

**EFFECTS OF MOTIVATIONAL INCENTIVES ON EMPLOYEE
PERFORMANCE IN SMALL AND MEDIUM ENTERPRISES IN
KENYA:A CASE STUDY OF FAMILY BANK**

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ABSTRACT

The overall objective of this study was effects of motivational incentives on employee performance in small and medium enterprises in Kenya. The Specific objectives included finding out the effects of remuneration, growth opportunities, training programs and service awards on employee performance. This study adopted descriptive research design. The target population was 52 staff members from Family Bank, Head office. Census design was used in sampling. Data collection was through questionnaires which were analyzed both quantitatively and qualitatively after data collection. There study established various ways in which employees were motivated namely pay and benefits, growth opportunities, work conditions, staff training and service awards. There is a relationship between motivational incentives and employee performance. Motivation improves level of efficiency of employees. The level of a subordinate or an employee does not only depend upon his qualifications and abilities. Motivational incentives affects employee performance in an organization in various ways such as increased output, boosting employee morale, improved participation and improved employee relations. Motivational incentives affect employee performance to a very great extent. The study recommends that to use salaries as a motivator effectively, personnel managers must consider four major components of a salary structures. It is also important to ensure that the prevailing pay in other establishments is taken into consideration in determining the pay structure of their organization. An employee performance appraisal process runs a few times during the year. If designed appropriately, significantly more information can be captured and analyzed by organizations. The management should maintain effective communication with staff to identify their needs, allow for suggestions through open door policy and giving prompt feedback. The sharing of a company's profits gives incentive to employees to produce a quality product,

perform a quality service, or improve the quality of a process within the company. The researcher recommends that the study be extended to manufacturing firms and other institutions with adequate time provision.