EFFECTS OF REWARD STRATEGIES ON EMPLOYEE PERFORMANCE IN REMITTANCE COMPANIES IN MOGADISHU, SOMALIA.

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ABSTRACT: The purpose of this study was to examine the effect of reward strategies on employee performance in remittance companies in Mogadishu, Somalia. The study adopted the descriptive research design. The population under the study was 186 employees of Dahabshiil, Amal Express, and Kaah Express three remittance companies in Mogadishu, Somalia. A sample of 127 employees selected using stratified random sampling. Data collected using self-administered questionnaires. Data was analyzed using SPSS version 20. In general, the results revealed that extrinsic reward strategy, intrinsic reward strategy, and contingent reward strategy have significant and positive effects on employee performance of remittance companies in Mogadishu, Somalia. Conclusions the overall results indicated that there was a significant linear relationship between extrinsic reward strategy, intrinsic reward strategy, contingent reward strategy and employee performance of remittance companies in Mogadishu. The study recommends that the remittance companies should continues to offer total rewards to its employees, so there needs both intrinsic and extrinsic can be met, which leads to motivation and performance levels.

Keywords: Extrinsic reward strategy, intrinsic reward strategy, Contingent reward strategy and Employee performance.
INTRODUCTION

Background of the study

There is so much changing happening in the business world and each business element or association has much depend on worker’s great performance. Rewards are seen as a significant tool to make sure the worker's performance. Administrations use rewards for employees’ stimulation. Along these lines, we can say that alluring reward framework pull in new employees for organization and persuade existing workers to perform abnormal states. Employee’s great work is important to accomplish the organizational objectives. Employees give their great endeavors for accomplishing objectives and great exertion relies on upon rewards. As such, we can say that great rewards are most imperative approach to draw in the employees with their work and with their association (Zeeshan et al., 2013).

The thought of compensating staff is not new one. The best organizations have been doing it for a considerable length of time, since they realize that perceiving the endeavors of their workers gets results that range from expanded efficiency to higher benefits. Employees who are remunerated for their endeavors are even more eager to go the additional mile for an organization, to contribute their scholarly capital, and to stay around for more. Staff that feel esteemed and acknowledged are spurred and that is uplifting news for any organization in light of the fact that stimulated individuals can do a lot to add to development and efficiency (Wells, 2004).

According Jense et al., (2007). Reward systems and processes support business direction, work culture, business processes, and job design. There is a clear tie between rewards and performance measurement. Work is valued and rewarded according to its contribution to the organization. The organization recognizes results attained and how they were achieved. Individual and team contributions are valued and appropriately rewarded (Wells, 2004).
In this manner, reward is one of the methodologies utilized by Human Resource Managers for drawing in and holding suitable employees and helping them to show signs of improvement their execution through inspiration and to obey the employment legislation and regulation. Due to these weights, Human Resource managers look to outline reward structures that make easy the organizations strategic goals and the goals of individual employees. Reward structures are exceptionally vital for an organization (Maund, 2001). Rewards include systems, programs, and practices that influence the actions of people. The purpose of reward systems is to provide a systematic way to deliver positive consequences to encourage for the desired performance (Wilson, 2003). The only way employees will accomplish the employer's vision is to share in their vision (Kotelnikov, 2010).

According to Luthans and Doh (2012), there are two essential sorts of rewards, money related and non-monetary and both can be used decidedly to upgrade execution practices of employees. Money related rewards mean pay for execution, for example, performance bonus, work advancement, commission, tips, and endowments and so on. Non-budgetary rewards are non-money related and it is a social acknowledgment, for example, affirmation, endorsement, and certified gratefulness and so forth. The non-money related reward are likewise called materials award (Neckermann & Kosfeld, 2008; Serena et al., 2012).

**Statement of the problem**

Organizations start to achieve certain objectives. The organization that needs to perform these objectives ought to be then an aggressive and maybe a far-reaching total remunerate framework that adjusted to the organization's business procedure and that reflects the focused reality of the work market. In a present reality where individuals have turned out to be more requesting about their lives and surroundings, the reward framework could be utilized to inspire employees by completing these demands. in spite of, there exists an absence of comprehension in how to boost each one of those high requesting people, to make a best reward framework, we require
better comprehend what truly spurs, and what does not. The significance of prizes on organization performance or effectiveness cannot be enlarged. However, there are various issues inborn in the operation of reward structure by organizations.

