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EMPLOYEE REWARDS, WORK ENVIRONMENT,  
AND EMPLOYEE PERFORMANCE AT THE KENYA  
POLICE SERVICE

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## Abstract:

The study sought to establish the moderating effect of work environment on the relationship between employee rewards and employee performance in Kenya police service. The study was anchored on Social Exchange Theory and Expectancy Theory. Social Exchange Theory proposed that an employee will interact with his employer to gain a reward and the employer will interact with his employee to achieve organizational goals. Expectancy Theory is premised on the fact that employees are rational people who think about rewards even before they perform the work. The positivism approach was used to aid in hypothesis testing. A descriptive cross-sectional design covering 397 respondents was adopted. A structured questionnaire was used in data collection. Both descriptive and inferential statistics were used to analyze the data collected. The study demonstrated that the work environment moderates the relationship between employee rewards and employee performance. The findings supported both Social Exchange Theory and Expectancy Theory. It is therefore concluded that the work environment significantly influences the relationship between employee rewards and employee performance in the Kenya Police Service. Policymakers must factor in both work environment and employee rewards aspects to enhance employee performance at Kenya Police Service. It is recommended that similar studies be conducted in other institutions dealing with security issues and results be compared for generalization purposes.

**Key Words:** Employee Rewards, Work Environment, Employee Performance, Kenya Police Service

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## 1.0 INTRODUCTION

When the best reward package is implemented, the employee reciprocates through improved performance (Boxall & Purcell, 2003). The overall aim of reward management should be to add value to people (Armstrong, 2010). Top management needs to employ effective human resource practices, fair reward strategies, good employee motivation strategies which will finally lead to improved performance (Amabile, 2012). When individuals receive support from other people in their social interactions, they feel indebted to reciprocate. Poor incentives packages have been a major factor affecting employees' commitment and productivity (Dixit & Bhati (2012). For any organization to achieve its objectives in any competitive society, employers must have a thorough understanding of what drives the employees to perform efficiently and reward them (Mueller, 2011). The quality of the employees' workplace environment impacts their motivation level leading to improved performance (Heath, 2006).

When employees have the desire, physically and emotionally to work, then their performance shall be increased (Boles et al., 2004). The workplace environment in a workplace impacts employee morale, productivity and engagement both positively and negatively (Chandrasekar, 2011). Employees will always be contented when they feel that the state of their immediate environment is in tandem with their obligations (Farh, 2012). Chandrasekar (2011) asserts that the type of workplace environment in which employees operate determines whether organizations will prosper. The workplace environment consists of the physical factors which include the office layout and

design among other factors; while the psychosocial factors include working conditions, role congruity, and social support. Other aspects of the workplace environment are the policies, which include employment terms and conditions. A better physical workplace environment boosts employees' performance. Platt and Sobotka (2010) assert that employee performance is the combined result of effort, ability, and perception of tasks. The factors that affect the level of individual performance are motivation, ability, and opportunity to participate (Armstrong, 2009). This paper sought to answer the question, "What is the moderating effect of work environment on the relationship between employee rewards and employee performance at the Kenya Police Service?"

## 2.0 LITERATURE REVIEW

The paper reviewed the literature on employee rewards, work environment, and employee performance. The review captured both theoretical and empirical reviews.

### Employee Rewards

An efficient reward system can be a good motivator but an inefficient reward system can demotivate employees which may lead to low productivity, internal conflicts, negative attitude, absenteeism, high turnover, lack of commitment and loyalty, lateness, and other numerous and unending grievances. Reward programs are put in place by organizations to compensate and reward employees who perform more than they are expected to perform (Schiller 1996). Bratton & Gold (1999) refers to rewards as all forms of financial returns and tangible services and benefits that an employee receives as part of an employment relationship. A reward is a benefit that arises from performing a task,

rendering service, or discharging a responsibility (Collins, 1995). Incentives are intended to get the maximum performance from the employees and help retain the most productive among them (Arnold, 2013). Searle (1990) categorizes rewards into two broad areas, namely extrinsic rewards and intrinsic rewards. Extrinsic rewards are usually financial and include salary or pay, allowances, promotion, bonuses, and other financial benefits (Zaman, 2011). Intrinsic rewards or non-financial rewards is the psychological reward that is experienced directly by an employee which may include but not limited to; recognition, appreciation and praise, authority and responsibility, certificate and plaque, participation in decisions making, the comfort of working place, flexible working hours, social right and respect (Stoner and Freeman, 1992).

