

INCENTIVES AND EMPLOYEE PERFORMANCE IN WESTERN WATER AND SANITATION FORUM, KAKAMEGA COUNTY, KENYA

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ABSTRACT

Purpose of Study: The purpose of the study was to examine the effect of different forms of incentives on employee performance within non-governmental organizations with specific reference to WEWASAFO.

Problem Statement: NGOs in Kenya, including WEWASAFO are faced with serious operational challenges due to lack of institutional continuity brought about by high employee turnover. The National Council of NGOs estimates the turnover rate in this sector at 26% per year. WEWASAFO has had a turnover rate of between 15-20% per year in the last 5 years, leading to knowledge gaps, workflow interruptions and this affects the ability of the organization to achieve their objectives.

Methodology: This study adopted a descriptive design to provide a clear picture of the variables involved and census approach was adopted. Primary data was collected using close-ended questionnaires. The statistical analysis of the data was performed with the help of the SPSS software package.

Result: Regression findings indicated that employee performance was strongly positively influenced by compensation and reward systems. Recognition practices should be institutionalized in order to enhance motivation.

Recommendation: Future research should compare results in the public, private, and NGO sectors, investigate the moderating effect of leadership style and organizational culture, and use longitudinal designs to measure long-term impacts.

Keywords: *Incentives, Compensation, Rewards, Recognition, Employee Performance*

INTRODUCTION

Employee performance has attracted significant attention from many organizations, as it acts as a vital indicator of an organization's overall productivity and competitive standing. All organizations have goals which can only be accomplished through proper utilization of resources. The most valuable resource in a corporation is its people. This is because they are the performers of the tasks, using the other available resources. Employee performance can be explained through two different dimensions; task performance which is individual know-how in technical activities or contextual performance which is measured through activities that do not directly contribute to, while also nurturing the organization's psychological and social work environment (Kadir, AlHosani, Ismail, & Sehan, 2019). This can include helping other employees. Because of the stiff competition in organizations, managers have a challenge of attracting and retaining a quality workforce. For organizations to perform well, they need motivated employees who have the drive for increased productivity in terms of commitment, quality and quantity.

Empirical literature review reveals that the primary purpose of incentives such as compensation and reward schemes and recognition initiatives is to enhance and sustain high levels of employee performance. These incentives are strategically designed to motivate employees, foster job satisfaction, and encourage greater commitment to organizational goals, ultimately contributing to improved productivity and overall workplace efficiency. Chien et al. (2020), in their research on the work motivation's influence on employee performance in four-star hotels in Mongolia argue that an organization's success is primarily driven by the commitment of each employee toward achieving the organizational goals. A committed, efficient, and productive workforce is more likely to be innovative and seek out new methods to enhance performance. Khamis (2020) in his attempt to establish the effect of incentive systems on motivation to improve UAE's public sector employee performance states that an organization needs to have proper incentive systems to increase motivational levels which eventually result to better employee performance.

Khamis (2020) perceives performance as consistency in behavior that leads to achievement of organizational goals and suggests that reward systems contribute to improving performance of employees by using both non-financial and financial and incentives to motivate them. Previously, only monetary incentives were utilized in inspiring workers to improve their performance but with the passage of time, managers came to the realization that non-financial rewards are also vital in motivating workers, eventually enhancing their performance. The absence of incentives can have adverse effect on the performance and productivity of employees reducing their productivity and also their efficiency. Twalib and Kariuki (2020) in their research on how motivation affects employee performance at Telkom Kenya Limited, highlight that an employee's performance is influenced by both their motivation levels and their skill set. According to them, the best and gifted employees are the drivers of all organizations, so the organization is obligated to motivate and hold on to them. This motivation can be through money, praises, or punishment.

The most important task of a manager is ensuring commitment of employees to their work and making sure they deliver their best output in order to help an organization accomplish its goals (Bao & Nizam, 2015). It is a huge task for a manager to be able to retain a productive employee in this competitive labor market. The managers are therefore required to have proper incentives in place to increase employee performance and be able to retain them. Through motivation, employers are able to improve employee morale and also enhance their skills (Oroni & Elijah, 2014). Both private and public sectors should endeavor to focus on building and maintaining a

solid workforce. Because motivation is linked to productivity, company managers can facilitate exceptional productivity through motivating employees. This will lead to enhanced productivity and aid towards achieving the long-term success of organization.