The reward types in most organizations usually are not performance based. Thus, they are not linked in any way to business structure and employee recruitment, retention, motivation, performance, feedback and satisfaction. Besides, the beneficiaries of these rewards in many organizations do not take an interest in the arranging and the usage of the reward structures in organizations. Further, there are a number of ambiguities in the administration of the various ways of rewarding employees in organizations. Again, most organizations perspective reward as just the money related remuneration given to employees to repay them for their performance, whereas rewards should be everything that goes into motivating the individual employee to give out his/her best.

To ascertain the reward system is efficacious and incentivizes the desired manners it is momentous to consider cautiously the rewards and strategies utilized and ascertain, and make sure the rewards are connected to or based on performance. To be compelling, any performance estimation system must be attached to pay or some kind of reward. To be best you ought to consider thoroughly that compensates are given reasonably, just as and delighted in by all staff. Organizations that practice compensating their employees get critically in Somali business specific and the world everywhere amid the most recent decade.

As workers are not adequately rewarded, that is to say, there has been some discontent with the operation of pay motivator arranges. It is hence the believe of the researcher that unevenness in the incentives offered by remittance companies has led to loyal less of employees to their company. For this reason, satisfaction of workers is low. Therefore, this research examines
how reward strategies affect employee performance and to contribute to the body of knowledge in the area of reward systems, especially the aggregate reward framework.

Specific Objectives of the Study

The specific objective of the study is as follows:

1. To find out the effect of extrinsic reward strategy on employee’s performance in remittance companies in Mogadishu, Somalia.
2. To establish the effect of intrinsic reward strategy on employee’s performance in remittance companies in Mogadishu, Somalia.
3. To ascertain the effect of Contingent reward strategy on employee performance in remittance companies in Mogadishu, Somalia.

Conceptual Framework

A conceptual framework refers to a graphical representation of the theorized interrelationships of the variables of a study (Odhiambo & Waiganjo, 2014). Independent variable, according to It is a research tool intended to assist a researcher develop awareness and understanding of the situation under scrutiny and communicate it. According to Goetz and LeCompte (2009), a conceptual framework increasingly strengthens and keeps the research study on track.. This is illustrated in figure 2.1 below. The independent variables in this study were extrinsic reward strategy, intrinsic reward strategy and Contingent reward strategy. The dependent variable was employee performance in remittance companies in Mogadishu Somalia.
Extrinsic Reward Strategy
- Pay
- Promotion
- Physical work environment
- Benefits
- Security

Intrinsic Reward Strategy
- Autonomy
- Recognition
- Career development
- Job satisfaction
- Personal growth

Contingent reward Strategy
- Performance-related pay
- Competency-related pay
- Contribution-related pay
- Skill-based pay
- Team rewards

Employee Performance
- Attendance and Punctuality
- Communication
- Cooperation
- Creativity and Innovation
- Customer Satisfaction

**Figure 2.1: Conceptual Framework**

Extrinsic Reward Strategy
Are rewards that is tangible or physically given to you for accomplishing something. It is a physical recognition of one’s endeavor. For example, it is a certificate of accomplishment, a trophy, or medal for winning the race, a badge, or points for doing something right, or even a monetary reward for doing your job. Because extrinsic rewards are tangible, they are usually given to the person doing the activity; as such, they are typically not from within the person. Therefore, extrinsic rewards means the reward is extrinsic to the performer of the activity or behavior (Mike, 2014).

Extrinsic rewards—usually financial—are the tangible rewards given employees by managers, such as pay raises, bonuses, and benefits. They are called “extrinsic” because they are external to the work itself and other people control their size and whether or not they are granted. In
contrast, intrinsic rewards are psychological rewards that employees get from doing meaningful work and performing it well (Thomas, 2009).

