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Mediating Effect of Employee Commitment on the Relationship Between Incentives and Employee Performance: a Case of Agricultural Development Corporation, Kitale

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Abstract: *The purpose of the study was to assess the mediating effect of employee commitment on the relationship between incentives and employee performance at agriculture development Corporation (ADC). The study was guided by the following objectives; To assess the mediating effect of employee commitment on the relationship between incentives and employee performance, (a)to assess the mediating effect of employee commitment on the relationship between monetary incentives and employee performance. (b) to assess the mediating effect of employee commitment on the relationship between non-monetary incentives and employee performance. The study adopted the Maslow hierarchy of needs theory. The study adopted a case study design with an intention of describing a single unit in context holistically. The target population for this study is 337 employees of ADC with a sample size of 181 respondents. The study used quantitative methods in data collection by administering questionnaires which were designed with a five point Likert scale. Data was analyzed using descriptive statistical techniques, Pearson's product moment coefficient of correlation and Bootstrapping analysis through regression using the SPSS 20.0 package. Tables were used in data presentation. The findings of the study indicated that monetary and non-monetary incentives positively influenced employee commitment and employee performance and employee commitment partially mediated the relationship between incentives and employee performance, therefore incentives play a crucial role in employee performance. The study therefore recommends that organizations should adopt better incentive schemes in order to achieve effective and efficient employee commitment and performance.*

Keywords: *Employee Commitment, Incentives and Employee Performance*

I. Introduction

Today's organizations consider employee Performance as their top most priority hence make a great effort to encourage and to enhance employee performance through incentives which also increases employee commitment(Torrington & Hall, 2008). According to Armstrong (2010) employee performance refers to proper completion of tasks at work and the results achieved, this are usually interrelated with the organizations strategic goals, customer satisfaction and economics contributions. When employee performance is high, the general performance of the organization will also increase (Hueryren & Dachuan, 2012). According to Armstrong (2010) monetary and non-monetary incentives have a positive effect on employee performance with the effect of employee commitment. Achieving high employee commitment through offering incentives to employees promotes employee performance (Chiang & Birtch, 2008). Wang as cited by (Tumwet, 2013) argues that managing employee performance in most organizations has habitually concentrated on evaluating employee performance and enhancing incentives offered to the employees. Better incentives will lead to improved and effective employee performance, which is realized a result of the interaction between incentives and employee commitment.One of the major challenges faced by a large number of employers whether in public or private sector is how to offer and use incentives as a tool for encouraging employees in order to improve their employee commitment, highly committed employees perform well at work (Clark & Estes, 2002). The global nature of the prevailing social and economic challenges, has made it hard for majority of the organizations to cope with the unending employee demands, among them provision of an appropriate incentive systems to effectively link employee commitment and employees performance (Atambo, Kabare, Munene, & Mayogi, 2013).Incentives are instrumental in enhancing employee commitment in an organization. Incentives offered at the organization play an important role in giving employees satisfaction and achievement at work in terms of recognition, and promotion opportunities, which leads to increased and effective employee performance (Olubusayo, Stephen, & Maxwell, 2014). Incentives play a key role in discouraging absenteeism, minimizing employee turnover, increasing job pleasure and encouraging employee retention rate, these are indicators of employee performance (Olubusayo et al., 2014)**.**

In a study carried out to evaluate the role of monetary and non-monetary incentives on employee performance at the Jordanian tourism and travel institutions Alfandi and Alkahsawneh (2014) found out that both monetary and monetary incentives had significant effect on employee performance. A study carried out by Jibowo(2007) on the effect of incentives on employee performance amongst 75 agricultural officers in Nigeria, similarly showed a positive relationship between incentives and employee performance. Atambo, Kabare, Munene and Mayogi (2013), examined the relationship between incentives and employee performance in public hospitals in Kenya. The findings of the study showed that monetary and non-monetary incentives impact positively on employee performance. Njanja, Maina, Kibet and Njagi (2013) conducted a study at K.P.L.C. in Kenya to determine the effect of incentive schemes on employee performance. The findings showed that monetary incentives such as bonuses did not affect employee performance. These studies show incentives have a positive impact on employee performance; however different incentives have different results on employee attitude, satisfaction and performance. A number of studies have been done in Kenya, (Atambo et al., 2013; L. W. Njanja et al., 2013) to establish the effects of incentives on employee performance but none of them has assessed the mediating effect of employee commitment on the relationship between incentives and employee performance. This research therefore sought to bridge the gap by assessing the Mediating effect of employee commitment on the relationship between incentive schemes and employee performance at the Agricultural Development Corporation in Kenya.

