

**ROLE OF REWARD AND PERFORMANCE MANAGEMENT IN DEVELOPMENT OF ORGANIZATIONAL CITIZENSHIP BEHAVIOUR AMONG THE CIVIL SERVANTS IN KENYA**

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**ABSTRACT**

Although many have called for the elimination of performance appraisals, linking performance to distribution of salary, bonuses, and incentives contributes to effective talent management and follows research on the role reinforcement plays in motivating performance. A great deal of research shows that pay for performance, when well executed can indeed motivate individuals to perform well. Rewarding performance with extrinsic rewards is only way one to motivate individuals, but it can be very effective. Therefore, this paper examined the role of reward and performance management in developing organizational citizenship behaviour among the civil servants in Kenya. The study employed descriptive study designs. The target population comprised of the 18 government ministries. With an average of 1444 employees per ministry, the study applied a two stage cluster sampling technique. The first stage cluster sampling randomly selected one ministry which was considered as a sub population in the cluster sampling. The second stage sampling also used a simple random sampling to select 10% of the average number of employees in the ministry selected at the first stage in order to reduce the vast number of subject into a manageable sample size of 144 respondents were selected to participate in this study. Descriptive statistic was used to compute percentages of respondents' feedbacks. Correlation and regression analysis were used to determine the relationship between the research variables. Confirmatory factor analysis (CFA) was used to test whether measures of a construct were consistent with researcher's understanding of the nature of that construct (or factor). These results provide clear guidance with respect to linking reward and performance management to the process of developing organizational citizenship behaviour. The findings strongly support the view that reward and performance systems are more effective when there is a connection between the results of a performance appraisal and the compensation of individuals. This study therefore, applauds that policies be put in place to review the reward and performance management system currently used in recruitment and selection among the public servants in Kenya.

*Key Words: Reward, Performance, Organizational Citizenship Behaviours, Human Resource Management, Confirmatory Factor Analysis*

## **Introduction**

Criticism of reward and performance management systems continues to grow (Jones and Culbertson 2011; Pulakos and O’Leary 2011). More and more books and articles suggest eliminating performance appraisals entirely, while others stress that they can be an effective way to improve organizational performance if executed correctly (Culbert 2010; Grote 2011). Numerous adjustments and patches have been proposed and tried to ‘fix Performance Management’; including changing rating scales, adding raters, cascading goals and the list goes on (Hantula 2011). One fix that is often suggested is ‘decoupling’ performance appraisal from compensation decisions so they focus only on development and work planning. However, there is a major problem with not using performance as a basis for distributing monetary rewards. One of the most important things that performance management systems can do is establish a link between individual effort and consequences (Schuler, and MacMillan, 1984). Linking performance to distribution of salary, bonus and incentives contributes to effective talent management (Lawler 2008) and follows research on the role reinforcement plays in motivating performance (Lawler 2000).

Organ (1999) argued that OCB is held to be vital to the survival of an organization. Organ further elaborated that organizational citizenship behaviour can maximize the efficiency and productivity of both the employee and the organization that ultimately contribute to the effective functioning of an organization Randall, et al. (1999). The extent to which employees go the extra mile for their organizations can be captured by organizational citizenship behaviours (OCBs) defined as those organizationally beneficial behaviours and gestures that can neither be enforced on the basis of formal role obligations nor elicited by contractual guarantees or recompense (Organ, 1990). An OECD study conducted in 1994-95, in eleven public sector agencies in five countries – Australia, Denmark, Ireland, the United Kingdom and the United States – found that performance related pay (PRP) was constantly ranked lowest in managers’ expressed preferences for thirteen different work conditions (OECD, 1999). The survey showed that a substantial majority of managers do not value PRP as much as many other work characteristics, such as challenging job opportunities, a sense of accomplishment, recognition for one’s achievements and respect and fair treatment from one’s colleagues.

The findings from these three surveys would tend to indicate that individuals in the civil service value different types of rewards, depending on their position and personal predilection. Some prefer extrinsic rewards, others intrinsic rewards. There does, however, seem to be a significant emphasis on intrinsic rewards such as recognition and development opportunities. There is also an indication that arrangements for managing rewards are less than satisfactory. Many public servants in Australia feel that they do not get sufficient recognition for the job they do. In

Canada, public sector respondents were less happy with the reward systems than their private sector counterparts. Although the construct investigated extensively in USA OCB has less attention in others international context (Lievens & Anseel, 2004). According to Schnake and Dumler (1995) OCB dimensions that most use frequently in the empirical work are altruism conscientiousness civic virtue sportsmanship and courtesy. In his conclusion Paille (2009) agreed that US conceptualization developed in the previous researches may be generalized and applied to the French cultural context. Theoretically the relationship between OCB and satisfaction have received good explanation. The satisfied employee would show OCB more frequently than unsatisfied one (Kuehn & Al-Busaidi, 2002). After more than 20 years research in the fields of OCB the evident still the same job satisfaction is the good predictor of OCB (Chien, 2004). Kenya, like most countries in the sub-Saharan region and in contrast to many countries in the developed world, has not as yet productively integrated organization citizenship behaviour (OCB) into its government agencies (Ondari-Okemwa, 2004). It was noted that productivity and performance in the Kenyan public service was not as expected (Opiyo, 2006). According to World Bank Report (2003), the civil service in Kenya accounts for 80% of economic growth. However, it has been characterized by low work performance and poor service delivery. The poor work performance has led to the decline in the growth of the economy from an average GDP growth rate of 2.3% in the 1990s to 1.1% in 2003 (World Bank Report, 2003).