Employee performance describes the extent to which an individual efficiently and effectively completes assigned duties, as evaluated by their immediate supervisor or organizational leadership. It involves the optimal utilization of organizational resources (time, skills and equipment) to achieve set goals and performance standards. Ngwa et al. (2019) explain that the ultimate measure of employee performance is the contribution of the effort of a worker to the realization of organizational goals and the overall productivity of the organization. This concept is directly related to the outcomes that an employee produces, especially regarding quality, quantity, and timeliness of their work contribution (Kuswati, 2020). According to Winarsih and Hidayat (2022), performance refers to the degree to which a person fulfills the tasks and obligations that are assigned to him or her. Their performance in explanation is not only in terms of the achievement of tasks but also the efficiency, accuracy and quality of the tasks assigned. They underline that personal motivation and professional competence are the key factors that determine the level of employee performance. Various scholars adopt various measures to determine the performance of employees. In a 2015 research on the impact of motivation on employee performance in the China electronics industry, Bao and Nizam used four key indicators to measure performance, i.e., the degree of employee commitment, attendance records, quality of work output, and work efficiency.

Ngwa et al. (2019) explored how reward systems impact employee performance in selected manufacturing companies within Cameroon's Littoral region. To assess performance, they focused on three main factors: the employees' commitment level showed towards their work, the values they held regarding their job, and the degree of teamwork and unity they demonstrated in the workplace. Bosire, Muya and Matula (2021), in their research exploring the effect of employee recognition initiatives on staff performance at Kenyatta National Hospital (KNH), Kenya used efficiency, timeliness and effectiveness of employees to measure performance. Kariuki and Kiiru (2021) examined how acknowledgement of employees influences performance among staff in Nyeri's public hospitals. In the study, employee performance was evaluated contingent on the standard/quality of job done, the extent of resource efficiency (measured through reduced wastage), and the level of satisfaction reported by patients. The present research used; employee attendance, quality of work, timeliness and customer satisfaction (Kariuki and Kiiru (2021), Bosire *et al.* (2021), Bao & Nizam (2015).

Gomathy, Reddy, Munendra and Rakesh (2022) define an incentive as any significant or desired thing, activity or occasion which urges someone to accomplish a greater amount of work that is recognized by the price acknowledgement. In a workplace, incentives can be either monetary or non-monetary. Idigo (2023) defines incentives as a dominant stimulator of human productive activities. They motivate employees to work harder and be more productive. Incentives are usually used by bosses continuously to increase employee commitment and execution levels. According to Liu and Liu (2022), incentives can be understood as structured and measurable benchmarks that organizations use to set clear, objective standards for evaluating and enhancing employee performance. These are tangible motivators, which direct employees to meet some performance targets and align their efforts with the organizational goals. Moral incentives, also known as non-material or psychological rewards, are indirect types of remuneration, including verbal appreciation, recognition of effort, praise, and positive performance appraisals. These rewards are meant to enhance the value, belonging, and motivation of employees by rewarding their efforts in

a non-financial manner. Concrete incentives, in turn, are tangible or financial rewards like bonuses, salary increments, profit-sharing, and other direct monetary rewards (Liu and Liu, 2022). They are structured to deliver short-term, quantifiable gains that motivate better performance and strengthen the commitment of employees to organizational objectives.

Empirical studies have been conducted by many researchers to establish the relationship between incentives and employee performance. Mamdani and Minhaj (2016) carried out a research to examine how various motivational incentives affect the performance of employees in the banking industry in Pakistan. Their study showed that rewards significantly improved the performance of employees. Monetary incentives such as salary increases and bonuses, satisfied concrete economic desires, whereas non-financial incentives (such as career growth and appreciation) were demonstrated to create long-term enthusiasm and job satisfaction. Their results highlighted a strong connection between the type of incentives offered and the level of employee performance. Ekundayo (2018) examined the influence of motivation on employee performance in some Nigerian insurance companies. The research inferred that motivation serves as a key determinant in boosting job performance. Supporting this, Waiyaki (2017) carried out research at Palm Golding Properties Limited in Kenya, where it was observed that there is a considerable positive nexus between the provision of incentives and improved performance outcomes among staff members. In alignment with these findings, the present study used compensation and rewards and recognition to examine the influence of incentives on employee performance. (Dikikir and Omuya, 2023; Ihemereze et al. 2023).