1.2 Statement of the Problem

The public sector in Kenya has been a victim of low employee commitment and poor performance elicited by discontentment with the incentives system (W. Njanja, R. Maina, L. Kibet, & K. Njagi, 2013). The consequence of inequitable incentive system has been the cause of continuous participation in industrial strikes, absenteeism and turnover resulting to low employee commitment and poor employee performance (Ndetei et al., 2007). Despite all these Kenyan government has not given an adequate response to genuine industrial grievances of its employees concerning their incentive system (Otieno, Ajowi, & Bosire, 2015). According to Gallup’s (2013) findings, 87% of workers in the public sector in Kenya are not committed to their workplaces due to the dissatisfaction with the inadequate incentive system and are not likely to perform. This implies that the incentive system and schemes should include factors that make, and sustain influence on employee’s behavior towards high levels of employee commitment and performance (Ndu, 2004). A.D.C Kitale is a public institution in Kenya that has implemented various incentive schemes (HRM, ADC, 2016), hence it is important to understand the perceived expectations of the incentives offered to employees and their effect on employee commitment and performance at the organization.

According to Katou (2008) and (Ngui, Elegwa, & Hazel, 2014) there is a positive relationship between incentives and employee performance, however most organizations and institutions still have little knowledge and understanding of how incentives influence employee commitment and performance (N. Malhotra, B. , 2007). Previous studies on incentives and employee performance have been carried out in the manufacturing sector (Ngui, Elegwa, & Hazel, 2014), however, most of this studies have not assed the mediating effect of employee commitment on the relationship between incentives and employee performance, none of these studies has also been conducted at A.D.C Kitale hence the existing gap in literature. This deficiency of literature motivated the design of the current study which assessed the mediating effect of employee commitment on the relationship between incentives and employee performance at Agricultural Development Corporation (ADC), Trans Nzoia County in order to fill in the existing gaps in literature.

II. Literature Review

2.1 Maslow’s Motivational Theory

According to Armstrong (2006b), Maslow’s motivational theory categorizes human needs into Physiological needs, which is the first category, these are needs like salary or wages. This is meant to satisfy basic needs such as shelter, food and clothing. Security or safety needs falls under the second group of needs. This is need for protection against the deprivation of needs at work and danger, security of tenure and trade unionism. Social needs, which is the third category of needs entails need for love, affection, and acceptance, this means one now belongs to a certain group. Esteem needs, also known as ego needs, falls under the fourth category of needs; this includes needs such as position of authority, company car or special type of assignment. Self-actualization, is the final group or category of needs, this is the need to develop skills and become what one believes is capable of. This involves skilled operation, professional workers and managers. Armstrong opines that in the hierarchy of needs people are expected to satisfy their needs according to their priorities, for example a manager who receives a substantial salary and satisfies lower needs will now regard status symbols like a well-furnished office as important but a manager who has stayed without a job for a lengthy period will eventually take any available occupation that brings income even if it is of low grade (2006). When a lower need is satisfied the person will obviously want to satisfy the next category of needs. The person's attention will now be focused on satisfying the higher need. Employees are encouraged to perform better at work by different incentives and it is very imperative to know how the incentives motivates them and what exactly can satisfy them in order to enhance employee commitment which will lead to improved and effective employee performance. Incentives should be able to meet employee needs at all levels, however employee needs tend to overlap at all levels.

