



East African Journal of Business and Economics

ejbe.eanso.org

Volume 5, Issue 2, 2022

Print ISSN: 2707-4250 | Online ISSN: 2707-4269

Title DOI: <https://doi.org/10.37284/2707-4269>

ENSO

EAST AFRICAN
NATURE &
SCIENCE
ORGANIZATION

Original Article

Influence of Financial Incentives on Employee Performance in Ferry Service, Mombasa County

Joseph Albin Kuya^{1*} & Dr. Anne Kalei, PhD¹

¹ Mount Kenya University P. O. Box 342-01000 Thika, Kenya

* Correspondence email: josephondieki9@gmail.com

Article DOI: <https://doi.org/10.37284/eajbe.5.2.1024>

Date Published: ABSTRACT

23 December 2022

Keywords:

Employees'
Salary,
Employees'
Bonus,
Employees'
Fringe Benefits

The main purpose of the study was to assess the influence of financial incentives on employee performance in Ferry Service, Mombasa. The study employed goal theory, Herzberg theory and self-efficacy theory. The study employed a descriptive survey study design. The study was carried out at Ferry Service, Mombasa with a population of 268 employees. Stratified random sampling with the non-proportionate allocation of sample sizes was used to draw samples from the target population. The researcher used questionnaires to collect data from the respondents. The data that was collected was organised, tabulated and analysed using descriptive statistics. Statistical Package for Social Science (SPSS) Version 26.0 was used to assist in data analysis. The analysed data was presented in tables and figures, percentages and frequencies. The study found that financial incentives were administered by the organisation to which salary and fringe benefits highly influence employee performance the most while bonus was found to be the least since not all employees were benefiting from the incentive except a few employees who represent a quarter of the total employees. The respondents highly agreed that the employees are required to be aware of the fringe benefits offered by the organisation to enhance their performance which was represented by a mean of 1.60 and a standard deviation of 0.769; other respondents agreed that every organisation provides total rewards packages to the employees in addition to the basic pay represented by a mean of 1.97 and a standard deviation of 1.09 while others agreed that some benefits are given to the employees to attract and retain them and to avoid absenteeism from work which was represented by a mean of 2.14 and standard deviation of 1.158. The study concludes that financial incentives provide a big role in influencing employee performance in the organisation. The study recommends that financial incentives given to employees should be emphasised and increased to influence employees to work more and provide what is best for them. The organisation should provide financial incentives to its employees in a fair manner without discrimination. Incentives are there to motivate employees to work more and more and not to discomfort them.

APA CITATION

Kuya, J. A., & Kalei, A. (2022). Influence of Financial Incentives on Employee Performance in Ferry Service, Mombasa County. *East African Journal of Business and Economics*, 5(2), 38-52. <https://doi.org/10.37284/eajbe.5.2.1024>

CHICAGO CITATION

Kuya, Joseph Albin and Anne Kalei 2022. "Influence of Financial Incentives on Employee Performance in Ferry Service, Mombasa County". *East African Journal of Business and Economics* 5 (2), 38-52. <https://doi.org/10.37284/eajbe.5.2.1024>.

HARVARD CITATION

Kuya, J. A., & Kalei, A. (2022) "Influence of Financial Incentives on Employee Performance in Ferry Service, Mombasa County", *East African Journal of Business and Economics*, 5(2), pp. 38-52. doi: 10.37284/eajbe.5.2.1024.

IEEE CITATION

J. A. Kuya, & A. Kalei "Influence of Financial Incentives on Employee Performance in Ferry Service, Mombasa County", *EAJBE*, vol. 5, no. 2, pp. 38-52, Dec. 2022.

MLA CITATION

Kuya, Joseph Albin & Anne Kalei. "Influence of Financial Incentives on Employee Performance in Ferry Service, Mombasa County". *East African Journal of Business and Economics*, Vol. 5, no. 2, Dec. 2022, pp. 38-52, doi:10.37284/eajbe.5.2.1024.

INTRODUCTION

It is not all organisations have been able to appreciate and adapt to the pace of generational demands and societal changes (Axel, 2004). As a result, financial incentives have been seen as the most appreciated method used to motivate employees, as argued by numerous authors (Blanche et al., 2008). It is therefore, necessary for organisations to recognise these mentioned changes example, generational differences, for the purpose of understanding how every individual in today's creative business environment is motivated. Financial incentives are a form of reward given to employees which are based on their performance and the higher the performance of employees the higher the incentive given to them. In the world today, the competition between companies is very high, and each firm should come up with ways to keep their workers motivated so that company, in general, can perform well in the competitive world (Cascio, 2012).