In order to achieve the country's ambitious transformation, massive investment in the human capital to accelerate service delivery is inevitable and considered strategic. According to Lawal & Oluwatoyin, (2011), the civil service is one such agents of development in any nation and the transformation of any society or system depends on the effectiveness and efficiency of its civil service. An efficient and performing public service is a major factor in enhancing economic growth and prosperity (GoK, 2006). The sentiment of this study is further echoed through studies by Kogei, et al, (2013) and CIDA (2010) which illustrated that performance contracting in civil service in Kenya is widely perceived as not having brought any meaningful change in the quality of service delivery to the populace. Thus, may jeopardize the realization of the Vision 2030 targets that may depend on the human resource capacity development and management. It seems that the performance management and service delivery effort (which is part of the larger HRM practices) does not have significant impacts on employee discretionary behaviour. This contradicts the studies by Nemeth and Staw (2009), Turniseed and Rassuli (2005), and Gupta and Singh (2010) that suggest the relationship between HRM practices and OCB. Nevertheless, while the research on OCB in the public service environment are limited to the developed economies only, the role played by HRM in the development of OCB behaviours in the same environment in developing countries like Kenya is totally a new area. Nickson et al, (2008) argued that there are many problems associated with recruitment but they can be improved by attracting the employees with affective commitment. Commitment can be influenced by the policies and practices of recruitment and selection. Commitment-oriented recruitment is strongly related to the expressive communications and appeals to values and beliefs and in the similar manner commitment-oriented selection have a focus on assessment of values and beliefs, and

also on the degree of their congruency with organizational values (Weiner, 1985). Further, the study by Farh, and Organ (2004) indicted that while investigating the OCB, researchers should examine the contextual dimensions of OCB under certain societal culture and economic institutional framework; the Kenyan perspective will definitely offer the felt need for these empirical antecedents. This paper therefore examined the role of reward and performance management in development of organizational citizenship behaviour among the civil servants in Kenya.

## **Literature Review**

Reward is defined as the desired outcome of a task (Armstrong, 2006). He says that reward Management deals with the strategies policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means (Pareke, 2005). The overall objective is to reward people fairly equitably and consistently in accordance with their value to the organization in order to further the achievement of the organizations strategic goals. Reward Management is not just about pay and employee benefits, it is equally concerned with nonfinancial rewards such as recognition learning and development opportunities and increased job responsibility. Performance management is an ongoing continuous process of communicating and clarifying job responsibilities priorities and performance expectations in order to ensure mutual understanding between supervisor and employee. It is a philosophy which values and encourages employee development through a style of management which provides frequent feedback and fosters teamwork (Guest, 2003). It emphasizes communication and focuses on adding value to the organization by promoting improved job performance and encouraging skill development. Performance Management involves clarifying the job duties defining performance standards documenting evaluating and discussing performance with each employee (Dessler, 2010).

The literature on employee compensation Baron and Kreps (1999) and Milkovich, Newman and Gerhart (2010) has suggested that equitable rewards and equal rewards are alternative ways to provide incentives to employees to perform well on their job and to expend effort. Consequently many studies (Kim, Park & Suzuki, 1990; Leung & Iwawaki, 1988) have treated the constructs of equity-equality in rewards as opposite ends of the same continuum. That is lower adherence to the equity norm has been used to indicate higher adherence to the equality norm. However the results of at least one study showed that preferences for equity and equality principles exist as separate constructs and further they were positively correlated (Ramamoorthy & Carroll, 1998). That is these two constructs may not be mutually exclusive individuals may favor both constructs at the same time and perhaps to a varying degree. Therefore in this research the two constructs are not treated as opposite ends of the same continuum but as two different constructs. On the other hand when employees perceive the reward system to be equitable they may engage in citizenship behaviours. When they perceive that they are being justly rewarded they may enhance their own job performance by doing a better quality job being more productive and even

reaching out to help their co-workers to perform their jobs better. Equity theory implies that high-performing employees be rewarded for their performance (Bolino & Turnley, 2008). Two meta-analytic studies Cohen-Charash and Spector (2001) and Colquitt, et al (2001) have provided clear evidence of the positive impact of distributive justice on a variety of employee attitudes and behaviours including citizenship behaviour.

Some the studies suggest that reward systems based on principles of equality may be more likely to encourage citizenship behaviours Leung and Iwawaki (1988) and Kim, Park and Suzuki (1990) because rewarding group or overall organizational performance is more likely to promote cooperation. Individual incentives may encourage competition instead of cooperation (Cox, 1993). On the other hand economic theories of incentives Baron and Kreps (1999) and Jensen and Meckling (1976) also suggest that employees are averse to risk and effort. When rewards are distributed equally or when employees so perceive the employees bear the full cost of their effort but the benefits of their effort such as monetary rewards are shared with other members of the organization. In addition employees also take a greater risk in increasing their effort or performing better than expected or engaging in citizenship behaviours if other members act selfishly and engage in free-riding and social loafing behaviours. Such situation may also create a scenario wherein the employees feel that the time and effort they exert are under their control but the fruits of their labor are not entirely under their control. Economic theories of incentive compensation further suggest that employees are averse to effort and will likely choose the lowest possible level of effort and performance consistent with being paid their equal share and avoiding disciplinary actions. Research also shows that individuals may compare costs and rewards in evaluating the fairness (Greenberg, Block and Silverman, 1971). Fey et al. (2000) thus suggest that employee motivation is arguably affected by a performance based compensation system. Based on expectancy theory Vroom (1964) it can be expected that if the company provides rewards desired by the employee in question this employee is more likely to perform in a way that will bring him the reward.

As Badawy (1988) argued, scientists and engineers (like others) manage personal motivations depending on their perceptions of the relationship between effort performance and reward. These perceptions reflect their expectations which in turn are determined by their needs (Maslow, 1943 and Alderfer, 1969). Paul and Ananthanraman (2003) found compensation to positively affect firm commitment of skilled profession of Indian IT firms. Using valid monetary incentive to elicit high performance employees can see a more direct line of sight between their behaviour and their personal outcomes. This creates a positive work environment where individuals feel fairly and equitably rewarded for their efforts (Wright et al., 2003). Using ability-based pay seems to be a more effective mechanism for career development inside or outside the firm (Saura & Gomez-Mejia, 1997). Klarsfeld Balkin and Roger (2003) and Godard (2004) suggested that contingent pay systems especially pay-for-OCB group bonuses and profit-sharing should lead to enhanced commitment of the employees. Other researches by Arthur (1994), Guerrero and Barraud-Didier (2004), Guthrie (2001), Konrad (2006) and MacDuffie (1995) also found



contingent compensation to influence employee commitment. Compensation-linked OCB initiatives work best if organizations first initiate flexible and family-friendly workplace benefits that show appreciation for employees and make it easier for them to go beyond the call of duty. When rewards are distributed equally or when employees so perceive the employees bear the full cost of their effort but the benefits of their effort such as monetary rewards are shared with other members of the organization. Incentives also influence the level of employee satisfaction (Lawler, 2000). When incentives are used properly they may prove to make important contributions to the survival and growth of an organization (Milkovich & Boudreau, 2010 and Dessler, 2010).