WEWASAFO is an independent Non-Governmental Organization registered by the Non-Governmental Coordination Board of Kenya in 2007. The organization has the mandate to operate across the Western region of Kenya to design, develop and implement health as well as activities of human development in the region. WEWASAFO is currently working in the following four sectors; Water, Sanitation and Hygiene promotion, HIV/AIDS awareness, Gender and Democratic Governance and Agriculture and Food security. In Kakamega, it partners with Constituency AIDS Control Committee CACC Lurambi and networks with EDDO NGO on disability issues. Employees in this organization have not been performing to the expectations of the organization. This has been shown through customer complaints, failure to achieve their targets on time and poor quality of work. It is this purview that this inquiry sought to examine if this poor performance can be linked to the absence of adequate incentives. In addition, no study has specifically examined the nexus between incentive structures and staff performance levels in NGOs located in Western Kenya. Thus, the aim of the study was to investigate the relationship between different categories of incentives and employee performance at WEWASAFO.

RESEARCH PROBLEM

High employee turnover is a persistent problem in Kenya, and NGOs face serious operational challenges due to the lack of institutional continuity and the need to spend a lot of time and resources on recruitment and training. The National Council of NGOs (2021) estimates that the turnover rate in the sector is 26 per year, which underscores the prevalence of this problem. WEWASAFO has not been spared and its employee turnover has been between 15 and 20 percent per year in the last five years. This continuous turnover has created knowledge gaps, workflow interruptions, and training needs that eventually affect the ability of organizations to achieve their objectives in an efficient way. The high turnover of seasoned employees undermines institutional

memory and impacts service delivery, hence the organization struggles to remain consistent and efficient.

Employees are important assets of every organization and have an impact on their sustainability (Liu and Liu, 2022). Organizations employ various tactics to moderate turnover of employees and thus they put in place different policies to recognize employees' efforts. However, different studies researching this thematic area have arrived at contradictory results. A study conducted by Ndakala (2022), revealed that motivation in an organization is what inspires workers to achieve their objectives. It also showed that employee motivation and an organization's performance were significantly correlated. Since workers are the greatest contributors to the performance of organizations, these findings suggest that motivating employees will significantly improve their performance. However, Wanjiru and Samson (2019) aver that promotion and recognition had an insignificant influence on the employee performance. The researcher attributed this to the nature of the organization and what promotion and recognition would bring forth to the specific employees. The study established that some of the interviewed staff were comfortable doing their jobs and did not care whether they are promoted, recognized or not.

Ngwa *et al.* (2019) suggested that forthcoming studies should consider the effect of other motivational factors apart from monetary compensation. Further, Omuya (2018) examined how compensation and reward systems affect employee performance within Kenya's public universities and suggested that subsequent research should broaden its scope to include additional sectors of the economy like the hospitality industry and the non-governmental organization (NGO) sector. Additionally, no research has explicitly looked at how incentives influence the performance of employees in NGOs based in Western Kenya. It is on this ground that the research intended to investigate the nexus between various incentives and employee performance in NGOs using the case of WEWASAFO.

OBJECTIVES

- i. To determine the effect of compensation and rewards on employee performance in WEWASAFO, Kakamega County.
- ii. To examine the effect of recognition on employee performance in WEWASAFO, Kakamega County.

RESEARCH QUESTIONS

- i. How do compensation and rewards influence employee performance in WEWASAFO, Kakamega County?
- ii. How does recognition influence employee performance in WEWASAFO, Kakamega County?

LITERATURE REVIEW

Theoretical Framework

Vroom's Theory of Expectancy

This theory, which was put forth by Victor Harold Vroom in 1964, holds that a person's motivation is impacted by their future expectations. He identified three factors that influence motivation: expectancy, where an employee thinks they will do better if they put in more effort. Instrumentality, where employees are convinced that they will get a valuable result in case they do a good job. That is, a job well done is rewarded and valence, which refers to the extent to which

an individual appreciates the expected result. An example is that a person who is motivated by money would not appreciate such benefits as paid time off. The theory also applies to the present study since it emphasizes the strong correlation between employee motivation and the overall performance outcomes. When an employee believes that no matter how hard he/she works, he/she will never reach the desired performance levels, he/she appears to have low motivation levels, which is also aligned with low expectancy. Conversely, motivation tends to strengthen when employees believe that their efforts will lead to a specific and meaningful reward or outcome. For example, an employee may be willing to work extra hours if there is an incentive attached to it. For incentives to effectively shape employee behavior, they must hold genuine value and significance from the employees' perspective.