After independence, wages, salaries, and other remunerative benefits were determined within the Kenya Public Sector and that different bodies handled the sector whose actions have resulted in varying results. Public Service is the largest employer in Kenya; it comprises the; civil services, teaching service, government agencies, security

organs, state corporations and constitutional commissions. There are various processes which the institution uses to determine pay, which sometimes leads to differences in remuneration in the public service structure. There is a presence of differences in allowances; salaries and incentives enjoyed by workers with considerable experience and the same work are widespread; across sectors and sub-sectors, around the same departments and State Organs and even across different arms of Government, Public Sector Remuneration and Benefits Policy, (2015).

The Salary and Remuneration Commission (SRC), which is an independent commission in Kenya established under the Salary and Remuneration Commission Act, 2010, oversees and regulates the salary of public employees. Data from the SRC shows civil servants were paid Ksh160 billion in salaries and allowances in the 2015/2016 financial year (Wafula, 2016). This is unfortunate because "Kenyan are among the most skilled and educated in Africa and should therefore be recorded higher productivity level", Said Serem. According to Serem, employees will receive an incentive based on performance (Wafula, 2016). The Salary Commission has powers and functions in setting the benefits of the state workers and remuneration review regularly. It also offers advice to the County Governments and the National Government on

remuneration and benefits of other public officers in general. SRC ensures that incentives among civil servants are distributed according to the Public Sector Remuneration and Benefits Policy (2015).

Disputes between Kenya Ferry Service and Kenya Ferry employees have been on the rise starting as far as 2012 when the employees were demanding that the casual workers be permanently employed, but this never happened, resulting in employees engaging in a strike (Rika, 2015). The problem was so serious that many commuters who depended on the service were stranded waiting in a long queue including cars and long-distance vehicles. Several people did not manage to go to work as many depended on the ferry to cross them on the other side. In 2014, the employees also wanted the Kenya Ferry Service to raise the basic salary, allowances, employment of casual employees, and overtime pay to; which the dispute was reported to the cabinet secretary for labour on June 13 2014 but was not resolved after conciliation. The Union issued a strike notice on July 22 2014 (Rika, 2020).

When Kenya Ferry employees issued the strike notice, Kenya Ferry Service went to court with supporting documents to stop the strike. Kenya Ferry Service had told the court that it pays what it is able to pay, describing its financial performance as erratic and unpredictable over the last 5 years. Kenya Ferry Service also wanted the court to declare the strike as unlawful and unprotected. The court granted them the order to stop the strike. Another strike was on July 2015, when the employees were protesting against enhancing NHIF contributions. The workers' Union had argued with the court to consider their working environment; the nature of work done, high living standard, original wage and the policy of the company, ability to pay, and difference in wages. A communication between Human Resources and Finance office offered 20% and the Kenya Ferry Service Board approved it in their 122nd meeting (Bwana, 2015).

In 2015, the court had awarded the employees a pay rise of 20% with arrears for 2013 / 2014 and 2014 / 2015 but the top management led by Musa Hassan, CEO and Thomas Tuva, human resource, never obeying the order resulted in the court to jail them for five months. The court awarded the employees the pay rise as KFS was inviting labour unrest, and the court saw the ferry was an essential facility and was ready to hear any dispute brought to it, Bwana (2015). In 2020, a dispute between the workers Union and Kenya Ferry Service concerning the implementation of CBA (Rika, 2020). The workers Union and the Kenya Ferry Service had a Recognised Agreement and they had been involved in the Collective Bargaining Agreement. In the Recognition Agreement that sent terms and conditions of services of Kenya Ferry Service and Union sable workers to be reviewed after every two years.

Statement of the Problem

Financial incentives are indeed effective in motivating employees, as agreed by Lotta (2012). An employee who is rewarded well has that feeling of being valued by the organisation for which he is working. The employees would dedicate most of their time to serving the organisation and ensuring that it meets its set objectives. The employees through their Union wanted the casual workers to be given permanent jobs. This however, did not happen, which resulted in a strike on November 2012. This made many vehicles and people stranded not knowing what would happen next. The effect of this was that those who were to go to the market were unable to go resulting in losing their daily earnings; those who were to go in their respective working areas were unable to go resulting in some losing their job which meant an increase of jobless people and also increase in crime as many people especially the youth depended on the ferry to earn a living through carrying other people's luggage for an agreed sum of money. They held another strike in 2014 in which the employees demanded a pay rise, allowances, and employing casual workers

with permanent jobs. On July 2014, the Union issued a strike notice (Rika, 2014).

However, In September 2014, Kenya Ferry Service filed complaints to the Industrial court with supporting documents to suspend the strike, which they were granted by the court of stopping the strike. Another strike was on July 2015, when the employees were protesting against enhancing NHIF contributions. On May 2015, the industrial court directed a pay rise in basic salary of 17.5%, those on casual or contract terms to be absorbed on permanent and pensionable terms and the introduction of hardship allowance in the Collective Bargaining Agreement (CBA). The workers were restrained from engaging in a strike, but instead, they should negotiate and include in their CBA, Minimum Service Agreement, to regulate any future strike at Kenya Ferry Service. In the year 2020, a dispute between the workers Union and Kenya Ferry Service concerning the implementation of CBA ensued because the workers Union had sent a proposal to Kenya Ferry Service on amendment of the CBA to cover 4 years as regulated by the interested parties to cover the period from July 1 2015 to June 2019, but it was done (Rika, 2020).