The notion of pay-for-performance is rooted in Adams' (1965) equity theory and suggests that employees must be able to see a clear connection between their job performance and the reward system. When individuals perceive that their performance is not rewarded they may reduce their effort and performance or in the worst case may leave the employer. Since citizenship behaviours are by definition voluntary they may decide not to engage in them when they perceive injustice in the workplace. They may seek an organization where they believe their performance will be justly rewarded. Therefore, equity theory posits that there may be adverse consequences when employees perceive inequities in rewards. Research on performance appraisal by Levering and Moskowitz (2003) has shown that systems that emphasize observable behaviours rather than generalized personality traits tend to be more accurate. Thus organizations looking to reward citizenship should focus on the extent to which employees engage in such behaviours rather than the extent to which employees possess positive personality traits (like concern for others) when evaluating their performance. Feedback on performance improves communication between supervisors and employees. Sharing information on the individual performance of employees contributes to organizational openness and increases the loyalty and trust employees have towards their organizations. This in turn is believed to increase motivation and cooperation (Grzelak, 1988). Appraisal may also facilitate citizenship to the extent that they directly affect OCB or reward such behaviours. Employees need also to be rewarded and provided with appropriate incentives so as to produce the required levels of performance. Such rewards would include direct financial rewards as well as Incentives which influence the level of employee satisfaction. As shown in the literature review, performance evaluation guides employees work related attitudes and behaviours. Feedback on performance improves communication between supervisors and employees (MacKenzie, Podsakoff & Paine, 2000). Sharing information on the individual performance of employees contributes to organizational openness and increases the loyalty and trust employees have towards their organizations. This in turn is believed to increase motivation and cooperation. However, the empirical review shows that not many organizations are keen in providing open feedback on the performance of employees (MacDuffie, 1995). Hence, performance management activities focus mainly on documentation rather than providing feedback and enabling development.

Extensive research has proved a positive relationship between the human resource management practices and firm unit department and team performance. Perceptions of fair treatment appear to contribute to OCB performance beyond what can be accounted for by attitudes reflecting how the employee feels toward the organization. Similarly the review established that there are three OCB dimensions of organizational justice: courtesy sportsmanship and conscientiousness (Mathew, 2010). On the other hand, the review found that job satisfaction also influences the performance of OCB and Social Exchange OCB beyond the influences of justice suggesting that both perceptions of justice and feelings of satisfaction contribute to performance of OCB in slightly different ways. Despite the large number of studies that have been undertaken to better understand OCB there is still a wide range of research opportunities or gaps in recruitment and selection -OCB relationship that need further research to help further build the theory. Notably, in the existing researches and literature focusing on public sector is limited. Applicability of existing studies on a developing country like Kenya need to be re-examined in view of unique inherent characteristics. There could be more factors and dimensions of OCB that need to be considered.

### **Research Methodology**

This study adopted a descriptive research design composed of qualitative and quantitative data. The target population of this study comprises of the civil servants of the total 18 ministries. The study adopted a cluster sampling technique which is a probability sampling method. The target population comprised of the 18 government ministries. With an average of 1444 employees per ministry, the study applied a two stage cluster sampling technique. The first stage cluster sampling randomly selected one ministry which was considered as a sub population in the cluster sampling. The second stage sampling also used a simple random sampling to select 10% of the average number of employees in the ministry selected at the first stage in order to reduce the vast number of subject into a manageable sample size of 144 respondents were selected to participate in this study. Primary data was collected using a questionnaire. Secondary data was gathered from existing theoretical and empirical sources that were credible and recognized sources. Quantitative data was analyzed by employing descriptive statistical analysis with aid of Statistical Package for Social Sciences (SPSS) and AMOS for confirmatory factor analysis tests. The objective of confirmatory factor analysis is to test whether the data fit a hypothesized measurement model. Further, regression analysis was carried out to examine the weight of the variables. Organizational Citizenship behaviour in the public service was regressed against reward and performance management. The regression equation was expressed as follows:

$$YS = \beta_0 + B_1X_1 + \epsilon$$

Where:

$Y_s$  is the organizational citizenship behaviour,  $\beta_0$  is constant (coefficient of intercept),  $X_1$  is reward and performance management,  $B_1$  is the regression coefficient of the variable, while  $\varepsilon$  was used as the error term.

## Results and Discussions

### Confirmatory Factor Analysis

In this construct of 'reward and performance', reward had 7 indicators while performance had 4 observed variables. The first model with all the indicators was weak as it had a chi-square test value of 223.484 ( $p < .001$ ). CMIN/DF value of 5.197 was above the prescribed 5.197, GIF of 0.744 was below 0.9, CFI of 0.786 was below the recommended 0.95, RMSEA was 0.183 which was above 0.08 with a PCLOSE of  $p < 0.001$  (Arbuckle, 2007). The study improved the reward and performance model by removing indicators that had low loading: less than 0.7. As shown in the second model of Appendix I, removal of REW5 (rewards received from public service commission inducing an employee to perform better), REW6 (better performance leading to more rewards), REW7 (more education leading to higher the rewards from the public service commission), and PERF1 (rewarding employees who display behaviour of working beyond job description in addition to their prescribed job duties) the model's chi-square test improved from 223.484 ( $p < .001$ ) in the first model to 32.188 at  $p = .002$ . CMIN/DF improved from 5.197 to 2.476 which is below 5.0 as recommended, GFI increased to 0.930 which exceed 0.9 as recommended, CFI of 0.955 exceeded 0.95 as prescribed. RMSEA improved to 0.108 and PCLOSE of 0.024 was impressive (Wuensch, 2013).

Table 1 shows that five items related to reward loads favourably on the common factor given standardized regression weights of: REW1 (pay and benefits received being commensurate with the work done) = 0.730, REW2 (pay and benefits received meeting employees' living standards) = 0.773, REW3 (many civil servants yearning to work in the organization) = 0.889, REW4 (the ministry not being prone to industrial action) = 0.774. Three items related to performance loads favourably on the common factor given standardized regression weights of: PERF2 (compensation systems linked to group organizational-level outcomes tending to encourage employee investing in extra role behavior) = 0.768, PERF3 (organization not rewarding employees engaging in competitive or non-cooperative behaviours that are inconsistent with the notion of good citizenship) = 0.824, PERF4 (organization initiates flexible and family-friendly workplace benefits that show appreciation for employees and make it easier for them to go beyond the call of duty) = 0.746. Critical ratio and significance of path coefficients of above 1.96 and below .05 depicts that the estimated path parameters were significant (Brown, 2005).