Maslow's hierarchy of needs theory

Abraham Maslow, in his influential 1943 work *"A Theory of Human Motivation"*, introduced the concept known as the Hierarchy of Needs which outlines a structured model of human motivation. According to this theory, individuals are driven to satisfy a series of needs arranged in a progressive hierarchy, where lower-level needs must be at least partially fulfilled before higher-level needs can effectively motivate behavior. At the foundation of this hierarchy are the most fundamental physiological requirements such as food, clothing, hydration, and adequate shelter) that must be satisfied first before individuals can advance to pursue higher-order psychological needs and goals related to personal growth and self-actualization.

The second level is safety needs, such as safe housing and job security. Once these fundamental needs are met, individuals move to the second levels where they seek love, belonging and social relations. Once individuals have surpassed the basic and psychological needs, they require esteem-related satisfaction, which encompasses feelings of respect by others, personal achievement, recognition, and high self-esteem. Once these are fulfilled, self-actualization, which is at the top of the hierarchy replaces them. This is the stage of the search of personal excellence, self-perpetual development, and the capacity to realize personal potential and gifts. Maslow framework may be applicable in a workplace setting to understand what drives employees. It demonstrates that there are employees who may be more concerned with job security and good pay, and there are those who are motivated by career development, appreciation, and jobs that allow them to make a difference and further their careers. First, they attempt to fulfill the most basic needs of survival like earning a living. Once these needs are met, they focus on their jobs and financial security. As employees grow, they want to have meaningful relationships and recognition at work. After satisfying these needs, they concentrate on their positions and financial stability. Employees seek meaningful relationships and recognition at work as they progress. On the top level, they want to develop personally and have a purpose in their work. By understanding this hierarchy, organizations are able to establish environments that meet the needs of employees at various levels that boost motivation and engagement. This theory is applicable in this research because it relates motivation to performance in a manner that when the needs of an employee are satisfied, he or she will be motivated to perform even better in a manner that he or she can satisfy the higher needs of the hierarchy.

Empirical Literature Review

Compensation and Rewards and Employee Performance

The study conducted by Sanjaya et al. (2023) aimed to identify the impact of compensation on employee motivation and performance at RSUD Madiun Hospital in Indonesia. The researchers

collected data through interviews and used content analysis to make sense of the responses of the participants. The findings showed that compensation is a key factor in increasing employee motivation, which in turn leads to improved job performance. Nevertheless, the research is limited by the context in which it was conducted, i.e., the healthcare sector of Indonesia. To address this, the current research focused on an NGO in Kenya. In addition, as compared to the earlier research where data was collected through interviews, this research used structured questionnaires to collect primary data, thus creating a methodological difference. Kassahun (2021) investigated the effect of compensation and reward structures on employee performance in selected branches of Wegagen Bank in Addis Ababa, Ethiopia. The research design employed was descriptive. Structured questionnaires were employed to collect primary data. The researchers used a stratified random sampling method to represent different categories of employees. The collected data was analyzed using the version 20 of the statistical package for social sciences (SPSS). The summarized results, based on descriptive statistical techniques, indicated a positive correlation between employee performance and reward strategies (particularly compensation), that well-designed reward systems are significant in enhancing employee motivation, productivity, and overall organizational performance was strong and statistically significant. The study methodology has a weakness in the sampling methodology where random sampling was used. The current study has overcome this limitation by using a census method

Recognition and Employee Performance

The research by Bosire et al. (2021) evaluated the impact of recognition on the performance of healthcare staff in Kenyatta National Hospital, particularly the mediating role of union membership in this nexus. The study was descriptive and exploratory. A total of 2,175 workers were sampled, of which 328 were selected using a combination of stratified and purposive sampling. The study used both structured interviews and questionnaires as the main data collection tools and the analysis was carried out with the help of both inferential and descriptive statistics. Findings showed that recognition programs play a large and positive role in employee performance in hospitals. Unlike this earlier study, however, the current study was purely descriptive. In addition, it employed a census technique rather than stratified and purposive sampling, thereby including all the members of the given population. Omo-Odiagbe et al. (2020) aimed to establish the effect of employee recognition on job performance in Abuja branches of First Bank Plc, Nigeria. The research was conducted on a sample of 243 employees in 20 branches. The researchers used a survey research design to gather quantitative data and examined it with regression models in the statistical package, version 25 of the Statistical Package of Social Sciences (SPSS). The results of the study revealed that employee recognition and performance are strongly and positively related, and this implies that when employees are recognized to have contributed, their overall performance at the workplace is enhanced. In contrast to this study, which used a survey method, the current study used a descriptive research design. Moreover, they examined the banking industry, which is a contextual limitation. The current research was conducted in a different organizational setting (NGO)