2.2 Incentives

The term incentive refers to something that purposes to make one put in greater effort to act in a given manner to enhance employee commitment which leads to increased employee performance. An incentive refers to a stimulus that is offered to employees in order to motivate, encourage and uphold a desired behavior (Awad & Odeh, 2011). According to Arnold (Arnold, 2013), incentives are mechanisms meant to achieve an exact change in behavior.Incentives are divided into 2 groups; these are monetary and Non-monetary incentives. The monetary incentives include the following salary, pension plans, loans, social security, paid leave and workers compensation plans in case of an accident. Non-monetary incentives include, promotion, feedback recognition and career development and training and job rotation(Armstrong, 2007). Employees are rewarded according to their input, skill and proficiency and their market worth, incentives are important to job motivation and employee commitment which impacts positively on employee performance. Armstrong (2007) also points out that incentives turn out to be a goal that employees generally struggle for, it is also an instrument that gives good results. Similarly it is a representation that shows the beneficiary's value to the organization hence acts as an overall reinforcement because it is linked with esteemed feedback (Langton & Robbins, 2007). Various organizations experience difficulties when trying to comprehend the connection that exists between incentives, employee commitment and employee performance.

2.3 Employee Commitment

Lau (2011)stated that employee commitment is a belief that links the emotional state of the organizational values and objectives to the values and objectives of the employee. Employee commitment is an individual manifestation of loyalty to an organization (Saleem, 2011). Employee commitment is the virtual strength of an employee's identification and association with an organization (Ahmed, 2014) this signifies a great level of affection, devotion and attentiveness on a task assigned at the organization (Dee, Henkin, & Singleton, 2006). Employee commitment shows that an employee's goal is similar to the organizational goals and is capable to stimulate employees' loyalty and performance(Chen & Aryee, 2007). Employee commitment is divided into three components which are as follows; affective, continuance and normative commitment (Lau, 2011). According to Griffin and Hepburn (2005), affective commitment comes from an emotional connection to the organization and is usually sensitive to job experiences ,it progresses when an employee is involved in, identifies the value, importance of, and develops his or her identity from the organization. Normative commitment centers on the internalization of principles, values and rules which will eventually have an effect on the employee. Continuance commitment, the employee will feel she has a moral responsibility to continue working for the organization (Mohammad et al., 2013).

Employee commitment entails great amount of the employees, readiness to put forward great amount of effort, or desire to be part of the organization. Commitment is a practical evaluation of an entire organization and the objectives, an employee's commitment and performance is directly affected by the value of incentives schemes offered to employees by the organization, the performance that particular organizations is also directly linked to employee's performance (Ahmed, 2014). The outcomes of employee commitment are improved work pleasure, work performance and progress, reduced employee turnover, Increased retention rate, decreased plan to search for alternative employers, and reduced absenteeism. The study done by Salem (2011) revealed a significant relationship between incentives, employee commitment and employee performance. An increase in monetary incentives enhanced employee commitment which positively affects the employee's performance and reduces employee turnover, employees within an organization will be devoted if their needs and desires are satisfied.

2.4 Employee Performance

Performance is refers to outcome and accomplishment of work as well as the results achieved in line with the strategic goals of the organization (M. Armstrong, 2009). Armstrong continues to indicate that performance can be managed by taking action to enhance organizational and individual performance which is associated with both monetary and non-monetary incentives. The term employee performance is connected to quantity, quality and timeliness of output, efficiency and effectiveness of work done, and presence or attendance on the job (Mathis & Jackson, 2009). Employee performance is an issue that has captured the attention of many organizations and hence fueled enormous research in the field of Human Resource Management (Lerner & Mosher, 2008).

According Porter and Lawler (1968) cited in (Azril, Jegak, Asiah, & Bahaman, 2010), there are three types of performance. On the basis of grouping of employee performance the three dimensions performance could be distinguished as task, contextual and adaptive performance besides counter productive work behavior (Koopmans et al 2011*)*.Task Performance refers to the proficiency in performing job tasks, such as work quantity and work quality (Koopmans et al., 2011).Contextual Performance refers to behaviors that are past formally prescribed work goals such as performing extra tasks, showing initiative and coaching newly recruited employees on the job (Fluegge, 2009; Maxham, Netemeyer, & Lichtenstein, 2008). Several labels exist for this dimension such as non-specific task proficiency, extra-role performance and organizational citizenship behavior (Fluegge, 2009; Maxham et al., 2008). Counterproductive behavior includes behaviors as absenteeism, lateness for work, engaging in off-task behavior, theft, and substance abuse (Rotundo & Sackett, 2002). Adaptive performance is defined as the extent to which an individual adjusts to changes in a work system or work roles for example, solving problems, creatively dealing with unpredictable work situations, learning new tasks, technologies, and procedures (Griffin, Neal, & Parker, 2007).