It emerged that the Kenya Ferry Service bosses (Musa Hassan, CEO and Thomas Tuva, Human resource manager) were jailed for five months after disobeying a court order to raise the workers' pay after they won a case in which they sought a raise in pay. The court had awarded a 20% pay increase with arrears for 2013 and 2014 in July and 2014 and 2015 in December (Bwana, 2015). The court suspended the strike by ferry workers as KFS was inviting labour unrest. The court's order had averted the strike at the ferry, which was seen as an essential facility and it proceeded to hear the dispute on an accelerated basis, culminating in the award. Persistence is a threat to the survival of the organisation because the low commitment of the employees cannot enable the organisation to meet the set objectives. It is, however, not clear whether

the cause of the problem is related to employee performance. The study therefore assessed the influence of financial incentives on employee performance.

Objectives of the study

- To determine the influence of salary on employee performance in Ferry Service, Mombasa.
- To establish the influence of bonuses on employee performance in Ferry Service, Mombasa.
- To assess the influence of fringe benefits on employee performance in Ferry Service, Mombasa.

LITERATURE REVIEW

Theoretical Literature

The Goal theory

The theorists indicated that motivation and performance are high when employees set specific goals that are to be achieved even if the set goals are hard to be accepted and that feedback from employees' performance is adhered to (Toner, 2014). Goal Setting theory highlights the positive relationship between goals and performance. Performance in organisations is enhanced when goals are specific and challenging. An organisation uses goals to evaluate performance. The limitation of the theory is that the way through which financial incentive influences goals setting conceptualisation is not clearly shown, although there are many processes that have been suggested. Shaw et al. (1981) proposed that there are ways in which incentives can influence effort via goal setting. The Financial incentives may make workers come up with goals which they may otherwise not achieve. Financial incentives can cause a more goal commitment and therefore, higher effort than no incentive. Setting goals help in improving and sustaining the work performance of the employees.

When the organisation sets difficult goals for its employees makes, they achieve higher performance. The presence of accurate, complete, and timely feedback will lead to high performance and thus, feedback provides a way of looking at a continuation of goal attainment and forms the basis for any revision of a goal (Laurie, 2007).

Herzberg's Two-Factor Theory

The theory developed by Frederick Herzberg, which based on motivation and job satisfaction. These are factors (motivators and Hygiene) which may serve to motivate the employees to superior effort and performance. The manager provides financial incentives to workers to motivate and to give out their best, and that manager needs to give proper attention to the motivators. Good performance is likely going to lead to job satisfaction, as indicated by Herzberg (Laurie, 2007).

This theory states that a motivated employee is one who feels valued by the organisation in which one is working and that the higher the motivators given, the higher performance an employee can give out in performing his daily duties as assigned by the management. It will lead to employee satisfaction, which will increase work done through understanding that they have been recognised respected for their achievement and advancement. Anything that can hinder an employee from performing can likely influence employees to come up with ways in which they will feel incorporated into the workplace by ensuring good working conditions are maintained and their presence is valued.

Self-Efficacy Theory

The assumption of the theory as per Bandura is that anxiety can lead to defensive behaviour (Cunanan et al., 2008). To eliminate this defensive behaviour is to consider eradicating the underlying issues which may hinder a worker from performing his job well. The relation that does exist between self-efficacy and financial incentive. Financial incentive leads to

increase work interest and can consequently lead to increase work effort. When there is an increase in effort, it will lead to improved work performance, high skills on the work and self-efficacy.

The financial incentive causes increases in self-efficacy, which flow through other cognitive, motivational, affective, or selective mechanisms. It enables the employee to set higher expectations for the future once they identify that the organisation will provide financial incentives as a way to boost their performance.

Empirical Literature Review

Employees' Salary and Performance

This is according to Subroto (2013) who analysed income and implication of the performance of teachers in enhancing the quality of education in the elementary school. The study analysed income, the performance of teachers and education qualities at elementary schools in Surabaya City. The study used 372 teachers as a sample size. A stratified cluster was employed as a sampling technique. The study used a technical analysis SEM (Structural Equation Modeling) in addition to the AMOS (Analysis of Moment Structure) program version 4.01. The study concluded that the factor which mostly affected the performance of the income of teachers was salary. Income like salary, subsidies and honorarium of the teachers had a positive influence on the performance of teachers. Factors that influenced the quality of education were the salary of the teachers and subsidies, while the quality of education is not affected by honorarium. The recommendation from the study was that performance of teachers positively affected the quality of education (quality and quantity of learning values).