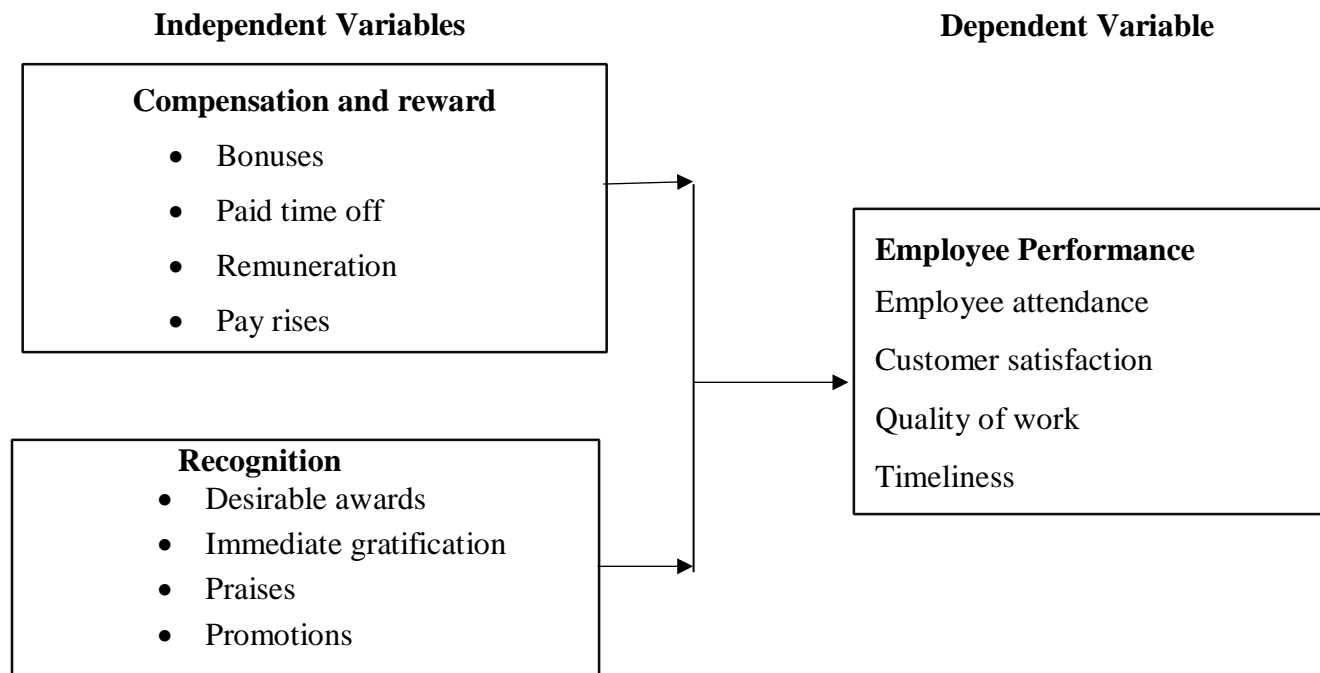


Figure 1: Conceptual Framework

Source: Researcher (2025)

RESEARCH METHODOLOGY

This study employed a descriptive research design, which was considered appropriate for systematically characterizing and elucidating the attributes and interrelationships of the variables under investigation. A descriptive design is suitable in contexts where the objective is to provide an accurate representation of existing conditions without manipulating the study environment or altering participant behavior. The design further aligned well with the research purpose, as it aimed to investigate and clarify the effect of incentives within WEWASAFO, located in Kakamega County. The target population refers to the entire collection of things for which data can be gathered to draw conclusions and gather pertinent information for the study. (Waithira, 2018). Target populations must have some identifiable characteristics which should help researchers measure their generalization. This study targeted 70 workers of WEWASAFO from the highest level (management) to the lowest level since a census will be employed.