2.5 Incentives, Employee Commitment and Employee Performance

Incentives will influence organizational commitment and employee performance (Yeh, 2012). Chi, Yeh, &Chiou(2008) found that incentives have a significant and positive relationship with organizational commitment. Incentives can change the mindset of organizational members to commit to the organization (Chi et al., 2007). Lee (2010) asserted incentives have a positive and significant effect on employee commitment, hence employee commitment will significantly and positively affect employee performance (Chi et al., 2007; Chi et al., 2008). Incentives have a positive influence on employee performance (Yeh, 2012). Wang cited in (Yeh, 2012) observed that incentives and employee commitment have positive and significant effects on employee performance. Dar, Bashir, Ghazanfar and Abrar (2014) concluded that the employee commitment will mediate the relationship between incentives and employee performance. Ahmad (2009) suggested that incentives would affect organizational commitment and in turn, organizational commitment will influence employee performance and mediate the relationship between leadership style and job performance.

III. Materials and Methods

The study adopted a case study design with an intention of describing a single unit in context holistically. The target population for this study is 337 employees of ADC with a sample size of 181 respondents. The study used quantitative methods in data collection by administering questionnaires which were designed with a five point Likert scale. Internal consistency of research instruments was measured through Cronbach's coefficient alpha where acceptable alpha should be at least 0.70 or above

3.1 Data Analysis

This study produced quantitative data to assess the mediating effect of employee commitment on the relationship between incentives and employee performance. Quantitative data was analyzed by employing descriptive and inferential statistical techniques. Under inferential statistics Bootstrapping analysis through regression was conducted in order to make a prediction about the dependent variable based on its covariance with the independent variables, and also to determine the effect of the mediating variable on the independent and dependent variable. The bootstrapping method is recommended when testing for the statistical significant effect of the mediating variables because it has more power and high level of precision (MacKinnon, 2008; Preacher & Hayes, 2008).Pearson product moment Correlation analysis was used to establish the relationship between the variables

Mediation is not defined statistically; rather statistics can be used to evaluate a presumed meditational model. The following models were used.

$Y = \alpha + B_1X_I + B_2X_2 + BM + e$………To test for the mediating effect of employee commitment on the relationship between incentives and employee performance.

Y = Employee performance

α= Constant

M=Mediating variable

B_1X_I = coefficient for monetary incentives

B_2X_2= coefficient for non-monetary incentives

BM= coefficient for Employee Commitment

ε= Error Term

B =Regression coefficient

IV. Results and Discussion

4.1 Bootstrapping Through Regression Analysis

The following assumptions were tested before conducting bootstrapping analysis; Test for linearity and testing whether the model chosen is fit. These were presented in Table 4.6 and Table 4.7 below.

4.1.1 Test for Linearity

Pearson's product moment correlation coefficients were used to test linearity assumption. The purpose of using Person's correlation coefficient was to examine the relationship between each dimension for conducting regression analysis. The inter-correlations among the variables are shown in Table 4.0.From the results, Pearson correlation coefficient (r=0.696) between monetary incentives and employee performance was positive and above 0.5. This implies that monetary incentives has a strong positive relationship (r=0.696) with employee performance. Similarly, Pearson correlation coefficient (r=0.630) between monetary incentives and employee commitment was positive and above 0.5. This implies that monetary incentives has a strong positive linear relationship (r=0.630) with employee commitment.

Besides, Pearson correlation coefficient (r=0.844) between non-monetary incentives and employee performance was positive and above 0.5. This implies that non-monetary incentives has a strong positive relationship (r=0.844) with employee performance. Similarly, Pearson correlation coefficient (r=0.808) between non-monetary incentives and employee commitment was positive and above 0.5. This implies that non-monetary incentives has strong positive relationship (r=0.808) with employee commitment. Finally, Pearson correlation coefficient (r=0.764) between employee commitment and employee performance was positive and above 0.5. This implies that, employee commitment has a strong positively relationship (r=0.764) with employee performance. Therefore, the overall result above implies that linearity assumption in the analysis was achieved.