Employees' Bonus on Performance

Regina (2004) analysed the effect of Bonus payment, evidence from an international company in German. The study analysed variables such as

pay for performance, bonus, merit pay, worker effort, social status, mobility, absenteeism, and overtime. The study used a sample of about 6,500 employees. It was concluded that workers' effort is generated by the effectiveness of performance pay as an incentive mechanism. The study was the first to provide evidence of individual performance evaluations. The study further recommended that bonus incentives should be carried out in other places to find out how employee performance can be improved to increase the company's productivity.

Han *et al.* (2006) analysed the effect of bonus systems in Taiwan's high-tech sector on firm performance. The following variables were discussed in the study; cash bonuses and stock bonuses, and employee financial participation in firm performance. The data used in the study comprised six hundred seventy-two (672) listed in Taiwan's publicly held stock exchange firms. The conclusion made by the researchers in the study is that there is a positive effect on sales and value-added when two different measures of bonus are overwhelming. Therefore, when bonus schemes are put into practice, it will make firm performance to be strong. The other recommendation made by the study is that a survey questionnaire or field study method should be used in future for further collection of information on the nature of bonus systems. The study also further recommended that future researchers investigate how bonuses affect firm performance in detail.

Fringe Benefits and Employee Performance

Charith (2015) analysed how fringe benefits have an impact on job satisfaction in mining and construction companies in India. The study looked at determining the importance of fringe benefits amongst employees, determining the impact of fringe benefits on employee engagement, determining the impact of fringe benefits on job satisfaction, and gaining better knowledge of the structuring of remuneration packages as objectives

of the study. The study used a descriptive survey study. A total sample of 57 respondents was used in the study. A statistical design was used to analyse the data, and the SPSS and SAS were applied. A conclusion made from the study was that all employees were satisfied with the fringe benefits and the way that they were structured and how different demographical areas received total cost-to-company packages. Another recommendation from this study is that the cash component of the remuneration package needs to receive additional focus.

RESEARCH METHODOLOGY

Research Design

This research employed a descriptive research design. Mugenda and Mugenda (2003) refer to the descriptive design as a way employed in gathering information with the motive of testing the hypothesis or answering queries concerning the present status under investigation. The design includes surveys as well as fact-finding inquiries of different kinds. The method allowed a qualitative approach that allows the description of the subject by creating a group of items through the gathering of data as well as formulation of the frequencies on study variables and their interactions. The descriptive study approach was used because it permitted analysis as well as relations of variables.

Study Location

This study was conducted at Ferry Service (FS), which is situated in Likoni Sub-County, Mombasa County. Kenya Ferry Service currently operates ferry services across the Likoni channel at the south end of Mombasa City and ferries over 300,000 pedestrians and 6,000 vehicles daily across the channel.

Ferry Service has its headquarters at Peleleza Likoni Mainland South Gaza Road. The researcher decided to choose the location because it is easier for him to reach the target population and distribute the

questionnaires on time. The researcher knows the area well as he is a resident of Likoni; therefore, it made him reach the target population within the short time possible.

Target Population

The study targeted 268 Ferry services employees only comprised of permanent employees-management and permanent employees-unusable. Okiro & Ndungu (2013) have described the target population as what the researcher will wish to make some inference from the total collection of elements

Sampling Procedure and Sample Size

A sampling frame is a list which comprises only members of the population (Cunanan & Cruz, 2008). For the purpose of this study, and from the

above definition, a total sample of hundred (80) employees from Ferry Service was selected from 268 Ferry Service employees. A sample was taken from the permanent employees-management and permanent employees-unionsable. Stratified random sampling was used in this study. It helps to ensure that all categories (groups) are sampled adequately and which will help to facilitate comparison among groups (Auka *et al.*, 2013). Mugenda & Mugenda 2003 states that descriptive studies can use 10% to 30% of the accessible population as a representative sample. Out of the 268 employees, the researcher took 30% of permanent employees-management and permanent employees-unionsable, which gave him 80 respondents as a sample size, as shown in *Table 1* below.

Table 1: Sample size

Category	Population	Percentage	Sample Size
Permanent employees-management	110	30%	33
Permanent employees-unionisable	158	30%	47
Total	268		80

Source: Researcher (2022)

Research Instrument

The researcher used a questionnaire because it gave the respondent time to read and understand what was written and to be in a position to give out their views; they were also free to answer in their own words on the influence of Financial Incentives on Employee Performance. According to Ogutu 2012, questionnaires help a researcher to collect initial data from the sample population under study in the short time possible, thus lowering the cost and also it would help the researcher to describe the population. The questionnaires were aimed at obtaining data concerning the influence of financial incentives on employee performance in Ferry Service, Mombasa. The researcher distributed the questionnaires to areas where respondents were and collected them at an agreed time and place.

Validity of the Research Instrument

The accuracy of the measurement is simply known as validity. Auka *et al.* 2012 define validity as the extent to which the item under study measures what they purport. Assessments of the validity of the research instrument depended on the researcher's judgment. Validity of the instrument is determined by ensuring that the questions measure what they are supposed to measure, for example, clarity of wording and whether the respondents interpreted all questions well to eliminate ambiguity and confusion. The applicability and appropriateness of the content and adequacy of the instruments were evaluated by the supervisor from a research perspective for purposes of enhancing questionnaire validity.