Extrinsic rewards are tangible and take both monetary and nonmonetary forms. One tangible component of a compensation program is direct compensation, whereby the employer provides monetary rewards for work done and performance results achieved. Base pay and variable pay are the most common forms of direct compensation. The most common indirect compensation is employee benefits (Mathis & Jackson, 2010).

Extrinsic rewards are touchable rewards and these rewards are external to the job or task performed by the employee. External rewards can be in terms of salary/pay, incentives, bonuses, promotions, job security, etc. Intrinsic rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal (Hafiza et al., 2011).

Intrinsic Reward Strategy
Intrinsic rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal (Hafiza et al., 2011). As well Intrinsic rewards are rewards within the job itself like satisfaction from completing a task successfully, appreciation from the boss, autonomy, etc, Ajila and Abiola (2004). Accordint to (Ajmal et al., 2015) Intrinsic rewards are those which are non-cash rewards or not having any physical existence. For example, employee recognition, acknowledgement, professional growth, authority to immediate tasks, respect and appreciation.

Deci (1971) defined that the intrinsic rewards had the great importance to integrate the commitment in employees. Organization provided the opportunities to employees by their performance for the recognition and acknowledgement as rewards and in result the employee emotionally attached with organization due to being recognized. The intrinsic rewards and
social rewards found more helpful for employers to develop and construct the emotional attachment among employees towards organization goals and objectives (Ajmal et al., 2015).

Pink (2011) argues that the emphasis should be switched from extrinsic rewards to a greater concentration on intrinsic rewards, which according to Pink would lead to greater performance and yield a higher degree of motivation and satisfaction among the employees in the firm. So that extrinsic rewards are to some extent old-fashioned and today, employees’ are searching for more beyond extrinsic monetary rewards.

**Contingent reward Strategy**

Contingent pay consists of payments related to individual performance, contribution, competence or skill or to team or organizational performance. A distinction can be made between performance (what a person achieves) and contribution (the impact made by that person on the performance of the team and the organization). The level of contribution will depend on the competence, skill and motivation of individuals, the opportunities they have to demonstrate their competence and the use they make of the guidance and leadership they receive (Armstrong & Murlis, 2004).

Contingent pay is any form of financial reward that is added to the base rate or paid as a cash bonus and is related to (contingent upon) performance, competence, contribution, skill or service. Contingent pay may be consolidated in base pay, in which case it forms the basis for allowances such as sick pay and for pension arrangements. Alternatively, schemes other than skill- or service-related pay may provide for awards in the form of cash lump sum bonuses. The latter arrangement is called ‘variable pay’. It is sometimes referred to as ‘pay at risk’, which has to be reearned, as distinct from consolidated pay, which is usually regarded as continuing as long as the person remains in the job and performs it satisfactorily (Armstrong & Murlis, 2004).
Employee Performance

Aguinis (2009) described that “the definition of performance does not include the results of an employee’s behavior, but only the behaviours themselves. Performance is about behaviour or what employees do, not about what employees produce or the outcomes of their work”. Perceived employee performance represents the general belief of the employee about his behavior and contributions in the success of organization. Employee performance may be taken in the perspective of three factors which makes possible to perform better than others, determinants of performance may be such as “declarative knowledge”, “procedural knowledge” and “motivation” (Ahmad, & Shahzad, 2011).

Armstrong and Baron (2005) views employee performance as about encouraging productive discretionary behavior with a goal to achieving human capital advantage. They continue to hold the belief that people are the most important source of competitive advantage, and recognize that, as opposed to other forms of competitive advantage resulting from improving factors such as design or process, the people factor is very difficult to reproduce or replicate, making it so valuable to organizations (Wambugu & Ombui, 2013).

Organisations are set up to achieve certain objectives. Achievement of goals or targets depends upon the performance of individual employees. The objectives can be fulfilled when the tasks are assigned to the employees and they perform the tasks. Otherwise these cannot be fulfilled. Now the question arises how far the work has been done as per the planning. The responsibility, accountability and performance standards have been met or not. Hence it is quite necessary to understand as to what extent employees have been successful at their jobs for achievement of their goals. This information will be available when the performances of employees have been evaluated at the end of the year. If it is not done then the management will not come to know the exact position about the targets achieved. They will be in the dark and there will be chances
of planning failure. The planning is done in the beginning of performance management process (Singh, 2011).