Table 4.0: Pearson's Correlation Analysis for Linearity Test

Correlations					
		Performance	Monetary Incentives	Non- Monetary incentives	Commitment
Performance	Pearson Correlation	1			
Monetary Incentives	Pearson Correlation	.696**	1		
Non- Monetary incentives	Pearson Correlation	.844**	.684**	1	
Commitment	Pearson Correlation	.764**	.631**	.808**	1
**. Correlation is significant at the 0.01 level (2-tailed).					

Source (Author, 2016)

4.1.2 Test for the Regression Model Fit

Regression model results can be said as fit if they are supported by empirical data, where only fit model that can explain results. Establishing whether a model was fit or not required various models test with a typical test criteria. Regression model test criteria used was ANOVA. The following models; $M=\alpha + B_1X_1 + B_2X_2$, $Y=\alpha + BM$, $Y=\alpha + B_1X_1+B_2X_2$ and $Y=\alpha + B_1X_1+B_2X_2 + BM$ were tested whether fit and the results shown in table 4.7. Where;

Y -the employee performance

X_1 -the monetary incentives

X_2 -the non-monetary incentives

M-the employee commitment and

B, B1, B2 –variables coefficients

Table 4.1: ANOVA for statistical Model fit test

ANOVA for statistical model fit test		
Models	**F**	**Sig**
$M=\alpha + B_1X_1 + B_2X_2$	151.002	.000^b
$Y=\alpha + BM$	214.555	.000^b
$Y=\alpha + B_1X_1+B_2X_2$	215.389	.000^b
$Y=\alpha + B_1X_1+B_2X_2 + BM$	152.153	.000^b

Source (Author, 2016)

The ANOVA output was examined to check whether the proposed models were viable. Results shown in Table 4.1 reveal that the F-statistic and p value for the “Model $M=\alpha + B_1X_1 + B_2X_2$” is 150.766 and .000[b] respectively. Since the p-value (.000[b]) was less than 0.05, it means that the model was valid. Similarly, the F-statistic and p value for the “Model $Y=\alpha + BM$ is 214.555 and .000[b] respectively. Since the p-value (.000[b]) was less than 0.05, it means that the model was valid. Besides, the F-statistic and p value for the “Model $Y=\alpha + B_1X_1+B_2X_2$ is 215.389 and .000[b] respectively. Since the p-value (.000[b]) was less than 0.05, it means that the model was valid. Finally, the F-statistic and p value for the “Model $Y=\alpha + B_1X_1+B_2X_2 + BM$ is 215.412 and 152.153 respectively. Since the p-value (.000[b]) was less than 0.05, it means that the model was valid. This implies that, the Models were fit for bootstrapping analysis.

4.2 Direct Effects of Incentives on Employee Commitment

Upon testing for the assumptions, bootstrapping was performed to test for direct effects of incentives on employee commitment. These were presented in Table 4.2 below.

Table 4.2: Direct Effect of Incentives on Employee Commitment

Bootstrap for Coefficients					
Model		B	Bootstrap[a]		
			Sig. (2-tailed)	95% Confidence Interval	
				Lower	Upper
	(Constant)	1.407	.001	1.006	1.823
	Monetary Incentives	.158	.046	-.002	.304
	Non- Monetary incentives	.519	.001	.401	.638
a. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples					

Source (Author, 2016)

Path coefficient of the direct effect of monetary incentives on employee commitment is 0.158 with p-value = 0. 046. Because p - value >0. 05, then hypothesis H_{01} was rejected. This implies that an increase of 1 standard deviation in monetary incentives is likely to result in a 0.158 standard deviations increase in employee commitment. Therefore, there is significant effect of monetary incentives on employee commitment. Path coefficient of the direct effect of non-monetary incentives on employee commitment is 0. 519 with p-value = 0. 001. Because p - value < 0. 05, then hypothesis H_{02} is rejected. Therefore, there is significant effect of non-monetary incentives on employee commitment. This implies that an increase of 1 standard deviation in non-monetary incentives is likely to result in a 0.519 standard deviations increase in employee commitment.