### **Work Environment**

Oludeyi (2015) defines work environment as the settings, situations, conditions, and circumstances under which people work. Briner, (2000) categorizes the work environment as the physical setting, characteristics of the job itself, broader organizational features, and aspects of the extra organizational setting. It means that the work environment is the sum of the interrelationship that exists among the employees and the employers and the environment in which the employees work which includes the technical, the human, and the organizational environment. Opperman (2002) defines the workplace environment as a composition of three major sub-environments that include the technical environment, the human environment, and the organizational environment. According to McCoy and Evans (2005), the elements of the physical

work environment need to be proper so that the employees would not be stressed while performing their job. Physical elements play an important role in developing the network and relationships at work. Overall, the physical work environment should support the desired performance

The technical environment refers to the tools, equipment, technological infrastructure, and other physical or technical elements of the workplace. The human environment includes peers, team and workgroups, leadership, and management. The organizational environment includes systems, procedures, practices, values, and philosophies, which operate under the control of management (Opperman, 2002). In the words of Akintayo (2012) organizational environment refers to the immediate task and national environment where an organization draws its inputs. All these go a long way in influencing people's psych and attitude towards work leading to improved productivity and performance.

### **Employee Performance**

Employee performance is the efficiency with which jobholders perform their work that leads to institutional productivity directly or indirectly (Muchhal, 2014). Job performance may conceptually be divided into the task and contextual performance (Borman & Motowidlo, 1993). Task performance is the effectiveness with which job incumbents perform activities that contribute to the organization's technical core (Borman & Motowidlo, 1997). Van Scotter (2000) defines task performance as the expertise with which officeholders perform activities related to their job descriptions. It involves behaviors that are directly related to performing duties that are required by the job as

defined in the job descriptions; such as job knowledge, skills, proficiency, expertise, experience, competency, and ability (Williams & Anderson, 1991). Contextual performance is individual behaviors that contribute to the facilitation of the social and psychological context of the organization not directly related to the core task function (Borman & Motowidlo, 1997). Organizational Citizenship Behavior (OCB) is one conceptualization of contextual performance and is defined as that individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization (Organ, 1988).

### **Relationship between Employee Rewards, Work Environment, and Employee Performance**

Existing research has established a link between working conditions and job performance (Fine and Kobrick, 1978). Having the right environmental factors both physical and psychosocial will lead to an increase in performance (Chandrasekar, 2011). Khan et al., (2011) studied the impact of workplace environment and infrastructure on employees' performance from the education sector in Pakistan and found that incentives at the workplace had a positive impact on employee's performance. A study by Junaida *et al.*, (2010), investigated the physical work environment on staff productivity among civil servants in the Ministry of Youth and Sports in Malaysia and revealed a positive relationship. Work environments have many properties, components, or factors that may affect both the physical and psychological well-being of workers (Briner, 2000). Ajila and Abiola (2004) found that a reward package could

influence employees' performance; it can help to increase performance by enhancing employee skills, knowledge, and abilities. Findings on the management and leadership style showed that management encouraged high performance through role modelling.

How well employees engage with factors in their working environments influences largely their error rate and ultimately, how long they stay in the job which is a function of their commitment and performance towards work (Chandrasekar, 2011). Empirical studies on work environment and job commitment conducted by Ali et al., (2013) investigated and found that working environment conditions were significantly related to employee productivity in manufacturing sectors. The study by Demet (2012) in Turkey also revealed a significant positive relationship between work quality and productivity among bank workers. As evidenced above the relationship between employee reward and employee, performance is therefore moderated by the work environment. Katsaros et al., (2014) in their study in Greece found that certain human resource policies moderated job-related attitudes thus influencing performance. Khaled and Okasheh (2017) carried out a study to investigate the influence of the work environment on job performance in an Engineering Company in Jordan and revealed that factors such as noise, furniture, ventilation, and light, are the major work environment conditions that hurt job performance. Roelofsen (2002) revealed that improving the working environment reduces complaints and absenteeism while increasing productivity. A better physical workplace environment will boost the employee and ultimately their performance