**Empirical Literature Review**

Research conducted by (Mansor et al., 2012). They examined the relationships between extrinsic rewards and employee’s job performance, By having 127 respondents that represent 85% from the total sample and conducted in real work place. These results showed that the individual enjoyed the payment given, security and the environment in the workplace including their relationship among employees and at the same time may enhance their performances. Also showed when an employer offers better extrinsic rewards, the employee will increase their motivation level and improve his job performances. This study is also in line with previous researches conducted by Khalizani et al., (2011).

Another study conducted by Ajila & Abiola, (2004). There exists a positive relationship between extrinsic reward and workers performance. That is when there is an increase in extrinsic reward like salary, allowances etc. given to workers, there is also a corresponding increase in workers performance. On research by Deci and Ryan that focused not on financial incentives for adult employees but on the behavioural responses of children in play situations. This research revealed that children who had been given intrinsically rewarding and enjoyable tasks but who were then offered extrinsic rewards in the form of money stopped doing these things for the fun of it and continued to perform only when monetary rewards were forthcoming (Shields, 2007).

Anna Axelsson and Sandra Bokedal conducted a study on Reward Systems – Motivating Different Generations at Volvo Car Corporation. The purpose of this thesis was to create a deeper understanding for whether managers are motivated by a reward system, and their thoughts and preferences concerning this. In addition, the researcher also looked at
generational differences. The thesis was based on a case study of Volvo Car Corporation in Göteborg. The empirical data was based on twenty interviews with managers at the company. Major findings showed the respondents from both generations believe that salary as the most important part of a reward system. The non-monetary was perceived as more important in the daily work, but needs to go hand in hand with the salary increases and monetary parts. In addition, findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating (Axelsson & Bokedal, 2009).

The answer to the question Can financial rewards make a direct impact on performance? in the 1980s and 1990s was a clear ‘yes’, through individual performance-related pay (PRP). But PRP, although still a common practice (the ereward 2004 survey of contingent pay found that 65 per cent of respondents had PRP), is by no means universally successful. It has often failed, particularly in the public sector, because of poor supporting processes, especially performance management, inadequate consultation with those concerned, and line managers without the commitment or capability to implement it fairly and consistently (Armstrong & Brown, 2006).

Past studies have clearly established the roles these practices play in affecting performance of employees. Teseema and Soeters (2006) have reported positive correlation between compensation practices and sensed employee performance. Shahzad et al. (2008) have shown in their research results that there is positive relationship of compensation practices with the performance of university teachers. Results of our study indicate significant positive impact that financial rewards and compensation play in influencing performance of university teachers, in line with the results of other studies carried out in Pakistan amongst university teachers (Shahzad et al. 2010; Shahzad et al., 2008, Ahmad & Shahzad, 2011).
**Research gaps**

Since Employees are the most important assets in organizations, which without them, the goals and objectives may not be attained. In Somalia, there is no center of research; therefore researcher have no evidence in the literature with regard to study of the effect of reward strategies on employee performance, and while I was searching any study conducted in Mogadishu related to this topic, I did not find adequate, and most of these literature conducted outside of Somalia like (Mansor et al.,( 2012), Khalizani et al., (2011), Rehman et al., (2010), Ajila & Abiola, (2004). Axelsson & Bokedal, 2009), Teseema and Soeters (2006)). so the need for this type of research is important. Therefore, this research wants to fill this gab.

**Methodology**

The study conducted through a descriptive research design. The aim of ‘quantitative research’ to portray an accurate profile of persons, events, or situations’ (Robson 2002:59). This may be an extension of, or a forerunner to, a piece of exploratory research or, more often, a piece of explanatory research (Saunders et al., 2009). In addition, it was involve collecting information by administering a questionnaire to a sample of respondents of remittance companies in Mogadishu, Somalia to find out the effectiveness of reward. This method was preferred because it gave a report of things as they are.