Reliability of the Research Instrument

Sachdeva (2008) defines the reliability of an instrument as an ability of an instrument to give the same results repeatedly. We measure reliability when we administer an instrument under the same conditions to the same population and obtain similar results. This expresses the relationship which measures strength among variables. The researcher used the test-retest method with a selected group of

employees, and the score in time one and time two were then correlated for purposes of evaluating the test for stability over time. The studies would use Cronbach’s alpha, to which a higher value will show a more scale generated. 0.7 as indicated by Cooper & Schindler (2003) is to be an acceptable reliability coefficient.

Table 2: Reliability Coefficients

Scale	Cronbach’s Alpha	Number of Items
Salary	0.725	6
Bonus	0.719	15
Fringe Benefit	0.729	10

Source: Research data (2022)

Data Analysis Technique and Procedure

The process of ordering and structuring data from the field to give intended meaning in relation to the statement of hypothesis is known as data analysis (Kothari, 2004). Data that was collected from the questionnaires were processed through editing and coding. The data that was collected was organised, tabulated and analysed by the use of descriptive statistics like frequency distributions, percentages, and averages. Inferential statistics such as correlation were also used. The significance level was set at $p < 0.01$ for every statistical set. Content analysis was used to analyse open-ended questions. Statistical Package for Social Science (SPSS) version 26.0 for the window was used in assisting in data analysis. Analysis of data was important, as it explained each variable of the study. The analysed data was presented using descriptive statistics like tables and figures, percentages, and frequencies. The table enabled the researcher to comprehend the data and improve on visual impression, easing interpretation and relating the information at a glance. Data were subjected to multiple linear regression models in order to understand the influence of financial incentives on employee performance in Ferry Service, Mombasa. The regression model was-

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Where: Y = Employee performance, X_1 = Employees salary, X_2 = Employees bonus, X_3 = Employees fringe benefits, e = Error term, $\beta_1 \beta_2 \beta_3$ = Are the regression coefficient.

Multiple Regressions

The regression analysis is used to determine the influence of salary, bonus and fringe benefits on employee performance. The regression analysis was:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + u$$

Where Y represents employee performance, X_1 represents salary, X_2 represents bonuses, X_3 represents fringe benefits $B_1, B_2,$ and B_3 are regression coefficients of determination and u represents the error term, which indicates its significance.

RESEARCH FINDING

Response Rate

The response rate is the number of respondents who attended the questionnaires divided by the number of individuals in the sample and it is always articulated in the percentage form. The research targeted 80 respondents, of which 70 filled and returned questionnaires representing a response rate

of 88%. The response was satisfactory in coming up with a conclusion for the study. The responding rate was representative. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for the analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent. It was from this assertion that the response rate was considered excellent. The respondents were assured of the confidentiality of the information presented.

Influence of Financial Incentives on Employee Performance

The study ought to find out the level to which respondents agree or disagree with the statement relating to the extent to which salary influence employee performance. From *Table 3* below, it was evident that the respondents highly agreed that working condition was conducive to improving

performance, as indicated by a mean of 1.57 and a standard deviation of 0.693. Other respondents highly agree that salaries are used to attract, retain, and motivate employees, as shown by a mean of 1.71 and a standard deviation of 0.919. The study was consistent with the findings of Stajkovic and Luthans 2003, that money has been shown to attract, motivate, and retain employees as well as to serve as a reinforcement of employee performance. Other respondents agree that salary has an influence over the performance of the employee, with a mean of 1.77 and a standard deviation of 0.765. The study was consistent with the findings of Kohn (1998), who stated pay people well, pay people fairly and then do everything in your power to take people’s minds off money. The study found that when employees are paid high salaries, it motivates them to work extra hard to ensure that the organisation’s goals are met on time.

Table 3: Extend to which salary influence employee performance

Statement	Very highly	Highly	Moderate	Small	Very small	Mean	Std dev.
Salary has an influence on the performance of the employee	30	26	14	-	-	1.77	0.765
Working condition is conducive to improving performance	36	30		2	-	1.57	0.693
Salary is used to attract, retain, and motivate employees	36	22	10		2	1.71	0.919

Source: Research data (2022)Influence of Bonus on Employee Performance in Ferry Service, Mombasa

The study sought to determine whether the respondents agreed or disagreed with the above statement relating to the influence of bonuses on employee performance. From *Table 4* below, It was evident that the respondents highly agree that bonuses influence an employee to work extra hard, represented by a mean of 1.90 and a standard deviation of 0.871. The study was consistent with the findings of Mondy (2014), who stated that bonuses will reward employees with high performance and that it will encourage other workers, especially co-workers to increase productivity so that they can also receive the bonuses. Other respondents agreed that bonuses

influence the type of employees and how they exhibit the required behaviour, represented by a mean of 1.11 and standard deviation of 1.314, while other respondents indicated that a bonus is seen as earned incentive in reward for years of service to a particular organisation represented by a mean of 1.14 and standard deviation of 1.376. The findings are consistent with the findings of Han *et al.* (2006) that when bonus schemes are put into practice, it will make firm performance to be positively strong. Bonuses should be provided by an organisation in the sense that it makes employees put much of their effort into working hard to ensure that the organisation meets its set objectives.

