variances of 76% of performance.

Conclusion

This study aimed at investigating the effects of employee incentives to employee performance in private universities. The results show that both financial and non-financial incentives are used and perceived in terms of importance, almost equally at Kabarak University. In relation to employee performance, results show that many employees in private universities believe incentives influence employee performance. Incentive type, influence performance differently when applied to the employee as evident herein identified as security, perquisites, consolidated pay, basic pay, traditional compensation, job content, career progression, responsibility, recognition, flexible benefits, participation and communication. Employees too believe that non-financial incentive schemes will lead to higher performance compared to financial incentives.

Recommendation

On the basis of the findings and conclusions of the study, the following recommendations were made and may be crucial in designing effective employee incentives in private universities. Effective and good employee incentives schemes should be designed to include a mix of both financial and non-financial incentives. Incentive type would influence performance differently when applied to the employee. Managers will therefore need to strategically identify incentives that lead to high performance among the employees. Non-financial incentives are key in employee incentive schemes, financial incentives supplement the same. Incentive schemes would be more effective when implemented consistently and with equity. This would work with organizational policies and structures supported by the top management.

Limitation and Suggestion for Further Research

The aspect that was investigated being a Human Resource issue, there were suspicions by respondents who felt that the study would lead to victimization. This was likely to lead to respondents giving biased information through socially acceptable responses instead of objective data. The study addressed this limitation by clearly indicating the purpose of the study and a promise of confidentiality on data collected to give respondents confidence in giving unbiased information. It was challenging to distinguish and measure individual and group performance in the course of investigating the effects of incentives to an employee. In this case, the opinion of individual employee was used as basis for individual measure on performance. This study dwelt on effects of specific incentives on employee performance in private universities. The specific area of study was Kabarak University. The study was intended to take three months.

Based on the findings, the following related aspects can be researched on to add to the knowledge that this research has contributed. First, more research need to be done using other measures of employee performance .Second, there is need to carry out a comparative study on the influence of employee incentives on employee performance in public Universities in Kenya. Thirdly, further research is necessary to ascertain the mix of the employee incentives that would lead to highest employee performance in other service sectors.

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