**Table 1: Confirmatory Factor Analysis - Reward and Performance**

			Estimate	Standardized Estimate	S.E.	C.R.	P Label
REW4	<---	Reward	1.572	0.774	0.229	6.86	***
REW3	<---	Reward	1.619	0.881	0.218	7.413	***
REW2	<---	Reward	1.323	0.784	0.191	6.925	***
REW1	<---	Reward	1.476	0.736	0.223	6.63	***
PERF4	<---	Performance	1	0.746			
PERF3	<---	Performance	1.06	0.823	0.133	7.945	***
PERF2	<---	Performance	0.90	0.768	0.116	7.723	***
REW6	<---	Reward	1	0.613			

### Descriptive Analysis

Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data (Trochim, 2006). The purpose of descriptive statistics was to enable the researcher to meaningfully describe a distribution of scores or measurements using indices or statistics. The type of statistics or indices used depends on the type of variables in the study and the scale of measurements. Measures of central tendency are used give expected summary statistics of variables being studied. The commonly used measures percentages, mode, mean and median. This study used mean/average and percentages to present the study findings on factors used in examining the role of recruitment and selection in development of organizational citizenship behaviour among the civil servants in Kenya.

Compensation based on collective rewards either monetary (profit sharing stock ownership gain sharing teamwork bonus) or non-monetary (fringe benefits and social benefits) is usually considered as highly involving (Guerrero & Baraud-Didier, 2004). A high level of perceived equity signals to employees that the firm supports them and has their well-being at heart (Eisenberger, Huntington, Hutchison & Sowa, 1986; Lawler, 1986). People tend to compare their remuneration with other people in the same or a similar situation (Fey et al., 2000). Paying high salaries may have a positive motivational influence on employees. To the extent that company employees perceive that other firms provide their staff with higher salaries they are more likely to become dissatisfied and possibly leave the company (Roberts, 1997). Performance may also facilitate citizenship to the extent that they directly affect OCB or reward such behaviours. The organizations looking to reward citizenship should focus on the extent to which employees engage in such behaviours rather than the extent to which employees possess positive personality traits when evaluating their performance. According to Levering and Moskowitz (2003), systems that emphasize observable behaviours rather than generalized personality traits tend to be more

accurate in carrying out their duties. Feedback on performance improves communication between supervisors and employees. Sharing information on the individual performance of employees contributes to organizational openness and increases the loyalty and trust employees have towards their organizations.

The study sought to find out from the respondents if they are adequately compensated. The findings indicate that most of the respondents (89.8%) indicated that they are not adequately compensated while 10.2% indicated that they are adequately compensated. This indicates that most employees in the ministries are not adequately compensated. This is contrary to Bolino (2000) who indicated that reward systems directly recognize good citizenship and make it clear that, organizations truly values such behaviours. The study sought to determine if the respondents are satisfied with non-financial rewards provided by the employer. The findings indicate that most of the respondents (89.8%) indicated that they were not satisfied with non-financial rewards provided by the employer while 10.2% indicated that they were satisfied with non-financial rewards provided by the employer. This indicates that most of the employees in the ministries were satisfied with non-financial rewards provided by the employer. This is contrary to Bolino (2000) who indicates that having flexible and family-friendly workplace policies is another practice that can elicit citizenship behaviours from employees. Such policies encourage citizenship in two ways. First, they encourage citizenship by conveying to workers that the organization cares about them and values them. Second, these policies may provide workers with the support required to execute citizenship behaviours. For example, employees may be able to work the longer hours needed during crunch time if their employers provide on-site day-care facilities. Similarly, flexible work schedules may make it easier for employees to balance their personal responsibilities with their responsibilities to their organization.

The study sought to find out if the reward systems at the ministries are equitable, fair and competitive. The findings indicate that most of the respondents (86.6%) felt that the reward systems at the ministries was not equitable, fair and competitive while 13.4% indicated that the reward systems at the ministries to be equitable, fair and competitive. This indicates that most of the employees in the ministries found the reward systems at the ministries not equitable, fair and competitive. This is in agreement with Bergh and Theron (2001) who indicate that employees want pay systems and promotions that they perceive as being just, unambiguous and in line with their expectations. When pay is perceived as fair based on job demands, individual skill level and community pay standards, satisfaction is more likely to result. Similarly, individuals who perceive that promotion decisions are made in a just and fair manner are likely to experience satisfaction from their jobs.

The study sought to find out from the respondents if they agreed that the reward system contributes to high employee turnover in their work place. The results indicate that most of the respondents (48.8%) strongly agreed that the reward system contributes to high employee turnover in their work place, 27.6% were neutral, 22% agreed, 0.8% disagreed while 0.8%

strongly disagreed. This indicates that the reward system contributes to high employee turnover in the ministries. This is in agreement with Milkovich and Newman (2005) who indicate that businesses have to find the right mix of factors to effectively pay workers in order to reduce turnover and improve productivity.

The study sought to find out from the respondents their rating of the current HRM reward policies and practices in promoting behaviours that are good to the organization. The findings indicate that most of the respondents (48%) found the current HRM reward policies and practices in promoting behaviours that are good to the organization as good, 26.8% rated it as satisfactory, 18.1% rated it as fair, 3.9% rated it as excellent while 3.2% rated it as poor. This indicates that the current HRM reward policies and practices in promoting behaviours that are good to the organization. This is in agreement with Bateman and Snell (2004) who indicated that employee productivity is affected by snacks breaks, rest periods, reduced hours, and altered workdays, in addition to variable rates of compensation. In a short time period, the experiments demonstrated that there was an immediate increase in performance when the study participants had their pay tied to their performance (Mayo, 1933). Thus, pay serves to motivate employees when it is tied to performance.