From the results (Table 4.2) the model was then specified as:-

$M=\alpha + B_1X_1 + B_2X_2$ for path a

Employee commitment= 1.414 + .158 monetary incentives +.519 non-monetary incentives.

4.3 Direct Effects of Employee Commitment on Employee Performance

Upon testing for the assumptions, bootstrapping was performed to test for direct effects of employee commitment on employee performance. These were presented in Table 4.3 below

Table 4.3: Direct effect employee commitment on employee performance

Bootstrap for Coefficients					
Model		B	Bootstrap[a]		
			Sig. (2-tailed)	95% Confidence Interval	
				Lower	Upper
	(Constant)	.253	.310	-.263	.756
	Commitment	.916	.001	.798	1.030
a. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples					

Source (Author, 2016)

Path coefficient the direct effect of employee commitment on employee performance is 0. 916 with p-value = 0. 001. Because p - value < 0. 05, then hypothesis H_{03} is rejected. Therefore, there is significant effect of employee commitment on employee on employee performance. This implies that an increase of 1 standard deviation in employee commitment is likely to result in a 0.916 standard deviations increase in employee performance.

From the results (Table 4.3) the model was then specified as:-

$Y=\alpha + BM$ for path b

Employee performance = .253 + .916 employee commitment.

4.4 Direct Effects of Incentives on Employee Performance

Upon testing for the assumptions, bootstrapping was performed to test for direct effects of incentives on employee performance. These were presented in Table 4.4 below

Table 4.4: Direct effect of incentives on employee performance

Bootstrap for Coefficients					
Model		B	Bootstrap[a]		
			Sig. (2-tailed)	95% Confidence Interval	
				Lower	Upper
	(Constant)	.461	.075	-.038	.997
	Monetary Incentives	.287	.001	.117	.460
	Non- Monetary incentives	.607	.001	.488	.719
a. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples					

Source (Author, 2016)

Path coefficient the direct effect of monetary incentives on employee performance is 0. 287 with p-value = 0. 001. Because p - value < 0. 05, then hypothesis H_{04} is rejected. Therefore, there is significant effect of monetary incentives on employee performance. This implies that an increase of 1 standard deviation in monetary incentives is likely to result in a 0.287 standard deviations increase in employee performance. Path coefficient on the direct effect of non-monetary incentives on employee performance is 0. 607 with p-value = 0. 001. Because p - value < 0. 05, then hypothesis H_{05} is rejected. Therefore, there is significant effect of non-monetary incentives on employee performance. This implies that an increase of 1 standard deviation in non-monetary incentives is likely to result in a 0.608 standard deviations increase in employee performance
From the results (Table 4.4) the model was then specified as:-
$M=\alpha + B_1X_1 + B_2X_2$ for path a
Employee performance = .464 + .287 monetary incentives +.607 non-monetary incentives.

4.5 Indirect Effects of Incentives on Employee Performance

Upon testing for the assumptions, bootstrapping was performed to test for indirect effects of incentives on employee performance. These were presented in Table 4.5 below.

Table 4.5: Indirect effect of incentives on employee performance

Bootstrap for Coefficients					
Model		B	Bootstrap[a]		
			Sig. (2-tailed)	95% Confidence Interval	
				Lower	Upper
	(Constant)	.138	.630	-.447	.698
	Monetary Incentives	.251	.003	.068	.412
	Non- Monetary incentives	.488	.001	.353	.644
	Employee Commitment	.229	.013	.056	.398
a. Unless otherwise noted, bootstrap results are based on 1000 bootstrap samples					

Source (Author, 2016)

