

**EFFECTS OF REMUNERATION ON EMPLOYEES PERFORMANCE IN
THE ORGANIZATION: A CASE STUDY OF SISDO MICROFINANCE.**

HELLEN AWINO OMALLA

ABBQ/00575/2013 PS

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF BACHELOR OF COMMERCE
(BUSINESS MANAGEMENT) SUBMITTED TO THE TECHNICAL
UNIVERSITY OF KENYA**

2015

ABSTRACT

Pay for performance is one of the recognized practices of management. Almost all remuneration plans include incentive and bonus schemes in order to motivate employees' performance of individuals by rewarding them. The aim of the study was to find out how pay-for performance system can actually affect performance of employees in the organization. Research and Literature indicates that pay-for performance can indeed influence employee's performance. However there are instances where there are negative effects associated with pay for performance. Pay-for performance is in instances considered controversial owing to the large remuneration packages that management in particular receive as compared to junior employees. Effective pay-for performance plans are found to have a positive effect on the motivation of employees. However the reward preferences differ from one individual to another, therefore it is important to understand individuals and what motivates them than the actual reward offered to them.