The study sought to investigate how reward and performance management influences the development of organization citizenship behaviour among civil servants in Kenya. The findings indicate that most of the respondents (54.3%), strongly disagreed that the pay and the benefits they receive are commensurating the work that they do, 35.4% disagreed, 8.7% agreed while 1.6% were neutral. This is contrary to Hackman and Oldham (1980) who found out that satisfaction with work context such as pay, job security, colleagues, and supervisors, knowledge, skill will affect how individuals react to enriched jobs. Most of the respondents (61.4%) also disagreed that the pay and the benefits they receive meet their current living standards, 27.6% strongly disagreed, 7.1% agreed while 3.9% were neutral. On the statement that many civil servants yearn to work in the ministry, most of the respondents (56.7%) disagreed, 26% strongly disagreed, 7.9% agreed while 9.4% were neutral. This is in agreement with Barrick and Mount (1991) who found out that, in many public sectors organization number of agreeable employees are more than private sector. This also is a basis of our study. Agreeable employees exhibit higher degree of organizational citizenship behaviour. 'Agreeableness' alone is a very important trait. Taking a base of agreeableness, John and Srivastava (1999) highlighted that individuals high on agreeableness may engage in helping behaviour than individuals low on this trait. The assumption that agreeableness is a good indicator of organizational citizenship behaviour is further strengthened by Elanain (2007) who clearly observed a significant positive correlation between agreeableness and organizational citizenship behaviour. Majority of the respondents (57.5%) also disagreed that the rewards they receive from public service commission induces them to perform better, 23.6% strongly disagreed, while 9.4% agreed and were neutral. Finally most of the respondents (65.4%) indicated that they disagreed on the statement that the better they perform the more the rewards they receive, 18.1% strongly agreed to the statement, 5.5%

agreed while 11% were neutral. These results are contrary to Stajkovic and Luthans (2003), and Peterson and Luthans (2006) who indicated that reward and recognition programs are implemented to increase employee productivity and performance, generally over a short time period as a mechanism to evoke desirable employee behaviour. In general, incentive programs deal with rewards that aim to increase specific behaviours.

This indicates that the respondents disagreed that the pay and the benefits they receive commensurate the work that they do, the pay and the benefits they receive meet their living standards currently, many civil servants yearn to work in the ministry, their ministry is not prone to industrial action, the rewards they receive from public service commission induces them to perform better and the better they perform the more the rewards they receive. These findings are not in agreement with Abraham Maslow's theory on hierarchy of needs which indicates that base pay must be set high enough to provide individuals with the economic means to meet their basic needs (Robbins, 2004). Second, an at-risk program will not be motivating since it restricts an employee's ability to meet lower-order needs (Bateman & Snell, 2004; Milkovich & Newman, 2005). Third, success-sharing plans may be motivating to the extent they help employees pursue higher-order needs (Bunger & Trumdle, 2004). Therefore, pay-for-performance plans may not motivate or even demotivate employees if it impinges upon the employee's ability to meet daily living needs, and incentive pay is motivating to the extent that it is attached to achievement, recognition, or approval (Milkovich & Newman, 2005). In conclusion, Maslow's motivation theory supports the concept that performance-based pay systems may be motivating if they help employees achieve higher goals.

The study sought to determine if the management recognizes good performance in the work place. The management of the ministries does not recognize good performance in the work place as shown by 6.63% of the respondents while 39.37% of the respondents indicated that management in the ministries recognizes good performance in the work place. This indicates that the management of the ministries does not recognize good performance in the work place. This is contrary to Rioux and Penner (2001) who indicate that individuals recognize that by improving their performance, they will come to be seen as competent and as assets to the organization, and in this way they can impress others, including their immediate managers.

The study sought to determine the recognition of the employees who exceed the target by the performance system in the ministries. The findings indicate that most of the respondents (66.14%) indicated that employees in the ministries who exceed target by the performance system in the ministries are recognised while 33.86% indicated that they are not recognised. This indicates that employees who exceed the performance system in the ministries are recognised. This concurs with studies which showed that part of the social exchange process; managers may reciprocate by recommending higher rewards for those employees who exhibit OCBs. Managers may even deliberately reward employee citizenship behaviours in order to encourage other employees to exhibit such behaviours (Podsakoff et al., 2000). For example, in their

simulation study, Kiker and Motowidlo (1999) found that interpersonal facilitation by an employee had a significant effect on managerial reward decisions. Interpersonal facilitation “includes behaviours such as praising co-workers when they are successful, supporting and encouraging a co-worker with a personal problem, and talking to others before taking actions that might affect them”.

The study sought to find out to what extent the respondents agree that performance management systems promote two-way communication between the employer and employee in the ministries. The results indicate that 45.7% of the respondents were neutral on whether or not performance management systems promote two-way communication between the employer and employee in the ministries, 30.7% agreed that performance management systems promote two-way communication between the employer and employee in the ministries, 18.15 disagreed while 3.1% strongly agreed. This indicates that most of the employees in the ministries are not sure if performance management systems promote two-way communication between the employer and employee in the ministries. Studies have shown that for an efficient feedback process to work well, experienced practitioners have advocated that it must be a two-way communication process and a joint responsibility of managers and employees, not just the managers (Wexley, 1986).

The study sought to find out how the respondents rated the performance management system currently used in terms of fairness consistency and openness. The findings indicate that 48% of the respondents rated the performance management system currently used in terms of fairness consistency and openness as satisfactory, 21.3% rated it as good, 17.3% rated it as fair, 6.3% rated it as poor while 6.3% rated it as excellent. This indicated that most of the employees in the ministries were satisfied with the performance management system currently used in terms of fairness consistency and openness. This is in agreement with Adams’ equity theory which explains how employees react cognitively and behaviourally to a perceived unfairness in the workplace (Pritchard, Dunnette, & Jorgenson, 1972; Steers et al., 2004). Adams (1965) argued that both conditions of underpayment and overpayment influence subsequent behaviour. Furthermore, equity theory implies that people are motivated when perceived outputs equal perceived inputs (Goodman, 1974; Locke & Latham, 2004; Pritchard, 1969).

The study sought to determine the respondent’s level of agreement with various statements regarding performance in the organization. The findings indicate that most of the respondents (56.7%) strongly disagreed that the organization rewards employee who displays behaviour of working beyond job description by focusing on the extent to which employees engage in such behaviour in addition to their prescribed job duties, 36.2% disagreed, 2.4% agreed while 4.7% were neutral. This is contrary to Lam, Hui, and Law (2001) who found out that performance of OCB can also result in recommendations for promotions and salary increases. Most of the respondents (75.6%) disagreed that the organization remembers that compensation systems linked to group organizational-level outcomes tend to encourage employee investing in extra role behaviour, 12.6% strongly disagreed, 3.9% agreed while 7.9% were neutral. As to whether the

organization is careful not to reward employees who engage in competitive or non-cooperative behaviours that are inconsistent with the notion of good citizenship most of the respondents (68.5%) disagreed, 13.4% strongly disagreed, 2.4% agreed while 15.7% were neutral. This is contrary to Kiker and Motowidlo (1999) who indicated that high levels of both task and contextual performance are rewarded. Finally on whether the organization initiates flexible and family-friendly workplace benefits that show appreciation for employees and make it easier for them to go beyond the call of duty, most of the respondents disagreed (63.8%), 14.2% strongly disagreed, 4.7% agreed while 17.3% were neutral. Kamdar and Van Dyne (2007) on the other hand indicated that that the quality of the social exchange relationships employees experienced in their work environments contributed significantly to their reports of conscientious behaviours.