According Walliman ( 2006) population is a collective term used to describe the total quantity of things (or cases) of the type which is the subject of your study. So a population can consist of objects, people or even events. Whereas Cooper and Schindler ( 2006) defines a population is the total collection of elements about which you wish to make some inference. This study conducted in Mogadishu, Somalia and target population is remittance companies which are Dahabshiil, Amal express, and Kaah Expres. So the target populations of this study consist of 186 employees of the three remittance companies which were mentioned above.
A sampling frame contains information about the research population. Generally, it takes the form of a list of names or addresses that include all of the members of the population from which the sample is to be selected (Denscombe, 2010). Thus sampling frame consists of a list of items from which the sample is to be drawn (Kothari, 2004). The sampling frame in this study was the employees of three remittance companies in Mogadishu.

Sample size is the actual number of elements to be physically reached by the researcher to extract data using an appropriate data collection instruments (Webster, 2007). Yamane (1967:886) provides a simplified formula to calculate sample sizes (Krzysztof et al., 2013). The sample size was calculated using Yamane formula as shown below:

\[
n = \frac{N}{1 + N(e)^2}
\]

Where \( n \) = Sample size, \( N \) = Target population, \( e \) = marginal error, a 95% confidence level, and \( P = 0.5 \) are assumed (Krzysztof et al., 2013).

\[
n = \frac{186}{1 + 186(0.05)^2} = \frac{186}{1 + 186(0.0025)} = \frac{186}{1.465} = 126.94 \approx 127
\]

Therefore, the sample size was 127 respondents.

Cooper and Schindler (2006) state that data refers to facts which comprises of attitudes, behaviors and perceptions that are collected from respondents. The collection of study data involved both primary and secondary data; the primary data collected by use of a self-administered close end questionnaire that was administer to each of the sampled remittance companies to generate quantitative data. A five-point Likert rating scale used to measure all variables. The lowest rating of 1 signified a low opinion by the respondents while a high rating of 5 signified a high rating by the respondents. The questionnaire was seen to be appropriate as it allow data to be collect in a quick and efficient manner. The use of questionnaire also makes it possible for descriptive, correlation and inferential statistical analysis (Saunders et al., 2009).
DATA ANALYSIS AND PRESENTATION RESULT

Data analysis is a process of analyzing all the information and evaluating the relevant information that can be helpful in better decision-making, Silvia and Skilling (2006). Data from the proposed research was coded, processed and analyzed using computer based statistical package for social sciences (SPSS) version 20.

**Table 4.1: Response Rate**

<table>
<thead>
<tr>
<th>Response</th>
<th>Total</th>
<th>Percent %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>103</td>
<td>81.1</td>
</tr>
<tr>
<td>Unreturned</td>
<td>24</td>
<td>18.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>127</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Response rate is the number of the participants who completed a questionnaire divided by the total number of the participants who were asked to participate. According to Orodho (2005), response rate is the extent to which final data sets include all sampled members and is calculated as the number of respondents with whom questionnaires are completed and divided by the total number of respondents of entire sample including non-respondents. The study sample consisted of 127 questionnaires, 103 where filled and returned, which represents 81.1% response rate. According Kothari (2004), a response rate of 50% is considered average, 60-70% is considered adequate while anything above 70% is considered excellent response rate. This response rate was, therefore, considered excellent representative of the respondents to provide information for analysis and derive conclusions.

**Table 4.2: Reliability coefficient of the study variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extrinsic reward Strategy</td>
<td>0.803</td>
<td>Accepted</td>
</tr>
<tr>
<td>Intrinsic reward Strategy</td>
<td>0.857</td>
<td>Accepted</td>
</tr>
<tr>
<td>Contingent reward Strategy</td>
<td>0.850</td>
<td>Accepted</td>
</tr>
<tr>
<td>Employee performance</td>
<td>0.891</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Cronbach’s alpha was used to determine the internal reliability of the questionnaire used in this study. According to Zikmund, et al. (2010) coefficient alpha ranges in value from 0, meaning no consistency, to 1, meaning complete consistency (all items yield corresponding values). Generally speaking, scales with a coefficient alpha between 0.80 and 0.95 are considered to have very good reliability. Scales with a coefficient alpha between 0.70 and 0.80 are considered to have good reliability, and alpha value between 0.60 and 0.70 indicates fair reliability. When the coefficient alpha is below 0.6, the scale has poor reliability. All the alpha coefficients ranged between 0.803 and 0.891 as shown in Table 4.1. Based on the coefficient values, the items tested were considered reliable for this study.