### 3.0 RESEARCH METHODOLOGY

The study adopted the positivism philosophy approach as the basis for testing and interpretation of the research findings. The positivism approach was taken because it ensures neutrality, objectivity, clear measurement, and validity of results (Bryman & Bell, 2008). A descriptive cross-sectional design was used as the study sought to describe and establish relationships among key study variables at a specific point in time. The target population was the police officers in the Kenya Police Service (KPS), which has a staff establishment of 42,145 officers (KPS Staff Establishment Records, 2018). This target population was spread out in the country in the forty-seven Counties. The study used multi-stage cluster sampling with the first cluster being the 47 counties in Kenya. Out of the 47 Counties, a second cluster made up of 15 counties was selected through simple random sampling. Third clusters of three police stations per county were randomly selected from each of the 15 counties. From the third cluster, a simple random sampling method was used to pick the required sample size from each of the selected police stations. The study adopted stratified random sampling and the sample size was computed by the formula proposed by Yamane (1967). The required sample size was calculated as

$$n = N / [1 + Ne^2]$$

$$n = 42,145 / [1 + 42,145 * 0.05^2]$$

$$n = 397$$

Stepwise regression analysis was used to test the moderating effect. The explanatory power of the model was tested using the coefficient of determination ( $R^2$ ). The overall significance of the model was based on the ANOVA/F test. Individual significance was tested using a t-test. The results were interpreted using coefficients and P-values. The findings were presented in tables.

### 4.0 RESULTS

A sampling adequacy test was done to confirm the structures of the study variables. The results in **Table 1** indicated that statements on employee rewards, work environment, and employee performance were correlated. Specifically, employee rewards had  $KMO = 0.91 > 0.5$  and  $p\text{-value} = 0.000 < 0.05$ , work environment had  $KMO = 0.939 > 0.5$  and  $p\text{-value} = 0.000 < 0.05$  and employee performance had  $KMO = 0.903 > 0.5$  and  $p\text{-value} = 0.000 < 0.05$ . Hence, factor analysis was valid.

**Table 1: KMO and Bartlett's Test**

Employee Rewards	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.91	
		Approx. Chi-Square	2536.278
	Bartlett's Test of Sphericity	df	153
		Sig.	0.0000
Work Environment	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.939	
		Approx. Chi-Square	4391.148
	Bartlett's Test of Sphericity	df	253
		Sig.	0.0000
Employee Performance	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.903	
		Approx. Chi-Square	3058.323
	Bartlett's Test of Sphericity	df	171
		Sig.	0.0000

### Hypothesis Testing

**Objective:** To establish the effect of work environment on the relationship between employee rewards and employee performance in the Kenya Police Service.

**H<sub>1</sub>:** The relationship between employee rewards and employee performance is moderated by the work environment in the Kenya Police Service.

To test the moderating effect the study carried out three steps of stepwise regression analysis. The models for testing the hypothesis were as follows;

$$\text{Step 1: } EP = \alpha + \beta_1 ER + \varepsilon$$

$$\text{Step 2: } EP = \alpha + \beta_1 ER + \beta_2 WE + \varepsilon$$

$$\text{Step 3: } EP = \alpha + \beta_1 ER + \beta_2 WE + \beta_3 ER * WE + \varepsilon$$

Where:  $\alpha$  = constant (intercept)

$\beta_1 \dots \beta_3$  are regression coefficients

EP = composite index of Employee Performance

ER = composite index of Employee Reward

WE = composite index of Work Environment

$\varepsilon_1 \dots \varepsilon_8$  = error term

The first step was testing the significance of the relationship between employee rewards and employee performance in the Kenya Police Service. The second step tested the significance of the relationship

between employee rewards, work environment on employee performance in the Kenya Police Service, treating employee rewards and work environment as independent variables. The third step was testing the significance of the employee rewards, work environment, and interaction term (employee rewards \* work

environment) on employee performance in the Kenya Police Service. Moderation takes place when the interaction term is significant (p-value<0.05). The findings are presented in Table 2.