This indicates that the ministries do not reward employees who display behaviour of working beyond job description by focusing on the extent to which employees engage in such behaviour in addition to their prescribed job duties, the ministries do not have compensation systems linked to group organizational-level outcomes that encourage employee investing in extra role behaviour, the organization is not careful to reward employees who engage in competitive or non-cooperative behaviours that are inconsistent with the notion of good citizenship and the organization does not initiate flexible and family-friendly workplace benefits that show appreciation for employees and make it easier for them to go beyond the call of duty (McKinnon, Harrison, Chow & Wu, 2003).

These findings are contrary to findings that satisfaction with a reward is a function of how much is received and how much the individual feels should be received (Locke, 1976; Lawler, 2000; Milkovich & Newman, 2010). An individual's perception of what should be received greatly influences their level of satisfaction with what they do receive (Lawler, 2000 & 2003; Milkovich & Newman, 2010). The employee's perception of the determinants of the pay plan is essential to that person's job satisfaction. Lawler (2003) often noted that the best performers were often the employees who saw the greatest connection between pay and performance. It was recognized that the remaining employees were not effectively motivated by pay.

### **Inferential Analysis**

Inferential statistics are a set of methods used to make generalization, estimate, prediction or decision. In statistics, statistical inference is the process of drawing conclusions from data that are subject to random variation, for example, observational errors or sampling variation (Upton, 2008). More substantially, the terms statistical inference, statistical induction and inferential statistics are used to describe systems of procedures that can be used to draw conclusions from datasets arising from systems affected by random variation, such as observational errors, random sampling, or random experimentation (Freedman, 2008). Initial requirements of such a system of procedures for inference and induction are that the system should produce reasonable answers when applied to well-defined situations and that it should be general enough to be applied across



a range of situations. Inferential statistics are used to test hypotheses and make estimations using sample data. Thus, we use inferential statistics to make inferences from our data to more general conditions. In this study inferential analysis was conducted through the use of correlation and regression analysis to determine the relationship between the dependent and other variables as used in the study. The Pearson correlation coefficient indicates the strength of a linear relationship between two variables, but its value generally does not completely characterize their relationship (Mahdavi, 2013). The coefficient of determination was used to measure how well the regression line represents the data. The coefficient of determination was used to measure how well the regression line represents the data. If the regression line passes exactly through every point on the scatter plot, it would be able to explain all of the variation. The further the line is away from the points, the less it is able to explain. The p - values were used to measures the hypotheses of the study.

Table 2 shows that the Pearson correlation coefficient of construct reward and performance management was 0.852. The results indicate that reward and performance management has a positive linear relationship with development of organizational citizenship behaviour among the civil service in Kenya. From the table, the null hypothesis that, reward management doesn't significantly influence the development of organization citizenship behaviour among civil servants in Kenya is rejected since the p – value is 0.000, this is because the error we make by rejecting is less than 10%. The scatter plot (appendix II) shows the correlation of reward and performance management verses organizational citizenship behaviour. The scatter plot figure indicates that all the first quadrante and line of best fit shows an estimate line that is positively increasing. Cran (1995) highlighted that firms need adaptable people who can adjust to rapidly changing customer needs and operational structures, while Burton (2001) argues that employees, and the way they work, comprise the crucial difference between successful and unsuccessful organizations.

**Table 2: Correlation Analysis for Construct Reward and Performance Management**

		<b>Organizational Citizenship Behaviour</b>	<b>Reward Management</b>
Organizational Behaviour	Citizenship Pearson Correlation	1	.852**
	Sig. (2-tailed)		.000
	N	127	127
Reward management	Pearson Correlation	.852**	1
	Sig. (2-tailed)	.000	
	N	127	127

**\*\*.** Correlation is significant at the 0.01 level (2-tailed).

## Regression Analysis

In interpreting the results of multiple regression analysis, the R squared was used to check how well the model fitted the data. Therefore, it is interesting to know if the independent variables (recruitment and selection) relate to the dependent (organizational citizenship behaviour development). The coefficient of determination,  $R^2$ , was used in this study as a useful tool because it gives the proportion of the variance (fluctuation) of one variable that is predictable from the other variable. It is a measure which allowed us to determine how certain one can be in making predictions from a certain model/graph. The coefficient of determination is the ratio of the explained variation to the total variation. The coefficient of determination is such that  $0 < r^2 < 1$ , and denotes the strength of the linear association between x and y.

Table 3 shows the regression model of reward management with the coefficient of determination  $R^2 = .726$  and  $R = .852$  at significant level of 0.05. The results shown indicate that an increase in reward management tend to increase the OCB development among the civil service in Kenya by 85.2%. This estimate of the coefficient shows that, reward management as a determinant of OCB development is found to be statistically significant. Which can imply that the Kenyan ministries put an emphasis on reward management practices, thus this can lead to the chance of employees developing a positive attitude towards OCB. From the results it can be exposed individual incentives may encourage competition among employees which may also motivate them to work extra hard for the benefit of the organization. The results therefore corresponds expectancy theory Vroom (1964) where it can be expected that if the organization provides rewards desired by the employee in question, this employee is more likely to perform in a way that will bring him the reward thus leading to more production. Thus, this creates a positive working environment where individuals feel fairly and equitably rewarded for their efforts. The literature tells us that treated the constructs of equity-equality in rewards as opposite ends of the same range, that is lower adherence to the equity norm has been used to indicate higher adherence to the equality norm (Kim and Suzuki, 1990; Leung and Iwawaki, 1988). Thus, it can create an indication that majority of the management in the Kenyan ministries recognize good performance of their employees in their respective work place. This revelation can be encouraging as it can lead to good and high quality work. The  $R^2$  for the goodness of fit of the equation for the rewards management is 0.726 meaning that only 72.6% of the variation in the probability of developing organizational citizenship behaviour among the civil servants in Kenyan ministries can be explained by the effects of reward and performance management factors. The test of beta coefficients (appendix III) shows that the significant relationship between reward management and organizational citizenship behaviour among the civil service in Kenya is positive. The coefficient significant of reward and performance management .392 is significantly greater than zero since the significance of the t statistics 0.00 is less than 0.05. These coefficients therefore, indicate that there is significant relationship between reward and performance management and organizational citizenship behaviour among the civil service in Kenya.