Table 4.3: Factor analysis - KMO and Bartlett

<table>
<thead>
<tr>
<th>KMO and Bartlett's Test</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin</td>
<td>0.687</td>
</tr>
<tr>
<td>Measure of Sampling</td>
<td></td>
</tr>
<tr>
<td>Adequacy.</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>121.565</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>df</td>
</tr>
<tr>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

The study applied the KMO measures of sampling adequacy and Bartlett’s test of sphericity to test whether the relationship among the variables has been significant or not as shown in below in table 4.2. Factor 1 was based on five items that represented extrinsic reward strategy; Factor 2 was based on five items that represented intrinsic reward strategy, Factor 3 was based on five items that represented contingent reward strategy, and Factor 4 with five items represented employee performance. The Kaiser-Mayor-Olkin measures of sampling adequacy shows the value of test statistic as 0.687, which is greater than 0.5 hence an acceptable index. While Bartlett’s test of sphericity shows the value of test statistic as 0.000 which is less than 0.05 acceptable indexes. This result indicates a highly significant relationship among variables.
Correlation Analysis

Table 4.11 Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>103</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X2</td>
<td>Pearson Correlation</td>
<td>.394**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>103</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>X3</td>
<td>Pearson Correlation</td>
<td>.196*</td>
<td>.582**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.047</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>103</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td>Y</td>
<td>Pearson Correlation</td>
<td>.565**</td>
<td>.545**</td>
<td>.437**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>103</td>
<td>103</td>
<td>103</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Y= Employee performance, X1 = Extrinsic reward strategy, X2 = Intrinsic reward strategy, and X3 = Contingent reward strategy

From the Table 4.11, the findings of the correlation analysis indicated that there was a positive correlation between extrinsic reward strategy and employee performance (r = 0.565, p = 0.000). Therefore, an increase in use of extrinsic reward strategy led to an increase in employee performance. Regarding intrinsic reward strategy, the correlation coefficient was also positive (r = 0.545, p < 0.01). This means that an increase in use of intrinsic reward strategy in remittance firms led to an increase in employee performance. Results of the study also showed that there was a significant positive correlation between contingent reward strategy and
employee performance ($r = 0.437, p < 0.01$) implying that an increase in use of contingent reward strategy improved the rate of performance of the employee performance of remittance companies in Mogadishu, Somalia.

**Regression Analysis**

Multiple regression analysis provides a means of objectively assessing the degree and the character of the relationship between the independent variables and the dependent variable; the regression coefficients indicate the relative importance of each of the independent variables in the prediction of the dependent variable (Sekaran and Bougie, 2010). Multiple regression analysis was performed to assess the relationship between the dependent variable (employee performance) and the independent variables (extrinsic reward strategy, intrinsic reward strategy, and contingent reward strategy) of the remittance companies in Mogadishu, Somalia.

**Table 4.12 Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.685$^a$</td>
<td>.470</td>
<td>.453</td>
<td>.6398</td>
</tr>
</tbody>
</table>

$a$. Predictors: (Constant), $X_3$, $X_1$, $X_2$

$X_3 =$ Contingent reward strategy, $X_1 =$ Extrinsic reward strategy, and $X_2 =$ Intrinsic reward strategy

The coefficient of determination (R-squared) of 0.470 showed that 47% of employee performance of remittance companies in Mogadishu Somalia could be explained by extrinsic reward strategy, intrinsic reward strategy, and contingent reward strategy. The adjusted $R^2$ of 0.453 indicates that the extrinsic reward strategy, intrinsic reward strategy and contingent reward strategy explained the change in employee performance by 45.5%, the remaining percentage can be explained by other factors not included in the model. An $R$ of 0.685 showed that there is strong positive correlation
between independent variables (extrinsic reward strategy, intrinsic reward strategy, and contingent reward strategy) and dependent variable (employee performance). These results are shown in Table 4.12.