Table 4: Extend to which bonus influence employee performance

Statement	Very highly	Highly	Moderate	Small	Very small	Mean	Std dev
Bonuses influences employee to work extra hard	12	16	6	-	-	1.90	0.871
Bonuses influence the type of employee and how they exhibit the required behaviour	8	10	14	2	-	1.11	1.314
Bonuses are seen as an earned incentive in reward for years of service to a particular organisation	6	15	10	1	1	1.14	1.376

Source: Research data (2022)

Influence of Fringe Benefits on Employee Performance in Ferry Service, Mombasa.

The study sought to determine whether the respondents agreed or disagreed with the statements on the extent to which fringe benefits influence employee performance in the organisation. It was, however, found out that the respondents highly agreed that the employees are required to be aware of the fringe benefits offered by the organisation to enhance their performance, represented by a mean of 1.60 and standard deviation of 0.769; other respondents highly agreed that every organisation

provides total reward packages to the employees in addition to the basic pay represented by a mean of 1.97 and standard deviation of 1.09 while others agreed that some benefits are given to the employees for purposes of attracting and retaining them and to avoid absenteeism from work represented by a mean of 2.14 and standard deviation of 1.158. The study was consistent with the findings of Charith (2015), who stated that all employees were satisfied with the fringe benefits and the way that they were structured and how different demographical areas received total cost-to-company packages.

Table 5: Influence of fringe benefits

Statement	Very highly	Highly	Moderate	Small	Very small	Mean	Std dev
The employees are required to be aware of the fringe benefits offered by the organisation to enhance their performance	40	18	12	-	-	1.60	0.769
Every organisation provides total reward packages to the employees in addition to the basic pay	30	20	16	-	4	1.97	1.09
Some benefits are given to the employees for the purposes of attracting and retaining them and avoiding absenteeism from work	26	22	10	10	2	2.14	1.158

Source: Research data (2022)

Regression Analysis Adjusted R squared is the coefficient of determination, which tells us the variation in the dependent variable due to changes in the independent variable; from the findings in

Table 6, the value of adjusted R squared was 0.317, an indication that there was a variation of 31.7% on employee performance due to changes in salary, bonus, and fringe benefits. This shows that 31.7% of changes in employee performance could be accounted for by salary, bonus, and fringe benefits.

R is the correlation coefficient, which shows the relationship between the study variables; from the findings shown in the table above, there was a strong positive relationship between the study variables, as shown by 0.589.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589 ^a	.347	.317	.50234

Source: Researcher (2022)

From the ANOVA statistics in the table below, the processed data, which is the population parameters, had a significance level of 0.00%, which shows that the data is ideal for making a conclusion on the population’s parameter as the value is less than 5%.

There was an indication that there was a significant difference between employee performance and salary, bonus and fringe benefits. The significance value was less than 0.05, an indication that the model was significant.

Table 7: ANOVA

Model	Sum of squares	df	Mean square	F	Sig
1 Regression	8.831	3	2.944	11.666	.000 ^b
Residual	16.655	66	.252		
Total	25.486	69			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Financial incentives, Bonuses, Fringe benefits

Source: Researcher (2022)

Salary and Employee Performance

The significant level of salary in relation to employee performance is at 0.000, thus denoting that a unit increase in salary would lead to an increase in employee performance by a factor of

16.655. This confirms Subroto (2013), who stated that the factor which mostly affected the performance of the income teachers was salary. Money has been shown to attract, motivate, and retain employees as well as to serve as a reinforcement of employee performance.

Table 8: Influence of Salary

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.859	.127		6.759	.000
Salary	16.655	.065	.578	5.844	.000

Fringe Benefits and Employee Performance

A significant level of fringe benefits as an incentive in relation to employee performance at 0.812 denotes that a unit increase in fringe benefits as an

incentive would lead to an increase in employee performance by 0.050. This confirms Charith (2015) who stated in his study that all employees were satisfied with the fringe benefits and the way that they were structured and how different

demographical areas received total cost-to-company packages.