A sample is a finite constituent of a population to be studied to obtain generalized data that represents the whole population (Mmbusa, 2019). The study utilized the census methodology since it was possible to obtain data from the whole population of 70 employees. The study employed close-ended questionnaires as the main tool for data collection. Each question within the instrument was purposefully crafted to align with and respond to the study's specific objectives and research questions. All participants were subjected to standardized questions in a similar format hence a reduction in prejudice.

This study was based on primary data, which was collected by administering structured questionnaires that were specifically designed to generate information that was pertinent to the

objectives of the study. Once collected, the raw data went through an extensive process of organization, cleaning and coding to ensure accuracy and consistency before proceeding to the analysis stage. The SPSS was then used to analyze the prepared dataset. The dataset was subjected to series of diagnostic tests to test statistical assumptions before the main inferential tests. These were multicollinearity tests and normality tests. This was then accompanied by descriptive statistical analyses to provide a summary and a picture of the overall characteristics of the responses obtained. The researcher conducted a correlation analysis to establish the level and nature of linear relationships between the study variables. Multiple regression analysis was then conducted to answer the main objectives of the study. This method enabled the researcher to test the concurrent effect of different dimensions of incentives (such as compensation and rewards and recognition) on employee performance. It also helped in testing hypotheses, which allowed the researcher to either prove or disprove assumed relationships using empirical evidence. This was the last stage of the analysis that was necessary in the determination of the level to which motivational practices can lead to better performance in WEWASAFO.

DATA ANALYSIS, PRESENTATION AND DISCUSSION

The participants were sent 70 questionnaires, and 51 completed questionnaires were returned to the researcher, which is a 71 percent response rate. According to Mugenda and Mugenda (2003), a response rate of 49 to 59 percent is acceptable. A response rate of 59 to 69 is considered good and a response rate of 69 and above is considered extremely high. Thus, the researcher considered the response rate to be adequate in this study.

Descriptive Analysis

The research aimed at getting the respondents' opinions on compensation and rewards, recognition, and employee performance. Table 1 below shows that recognition had the highest mean ($M = 4.14$, $SD = 0.83$), indicating that recognition of employee effort and achievement is also rated highly as a motivational factor. The mean score in compensation and rewards was 4.03 ($SD = 0.81$). These findings suggest that equitable compensation is a major performance driver, though it seems to be a little less important than recognition. The average employee performance score was 3.95 ($SD = 0.87$), which indicates a moderate level of performance perceptions among the respondents. The lowest values of the variables (between 2.00 and 3.00) indicate that although the majority of the respondents concurred with the positive role of these factors, there was a certain degree of variation in perception. This difference can be explained by the fact that employee characteristics like tenure and education can vary, and these factors can affect how retention practices are experienced across the workforce.

Table 1: Descriptive statistics

Variables	Mean	Standard Deviation	Minimum	Maximum
Compensation rewards and employee performance	4.03	0.81	3.00	5.00
Recognition and employee performance	4.14	0.83	2.60	5.00
Employee performance	3.95	0.87	2.00	5.00

Source: Survey Data (2025)

Diagnostic Tests**Normality Tests**

From table 2 below, Kolmogorov–Smirnov test, the variables (employee performance, compensation and reward system, recognition,) returned significance values of 0.200. According to the decision criterion ($p > 0.05$ = data are normally distributed), these variables can therefore be considered normally distributed.

Table 2: Normality test

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Employee Performance	0.091	51	0.200	0.982	51	0.567
Compensation and reward system	0.087	51	0.200	0.977	51	0.412
Recognition	0.079	51	0.200	0.981	51	0.521

Source: Survey Data (2025)

Multicollinearity Tests

All the tolerance and Variable Inflation Factors fell below the thresholds of 1 and 10 respectively, indicating non-multi-collinearity.

Table 3: Multicollinearity Test Results

Variable	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Compensation and Reward	0.644	1.554
Recognition	0.566	1.768

Source: Survey Data (2025) Correlation Analysis

Table 4: Correlation Test Result

		CRS	R	EP
Compensation and reward system (CRS)	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	51		
Recognition (R)	Pearson Correlation	.487*	1	
	Sig. (2-tailed)	0.005		
	N	51	51	
Employee performance (EP)	Pearson Correlation	.788**	.684**	1
	Sig. (2-tailed)	0.000	0.000	
	N	51	51	51

Source: Survey Data (2025)

Based on table 4 above, the Pearson correlation coefficient between Compensation and Reward System (CRS) and Employee Performance (EP) is 0.788 with a significance level of 0.000. The findings indicate a strong and significant positive correlation, that is, the better employees perceive

the reward and compensation system, the better their performance will be. In particular, Pearson correlation coefficient between Recognition (R) and Employee Performance (EP) was determined as 0.684 with a significance value of 0.000. This shows that there is a strong positive correlation, which means that the higher the recognition, the higher the employee performance. Also, the independent variables demonstrate moderate positive correlations: Compensation and Reward System (CRS) and Recognition (R) are correlated with 0.487 ($p = 0.005$).