Analysis of Variations

Table 4.13 Analysis of Variations

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>35.869</td>
<td>3</td>
<td>11.956</td>
<td>29.209</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>40.525</td>
<td>99</td>
<td>.409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76.394</td>
<td>102</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee performance
b. Predictors: (Constant), Contingent reward strategy, Extrinsic reward strategy, Intrinsic reward strategy

From the ANOVA statistics shown in Table 4.13, the processed data, which is the population parameters, had a significance level of 0.5% which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value) is less than 5%.

The F critical at 5% level of significance was 2.70. Since F calculated (29.209) is greater than the F critical (2.70), this shows that the overall model was significant and that extrinsic reward strategy, intrinsic reward strategy, and contingent reward strategy significantly affect the employee performance of remittance companies in Mogadishu, Somalia.

Multiple Regression Analysis

Table 4.14 Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.124</td>
<td>.417</td>
</tr>
<tr>
<td>X1</td>
<td>.491</td>
<td>.092</td>
</tr>
</tbody>
</table>
a. Dependent Variable: Y

\[ Y = \text{Employee performance}, \ X_1 = \text{Extrinsic reward strategy}, \ X_2 = \text{Intrinsic reward strategy}, \text{ and } X_3 = \text{Contingent reward strategy} \]

The overall general multiple regression model adopted in the study was of the form

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \]

Substituting the coefficients in table 4.14, the fitted model was of the form

\[ Y = 0.124 + 0.491X_1 + 0.362X_2 + 0.216X_3 + \epsilon \]

From the above regression equation, it revealed that holding extrinsic reward strategy, intrinsic reward strategy, and contingent reward strategy to a constant zero, employee performance of remittance companies in Mogadishu would be at 0.124. A unit increases in extrinsic reward strategy would lead to increase in the employee performance of remittance companies in Mogadishu by a factor of 0.491. A unit increases in intrinsic reward strategy would lead to increase in the employee performance of remittance companies in Mogadishu by a factor of 0.362. In addition, a unit increases in contingent reward strategy would lead to increase in the employee performance of remittance companies in Mogadishu by a factor of 0.216. As depicted in Table 4.13, there was positive and significant effects of extrinsic reward strategy and employee performance (\( \beta = 0.491; t = 5.307; p < 0.01 \)), There was positive and significant effects of intrinsic reward strategy and employee performance (\( \beta = 0.362; t = 2.718; p = 0.008 \)). Moreover, there was positive and significant effects of contingent reward strategy and employee performance (\( \beta = 0.216; t = 2.238; p = 0.027 \)). Hence, the most significant factor was extrinsic reward strategy had the greatest effect on the employee performance of remittance companies in Mogadishu, followed by intrinsic reward strategy and contingent reward strategy. All of the variables were found to be significantly affect employee performance of remittance companies because they less than (p<0.05).
Conclusions

Based on the findings of this study, the following conclusions were drawn. The results revealed that extrinsic reward strategy, intrinsic reward strategy, and contingent reward strategy have significant and positive effects on employee performance of remittance companies in Mogadishu Somalia. When all the stated variables were tested in the regression model, they were found to have a significant relationship between themselves and employee performance of remittance companies in Mogadishu Somalia. The most significant factor was extrinsic reward strategy had the greatest effect on the employee performance of remittance companies in Mogadishu, followed by intrinsic reward strategy and contingent reward strategy. The study concluded that all variables were found to be significantly affecting employee performance of remittance companies in Mogadishu, Somalia.

Recommendations

Arising from the summary of findings and the study conclusion this study recommends that:

1. Based on the findings of the study, the researcher recommends that the remittance companies adopt extrinsic reward strategy. The empirical evidence from this study infers that extrinsic reward strategy has significant effect on employee performance of remittance companies. The results of this study thus provides a valuable reference for remittance companies in Mogadishu, Somalia in terms of implementing extrinsic reward strategy as this would help them achieve competitiveness and improve their performance.

2. Remittance companies should ensure an immediate and strategic measure to improve employee performance through rewards. This is reaction to the outcome that the process of employee performance is fundamental to effective performance growth, developments, profitability, prosperity and expansion.
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