Table 9: Fringe Benefits

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.461	.235		6.225	.000
Fringe Benefits	.050	.208	0.029	0.238	.812

DISCUSSION OF FINDINGS

Based on the research question on how salary influences employee performance, all 70 respondents filled and returned the questionnaire to which they responded that the high the salary one receives, the more one performs the work more efficiently; therefore, the salary was significant to employees as it acts as a motivator to give out their effort more. On the extent bonus influence employee performance, it was found that the majority of the respondents did not receive any bonus as an incentive, and those fewer who were receiving it responded by saying that bonus was not equally distributed by the management. On fringe benefits, as a financial incentive for employee performance, especially on the issue to do with NHIF, 70 respondents who filled and returned the questionnaire responded that it was their right to get treatment, as it is crucial for them to work, as a sick person does nothing. Most of the respondents do agree that fringe benefit influence employee performance because the high fringe benefits, especially house allowance, leave allowance, commuter allowance and leave allowance, influence them to work more and more and give out their best.

It was found from the data collected that the majority of the respondents who filled and returned the questionnaire were male and fewer were female, meaning that the study never had a gender balance. The male respondents were friendly and voluntarily shared the information needed, while the female respondents voluntarily shared the information, but they could not provide a conducive environment for

data collection, although they received the questionnaire after the researcher convinced them that the questionnaire is simple and take few minutes to fill it and that it would not take much of their time. The majority of the respondents were between the age of 27-35 years, and they have many years to provide their service at the organisation; therefore needed to be motivated by being provided with proper incentives to influence their performance at the organisation. Many respondents had reached college level, therefore, providing essential skills needed in their job to improve their performance. It was also found that the majority of the respondents were from the Union compared to those in the management. More respondents have served in the organisation for 11-15 years; meaning has more experience towards improving their work performance and could provide necessary assistance to fellow employees who could need their help.

Although some respondents concluded that fringe benefits like medical allowance are their right and that the organisation has to ensure that each employee's health is given priority to ensure smooth working conditions, it was also found out from the study that the majority of the respondents were not receiving bonus and for those who were receiving bonus said that it was not fairly distributed and some were not aware of it. It was from this study that we found out that financial incentive like salary, bonus, and fringes such as house allowances, medical allowance, annual leave and commuter allowance plays a big role in influencing employee performance in the organisation. Salaries were significant to the employees as the respondents highly agreed that salaries were used to attract,

retain, and motivate employees, as shown by a mean of 1.71 and a standard deviation of 0.919. The study was consistent with the findings of Stajkovic and Luthans (2003) that money has been shown to attract, motivate, and retain employees as well as to serve as a reinforcement of employee performance.

Bonus was also significant to the employees as the respondents highly agree that bonuses influence an employee to work extra hard, represented by a mean of 1.90 and a standard deviation of 0.871. The study was consistent with the findings of Mondy (2014), who stated that bonuses will reward employees with high performance and that it would encourage other workers, especially co-workers to increase production so that they can also receive bonuses. However, the study found that not all employees benefited from the bonus as an incentive, as only a few were receiving it. The respondents highly agree that the employees are required to be aware of the fringe benefits offered by the organisation to enhance their performance, represented by a mean of 1.60 and a standard deviation of 0.769. It was also found out that many employees highly agree that medical allowances are crucial to employees and that it should be a priority for any employee who gets sick to get the necessary attention immediately, as it is crucial for them to participate in ensuring that the organisation meets its set objectives.

CONCLUSION

The main objective of the study was to look at the influence of Financial Incentives on employee performance in Ferry Service. The disputes that existed between the management and the Ferry Service employees on matters concerning the increase of salary, and allowances, employing the casual workers with permanent jobs and improvement in NHIF. The persistence was a threat to the survival of the organisation because the low commitment of the employees cannot enable the organisation to meet the set objectives. It is, however, not clear whether the cause of the problem was related to employee performance. The study

found out that on July 2021, the organisation was put under Kenya Port Authority because of poor management and was nearly at its peak of falling. This change was significant to a pedestrian who was daily using the Ferry service as they had never seen employees engaging in a strike. To the organisation, it was at least able to improve on service deliver and settle some disputes that existed there before. To employees, the change largely saw the loss of some of their powers and position. All employees were to follow the laid down structure of Kenya Port Authority.

The study concludes that financial incentives provide a big role in influencing employee performance in the organisation. The higher incentives are given to an employee, the high the employee's performance. Financial Incentives were found to have a positive impact on employee performance since the majority agreed that financial incentives are of great importance and that it influences employee performance. It is of great importance that these financial incentives should be fairly distributed equally among the employees in an organisation.

Recommendations

The study location was limited to Ferry Service with its main office in the Likoni area, although now all matters concerning managing the daily activities of ferry Service are managed by Kenya Port Authority; therefore, the study recommends that future researchers study the same topic in a different study location apart from Likoni.

The study recommends other future researchers use a bigger population in their study to come up with more data with the purpose of understanding a certain phenomenon in a wider range, as the study population was only 80 respondents. The study recommends that those who intend to carry out future research on the same topic should look at those variables not covered by this research because time was short to carry out deep research and cover

more variable that influences employee performance. Financial incentives given to employees should be emphasised and increased to influence employees to work more and provide what is best for them. The organisation should provide financial incentives to its employees in a fair manner without discrimination. Incentives are there to motivate employees to work more and more and not to discomfort them. The study suggests that more time should be added to collect more data on the influence of Financial incentives on Employee Performance. The study suggests that future researchers carry out research on the same topic and cover different variables not covered by this research.