**Table 2: Moderation Effect of Work Environment on the Relationship between Employee Rewards and Employee Performance**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Sig. F Change
					R Square Change	F Change	df1 df2	
1	.522 <sup>a</sup>	0.273	0.271	0.50457	0.273	133.617	1 356	0.000
2	.672 <sup>b</sup>	0.451	0.448	0.43895	0.178	115.394	1 355	0.000
3	.689 <sup>c</sup>	0.475	0.473	0.43957	0.025	98.363	1 354	0.000

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.018	1	34.018	133.617	.000 <sup>b</sup>
	Residual	90.636	356	0.255		
	Total	124.654	357			
2	Regression	56.252	2	28.126	145.973	.000 <sup>c</sup>
	Residual	68.402	355	0.193		
	Total	124.654	357			
3	Regression	58.546	3	19.515	98.363	.000 <sup>d</sup>
	Residual	70.234	354	0.198		
	Total	128.78	357			

**Coefficients<sup>a</sup>**



Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Beta	Lower Bound
1	(Constant)	3.754	0.027		140.762	0.000	3.701	3.806
	Employee Reward	0.441	0.038	0.522	11.559	0.000	0.366	0.516
2	(Constant)	3.754	0.023		161.804	0.000	3.708	3.799
	Employee Rewards Work Environment	0.123	0.045	0.145	2.758	0.006	0.035	0.21
3	(Constant)	3.755	0.027		137.922	0.000	3.702	3.809
	Employee Rewards Work Environment	0.124	0.046	0.147	2.717	0.007	0.034	0.214
	Environment	0.417	0.039	0.566	10.742	0.000	0.341	0.494
	Interaction Term	0.133	0.024	0.145	5.542	0.008	0.0667	0.2

- a. Dependent Variable: Employee Performance
- b. Predictors: (Constant), Employee Reward
- c. Predictors: (Constant), Employee Reward, Work Environment
- d. Predictors: (Constant), Employee Reward, Work Environment, Interaction Term

The results in Table 2, indicated that; the first step shows that the relationship between employee rewards and employee performance in the Kenya Police Service was significant ( $R^2 = 0.273$ ,  $F = 133.617$ ,  $P\text{-value} = 0.000$ ,  $\beta = 0.441$ ,  $t = 11.559$ ,  $P\text{-value} = 0.000$ ). Hence moved to step two. In step two the results were significant. ( $R^2 = 0.451$ ,  $F = 145.973$ ,  $P\text{-value} = 0.00$ ,  $\beta = 0.417$ ,  $t = 10.742$ ,  $P\text{-value} = 0.00$ ). There is

also a significant  $R^2$  change of 0.178. Thus, moved to step three. In step three the results show a significant  $R^2$  change of 0.025. Further the results were significant when the interaction term was introduced ( $R^2 = 0.475$ ,  $F = 98.363$ ,  $P\text{-value} = 0.000$ ,  $\beta = .133$ ,  $t = 5.542$ ,  $P\text{-value} = 0.008$ ). Hence, the hypothesis that the relationship between employee rewards and employee performance is moderated by work environment was supported.

## 5.0 CONCLUSION

The study concluded that the reward package contributes a lot to employees' motivation to work. The employees want to be recognized for their work through fair compensation. The study further concluded that the work environment moderates the relationship between employee rewards and employee performance in the Kenya Police Service. The results add to the Social Exchange Theory by emphasizing that a conducive work environment motivates an employee to work harder which leads to improved performance. The results further uphold that an employee will interact with his employer to gain a reward and the employer will interact with his employee to achieve organizational goals as advocated by the Social Exchange Theory.

## 6.0 RECOMMENDATIONS

The study recommends that replication of this study should be done in other contexts like Kenya Defence Forces and private firms dealing with security issues. Future studies should review existing literature on the relationship between work environment, employee rewards, and employee performance in the Kenya Police Service. Kenya Police Service should also ensure that the workplace environment is comfortable enough to support employee performance by improving the working conditions. Improving the working environment will increase employee performance.

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