Indirect effect of monetary incentives (X1) on employee performance (Y2) through employee commitment (M) is equal to 0. 251. The inclusion of mediating variable in the regression equation intervened in the aforesaid proved relationship between monetary incentives and organizational performance. The change in value of coefficient of monetary incentives (B_1 = 0.287, p=. 0.001 to 0. 251, p=. 0.003) were observed due to inclusion of mediating variable in regression equation. Thus, H_{06} is supported which signifies that there exists a partial mediating effect and the amount of indirect effect is 0.036. This means that employee commitment increase can significantly strengthen employee performance that triggered by high monetary incentives at ADC in Kitale.Indirect effect of non-monetary incentives (X1) on employee performance (Y2) through employee commitment (M) is equal to 0. 488. The inclusion of mediating variable in the regression equation intervened in the aforesaid proved relationship between non-monetary incentives and organizational performance. The change in value of coefficient of non-monetary incentives (B1 = 0.607, p=. 0.001 to 0. 448, p=. 0.001) were observed due to inclusion of mediating variable in regression equation. Thus, H_{07} is supported which signifies that there exists a partial mediating effect and the amount of indirect effect is 0.159. This means that employee commitment increase can significantly strengthen employee performance that triggered by high non-monetary incentives at ADC in Kitale.
From the results (Table 4.5) the model was then specified as:-
$Y=\alpha + B_1X_1 + B_2X_2 + MX_3$ for path a
Employee performance = .138 + .251 monetary incentives +.488 non-monetary incentives + .229 employee commitment.

V. Conclusion

From the findings and discussion, it was concluded that there was significant positive relationship between employee commitment and employee commitment. Therefore, employee commitment has a significant and positive direct effect on the performance of employee. Similarly, in the fourth objective of the study on the direct effect of monetary incentives on employee performance, there was positive relationship between monetary incentives and employee performance. In conclusion, monetary incentives such as competitive salary, insurance cover, pension plans and compensation plans is seen as key element of incentives that positively affects employee performance.In the fifth objective of the study on the direct effect of non-monetary incentives on employee performance, there was relationship between non-monetary incentives and employee performance. In conclusion, non-monetary incentives elements such as feedback, participation, recognition on achievement, career advancement and job rotation encouragement, significantly and positively have a direct effect on the performance of employees.Further it was concluded that employee commitment increase, significantly strengthen employee performance that triggered by high monetary incentives. Thus, employee commitment in the organization strengthens employee performance triggered by monetary incentives such as competitive salary, insurance cover, pension plans and compensation plans.Lastly, it was concluded that employee commitment increase, significantly strengthens employee performance that triggered by high non-monetary incentives. Thus, employee commitment in terms of loyalty to the organization strengthen employee performance that triggered by non-monetary incentives elements like feedback, participation, recognition on achievement, career advancement and job rotation encouragement. Finally, employee commitment in an organization is an important mediating variable in the relationship between incentives and employee performance.

5.1 Recommendation of the Study

In view of the findings of the study and the guidance from the literature review, it is apparent that employee commitment for organizations is an important mediating variable in the relationship between incentives and employee performance. While there are other factors crucial for employee performance, from the results the study recommends that;

1. The organization should pay more attention in addressing employee commitment besides incentives in order to increase employee performance.
2. Authorities of organizations should acquire better performance by attaching employee commitment through checking on their loyalty as this will ignite their eagerness to stay with the organization and increase their performance.
3. The organization should ensure that monetary incentives such as competitive salary, insurance cover, pension plans and compensation plans in case of accidents is provided to employees so that they can improve on performance.
4. The organization should ensure non-monetary incentives by encouraging employee feedback, participation, recognition on achievement, promotion and job rotation.
5. This study recommends the management and policy makers of public institutions to take appropriate measures in formulation, implementation and evaluation of incentive policies which are works towards improving employee performance.

5.2 Suggestion for Further Research

There is a substantial amount of research that still needs to be done on control environment variable since it’s a wide subject and plays an essential role in all areas of the organization in making the operation effective and efficient hence minimize errors and irregularities and thus a further study can be done to find out its effects on corporate governance.Whilst this study focused on three variables financial reporting, verification of financial documents, and control environment, further studies should focus on other factors affecting corporate governance, since the coefficient of the equation of the variables is lesser meaning there is other factors affecting corporate governance. Further owing to the limitations of the study it is suggested that same study be done in other sectors and institutions as the results on the current study may not be generalized to other institutions and sector.

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