REFERENCES

- Auka, D.O, Bosire, J. N. & Matern, V. (2013). Perceived Service Quality and Customer Loyalty in Retail Banking In Kenya. *British Journal of Marketing Studies*, Vol.1 (3),32-61
- Axel R. (2004). Effects of Bonus Payment: Evidence from International Company, Discussion Paper NO.1229 July 2004
- Blanche, M. T., Durrheim, K. & Painter, D. (Eds.) (2008). *Research in Practice*. Applied Methods for Social Sciences Cape Town. University of Cape Town Press
- Bwana J. (2015). *The Standard Media*. Retrieved from: www.standardmedia.co.ke.
- Cascio, W (2012). Performance Management: Managing Human Resources. (5th Int. Edi.)Irwin/McGraw-Hill Publishers
- Cunanan, D., Cruz .M. (2008). *Probability sampling and Non-probability sampling*. Retrieved from www.slideshare.net/apiong/samplingdesign, November 13, 2013
- Charith B. (2015). Impact of Fringe Benefits on Job Satisfaction in Mining and Construction Companies in India. *International Journal of Marketing and Human Resource Management*, Vol.6 (3), December 2015, pp46-67
- Cooper, R., Schindler S (2003). *Business Research Methods. The McGraw-Hill/Irwin series operations and decision sciences*. 8th Edition illustrated Publisher McGraw-Hill School Education Group
- Edmund Kyaruzi Barongo (2013). *The Role of Financial Incentives on Employees' Motivation in Financial Institution in Tanzania*. A case of Bank of Tanzania
- Han, Tzu-Shian and Chung-Hua Shen (2006). The Effect of Bonus Systems on Firm Performance in Taiwan's High-Tech Sector. *Journal of Comparative Economics* NO. 64, Sec2 35(2007) 235-247
- Iskandar M. Ahmad R. and Martua R. Harahap (2014). Factors Influencing Employee's Performance; A study of the Islamic Banks in Indonesia. *International Journal of Business and Social Science*, Vol.5, NO.2; February 2014
- Kothari. (2004). *Research Methodology: Methods and Techniques*. New Age International Publishers Ltd. India
- Kwamboka W. Ogotu (2014). *Perception of the Influence of Incentives on Employee Job Performance in the Ministry of Education in Kenya*
- Laurie J. Mullins (2007). *Management and Organisational Behaviour*, 8th edition, Pearson education limited London, pp257-275
- Mugenda, O.M and Mugenda, A.G. (2003). *Research Methods, Qualitative and Quantitative Approaches*, Nairobi Act Press.
- Okiro K. and Jacky N. (2013). The Impact of Mobile and Internet Banking on Performance of

- Financial Institutions In Kenya, *European Scientific Journal*, May 2013 Edition Vol.9, No.13 Issn: 1857 –7881 (Print)
- Ogutu, M. (2012). *Competitive Strategies Adopted by Multinational Banks in Kenya*. DBA Africa Management Review 2(1), 98-109
- Orodho, A. & Kombo, D. (2004). *Research Methods*. Nairobi: Kenyatta University Institute of Open Learning
- Rika J. (2015). *Kenya Ferry Services Limited v Dock Workers Union (Ferry Branch)*, Retrieved from www.kenyalaw.org, May 22 2015
- Rika J. (2020). *Dockworkers Union v Kenya Ferry Service Limited \$ Salary and Remuneration Commission, Cause Number 502 of 2018*. Retrieved from www.kenyalaw.org, 28 January 2020
- Sachdeva J.K (2018). *Business Research Methodology*. Published By Global Media, Print PUBdet 2008-12-01 Print ISBN 9788184881622
- Timothy M. and Rose (2008). *Impact of Financial Incentives Mechanism on Motivation in Australian Government Large Non-Residential Building Projects*.
- Toner J. (2014). *The Roman Guide to slave Management*. Retrieved from <http://aeon.co/essays/were-roman-slave-owners-the-first-management-theorist>, February 5 2015
- Wafula P. (2016). *The Standard Newspaper*, November 11 2016 pp8
- Wayne R. Mondy and Judy Bandy Mondy (2012). *Human Resource Management*, 13th edition, Published by Pearson Education Limited, USA, pp 248-259.
- Wasposito T. Subroto, (2013). Income and Implication of Teachers performance to improve the Quality of Education in the elementary school of Surabaya. *International Journal of Business, Humanities and Technology*, Vol.3, NO.2; February 2013
- Wayne R. Mondy and Judy Bandy Mondy, (2014). *Human Resource Management*, 13th edition, published by Pearson Education Limited, USA, pp 248-259.