**Table 3: Model Summary Reward and Performance Management**

<b>Model summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852 <sup>a</sup>	.726	.712	.40533

**a. Predictors: (Constant), reward and performance management**

**Discussion**

The study sought to examine the role of reward and performance management in development of organizational citizenship behaviour among the civil servants in Kenya. Based on the findings, the management of the Kenyan ministries does to some extent recognize good performance in the work place. This is in agreement with Rioux and Penner (2001) who indicated that individuals recognize that by improving their performance, they will come to be seen as competent and as assets to the organization, and in this way they can impress others, including their immediate managers. Studies have shown that for an efficient feedback process to work well, experienced practitioners have advocated that it must be a two-way communication process and a joint responsibility of managers and employees, not just the managers (Wexley, 1986). Consequently, Lam, Hui, and Law (2001) found out that performance of OCB can also result in recommendations for promotions and salary increases. Kiker and Motowidlo (1999) indicated that high levels of both task and contextual performance are rewarded. Edward (1966; 2000; 2003) often noted that the best performers were often the employees who saw the greatest connection between pay and performance. It was recognized that the remaining employees were not effectively motivated by pay.

Employee compensation and benefit practices differ across employment units (e.g., organizations, business units, and facilities) on several dimensions (see e.g. Gerhart, Milkovich, & Murray 1992) and organizations. Gerhart, Minkoff, and Olsen (1995) state that employee compensation and benefit can be considered of crucial importance to both the employers and employees in such a way that it plays a key role of being one of the essential hearts of employment relationships. Furthermore, Drucker, (1999a) support these findings by indicating that, as companies downsize, “delayer” and try to boost productivity with fewer people, those that remain are being asked to assume more tasks, roles and responsibilities. He proposed that, as this trend continues, companies will be asking fewer employees to know more, do more, change more and interact more and thus interest is increasingly focused on identifying the recruiting sources that are most likely to yield high quality employees and the selection methods that best predict future job performance. Therefore these findings indicate that there is a strong relationship between reward management and organizational citizenship behaviour development among the civil service in Kenyan ministries.

Policies are necessary to ensure that employee performance is evaluated, which in turn can ensure that the appropriate reward recognition system is put in place. With the help of performance management reports and findings, the Kenyan civil service can be able to identify development needs. However, employees can help to indicate the areas requiring improvement as a result of the issues raised in the performance management process and their career path needs. Employee performance is normally looked at in terms of outcomes. However, it can also be looked at in terms of behaviour (Armstrong 2000). Kenney et al. (1992) stated that employee's performance is measured against the performance standards set by the organization. There are a number of measures that can be taken into consideration when measuring performance for example using of productivity, efficiency, effectiveness, quality and profitability measures (Ahuja, 2006). As noted by Daft (1988), it is the responsibility of the company managers to ensure that the organizations strive to and thus achieve high performance levels. This therefore implies that management of the government ministries have to set the desired levels of performance for any periods in question. Rioux and Penner (2001) indicated that individuals are recognized by improving their performance, they can be seen as competent and as assets to the organization, and in this way they can impress others, including their immediate managers.

### **Conclusions and Recommendations**

Since the study found that employees are not fully satisfied with the rewarding systems in their respective workplaces, the ministries should review the employees reward recognition system with a view to enhance employee citizenship behaviour and hence better service delivery. Therefore, reward and performance management is significant aspect for the management of the Kenyan ministries. For any organization, the process working at the workplace provides the bases to the organization to design and planned their objectives, identify weaknesses and strengths of the systems, and introduce creative initiatives for enhancing business's performance. The study recommends that, the government should be able to come up with proper mechanisms for recognizing good performance in the work place. They can as well review the performance management system currently used to improve its fairness consistency and openness. The government ministries should emphasis on recruiting employees based on person to job fit to influence employee overall job satisfaction, and use tools that predict organizational citizenship behaviour in potential recruits. In particular, the ministries budget and appropriations processes need to be scrutinized to ensure that good performance is rewarded through these mechanisms. Top management in ministerial departments and offices need to review reward recognition practices and assess the mix and range of rewards on offer. Personnel officers should have a key role in supporting top management in this task, and ensuring that reward systems are an integral part of the human resource management strategy to improve performance in their departments.

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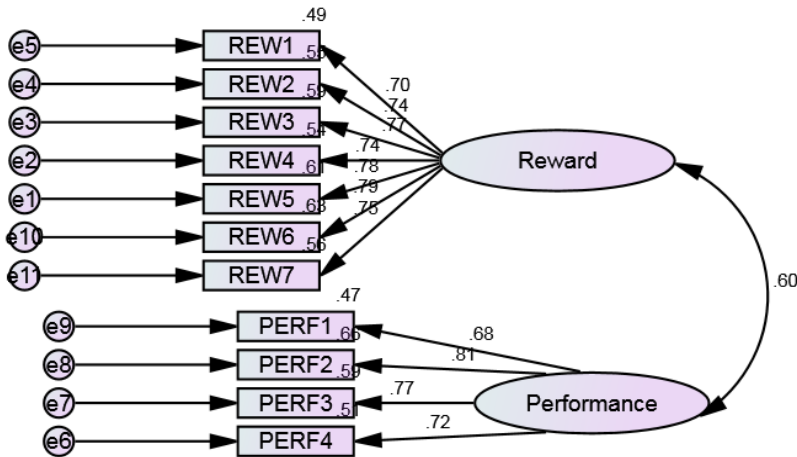
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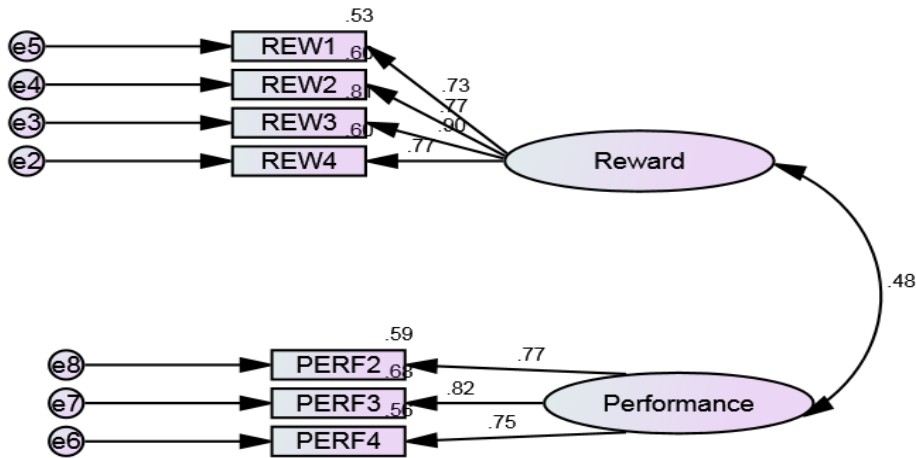
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Appendix