Regression analysis

Multiple regression

A multiple regression was performed and the results were tabulated and discussed below.

Table 5: Multiple regression

Model Summary						
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	
1	.895 ^a	0.800	0.770		0.3314	
a. Predictors: (Constant), Compensation and reward systems, recognition						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.442	4	2.860	26.050	.000 ^b
	Residual	2.855	42	0.110		
	Total	14.297	51			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), Compensation and reward systems, recognition						
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.422	0.488		-0.906	0.373
	Compensation and reward system	0.508	0.113	0.490	4.490	0.000
	Recognition	0.286	0.111	0.300	2.571	0.016
	Flexible Working hours	0.261	0.092	0.297	2.836	0.009
	Employer backed training programs	0.027	0.113	0.025	0.238	0.813
a. Dependent Variable: Employee Performance						

Source: Survey Data (2025)

The results in Table 5 clearly indicate that the relationship between employee performance and the predictor variables used is positive and linear; compensation and rewards and recognition. The correlation coefficient ($r = 0.895$) is very strong and statistically significant, which means that there is a strong correlation between the independent variables and employee performance. Furthermore, the coefficient of determination ($R^2 = 0.800$) indicates that about 80 percent of the total variance in employee performance can be explained or attributed to the combined effect of these independent variables, which indicates the importance of these independent variables in improving the overall staff productivity and effectiveness within the organization. This observation underscores the strong explanatory ability of the chosen predictors in explaining performance outcomes. The other 20 percent of the variation would be attributed to other factors that are not included in the model. The unit increment in the compensation and reward systems would lead to a unit increment of 0.508 in the performance of employees, which underscores the importance of equitable and encouraging compensation systems on organizational performance. Moreover, one unit of recognition leads to a 0.286-unit shift in financial performance, which proves that the appreciation and recognition of the work done by employees is one of the main factors of productivity growth. The findings of the research showed that the most predictive variable is compensation with a coefficient of 0.508, which means that fair and well-structured pay systems have a significant and positive impact on productivity in NGOs.

CONCLUSION

This study concludes that compensation and rewards, as well as recognition, are both salient predictors of employee performance in non-governmental organizations in Kakamega County. These demonstrate their significant contribution to the productivity of the workforce and organizational performance. The most notable determinant is compensation and rewards, which indicate that competitive and fair remuneration is crucial in motivating and retaining employees. Recognition is one of the determinants of employee performance. The feeling of being appreciated and recognized in the contributions one makes encourages more participation and commitment to the organization, thus encouraging employees to work more efficiently with the attainment of the institutional objectives.

RECOMMENDATIONS

Among the implications that NGO managers should consider is the necessity to create equitable and open compensation systems. Competitive salaries do not only motivate performance but also minimize turnover and enhance employee commitment. Recognition practices should also be institutionalized in organizations. This is possible by formal means, like awards and career development, and informal recognition, like publicly recognizing the efforts of employees. The research expands the range of discussion on employee performance by placing the analysis in the context of the NGO sector in Kenya, which is a relatively understudied field in the mainstream human resource management literature. The study, in particular, by analyzing NGOs in Kakamega County, provides new empirical evidence based on a unique institutional and regional context, thus contributing to the global knowledge of HR dynamics in non-profit settings. Moreover, the research improves methodological rigor by adopting a census method. This holistic approach reduced the possibility of sampling bias and enhanced the validity and trustworthiness of the results. This approach, as opposed to traditional studies that use partial representation, provided a more holistic and inclusive picture of employee views within the studied NGOs. Thirdly, the study provides tangible empirical data on the relative effect of major human resource

practices (i.e. compensation and rewards and recognition) on employee performance. The findings can inform decision-makers to allocate resources strategically and focus on initiatives that produce the best performance results. Future studies may build upon the present study by carrying out cross-sectoral comparisons of the NGO sector with other sectors, including government institutions and private businesses, to explore whether similar trends and dynamics can be observed in other organizational settings.

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