CONFIRMATORY FACTOR ANALYSIS – REWARD AND PERFORMANCE MANAGEMENT



Chi-square = 223.484, Degrees of freedom = 43, Probability level = .000  
 CMIN/DF = 5.197, GIF = .744, CFI = .786, RMSEA = .183, PCLOSE = .000



**Result (Default model)**  
 Minimum was achieved  
 Chi-square = 32.188  
 Degrees of freedom = 13  
 Probability level = .002

**Estimates (Group number 1 - Default model)**

**Maximum Likelihood Estimates**

**Regression Weights: (Group number 1 - Default model)**

			Estimate	S.E.	C.R.	P	Label
REW4	<---	Reward	1.000				
REW3	<---	Reward	1.051	.102	10.254	***	
REW2	<---	Reward	.829	.093	8.917	***	
REW1	<---	Reward	.931	.111	8.360	***	
PERF4	<---	Performance	1.000				
PERF3	<---	Performance	1.062	.134	7.909	***	
PERF2	<---	Performance	.900	.117	7.701	***	

**Standardized Regression Weights: (Group number 1 - Default model)**

			Estimate
REW4	<---	Reward	.774
REW3	<---	Reward	.899
REW2	<---	Reward	.773
REW1	<---	Reward	.730
PERF4	<---	Performance	.746
PERF3	<---	Performance	.824
PERF2	<---	Performance	.768

**Covariances: (Group number 1 - Default model)**

			Estimate	S.E.	C.R.	P	Label
Reward	<-->	Performance	.139	.036	3.874	***	

**Correlations: (Group number 1 - Default model)**

			Estimate
Reward	<-->	Performance	.481

**Variances: (Group number 1 - Default model)**

	Estimate	S.E.	C.R.	P	Label
Reward	.357	.072	4.945	***	
Performance	.234	.052	4.468	***	
e2	.239	.037	6.416	***	
e3	.094	.024	3.829	***	
e4	.166	.026	6.430	***	
e5	.271	.040	6.802	***	
e6	.187	.032	5.788	***	
e7	.125	.029	4.341	***	
e8	.132	.024	5.438	***	

**Squared Multiple Correlations: (Group number 1 - Default model)**

	Estimate
PERF2	.589
PERF3	.678
PERF4	.556
REW1	.533
REW2	.597
REW3	.808
REW4	.599

**Model Fit Summary**

**CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	15	32.188	13	.002	2.476
Saturated model	28	.000	0		
Independence model	7	444.207	21	.000	21.153

**RMR, GFI**

Model	RMR	GFI	AGFI	PGFI
Default model	.023	.930	.850	.432
Saturated model	.000	1.000		
Independence model	.190	.426	.235	.319

**Baseline Comparisons**

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.928	.883	.956	.927	.955
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

**Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	.619	.574	.591
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

**NCP**

Model	NCP	LO 90	HI 90
Default model	19.188	6.211	39.840
Saturated model	.000	.000	.000
Independence model	423.207	358.366	495.474



**FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	.255	.152	.049	.316
Saturated model	.000	.000	.000	.000
Independence model	3.525	3.359	2.844	3.932

**RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.108	.062	.156	.024
Independence model	.400	.368	.433	.000

**AIC**

Model	AIC	BCC	BIC	CAIC
Default model	62.188	64.222	104.851	119.851
Saturated model	56.000	59.797	135.637	163.637
Independence model	458.207	459.156	478.116	485.116

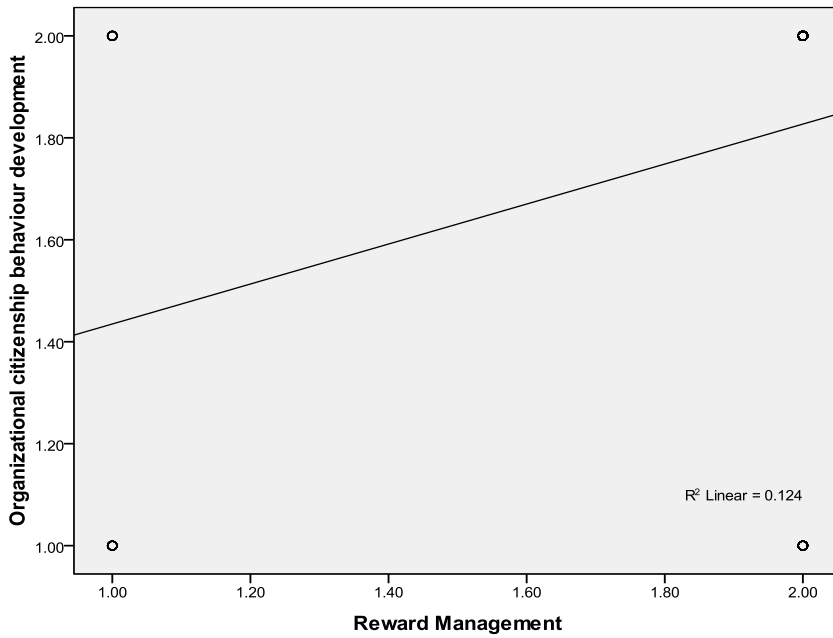
**ECVI**

Model	ECVI	LO 90	HI 90	MECVI
Default model	.494	.391	.657	.510
Saturated model	.444	.444	.444	.475
Independence model	3.637	3.122	4.210	3.644

**HOELTER**

Model	HOELTER	HOELTER
	.05	.01
Default model	88	109
Independence model	10	12

Scatter plot for significance of reward and performance management



Reward and Performance Management coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.512	.218		6.0103	.000
	Reward & Performance	.415	.127	.386	4.119	.000

Dependent Variable: organizational citizenship behaviour development