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Influence of Employee Recognition on Organizational Performance in FMCGs in Kenya

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Abstract
Globalization and other change drivers in the world mean that especially now more than ever, organizations have to strive to remain relevant, easily recognizable and profitable. FMCGs around the globe find they are just as vulnerable to changes in the market and the stake they hold could easily be lost to a competitor in a similar niche. The purpose of the study was to establish the influence of employee recognition on organizational performance in FMCGs in Kenya. A descriptive research design was adapted involving the staff of Nairobi Coca cola Bottlers Limited. The data obtained was analyzed using descriptive and inferential statistical analysis. The study established that employee recognition has significant influence on how organizations will perform and recommends that FMCGs who wish to get higher results from their human resources should consider how well they recommend their staff as this enhance s their organization performance.
Keywords: FMCGs, Sub Saharan Africa, Organizational performance, Employee Recognition, Nairobi Coca Cola Bottlers Limited

1.1 Introduction

Organizations are constantly trying to adapt, survive, perform and influence. However, they are not always successful. In the global struggle to find and retain top talent, employers must move beyond base pay and bonuses toward a total rewards approach. Companies that incorporate a wider range of employee and work-life benefits, and build a strong and supportive workplace culture, will improve their employee value proposition and gain an advantage. According to Elger, (2002), a performer can be an individual or a group of people engaging in a collaborative effort.

Conditions for optimal performance and improvements in performance can be synthesized in three principles that involve engaging the performer in an optimal emotional state of mind, immersing the performer in an enriching environment and engaging the performer in reflective practice according to Thomlinson *et al.*, (2002).

The widespread use of individual performance measures in single studies and meta-analyses shows that individual performance is a key variable in work and organizational psychology (Sonnentag and Frees 2001). Interestingly, individual performance is mainly treated as a dependent variable—which makes perfect sense from a practical point of view: individual performance is something organizations want to enhance and optimize.

A research done by Kohn, (2003) investigated the effects of recognition-based rewards on employees' efficiency and effectiveness on the job as compared to usual incentives particularly the monetary ones. Though incentives and recognition both motivate the employees in an organizational perspective, they have different locus of causality - extrinsic and intrinsic respectively. Recognizing excellent performance openly builds motivation within the entire organization. It is recognized that employee recognition has contagious effects. When employees see other employees being rewarded for the work they have done it becomes a chain reaction; employees repeat positive actions so that their work will also be appreciated. Findings of the study showed significantly positive relationship between dependent and independent variables.

Jeffrey and Schaffer (2007) had almost similar conclusions out of their research who found that non-financial recognition based rewards are not only motivationally superior to cash rewards but also, from the employer perspective, they are favored since the employer does not need to pay out any cash, which is a scarce resource in most organizations

All organizations and especially fast moving consumer goods organizations want to be high performers. However the challenge to improving own performance, empower the organization to help others learn and grow is closely related to learning-for-understanding (Wiske, 2000). Therefore, building performance capabilities is rightfully a major concern. When people learn and grow, they are empowered to create results that make a difference.

1.2 Background of the Study

The Economy Watch, (2015), stipulates that the fast moving consumer goods industry provides a wide range of consumables and accordingly the amount of money circulated against fast moving consumer goods products is also very high. For example, in India, the fast moving consumer goods industry is regarded as the fourth largest sector with total market size of US$13.1 billion and was estimated to grow by 60% in 2010.

When it comes to the fast moving consumer goods sector in Africa, there has significant scope to expand.

Poverty levels in especially Sub Saharan Africa (SSA) are still quite high, with food and other necessities dominating consumer budgets (KPMG, 2014). For this reason, the food sub-sector of FMCG has a very large market to cater for, while penetration rates in the other categories still have significant room to expand. The key drivers of the performance of the FMCG sector were analyzed using various factors discussed above.

In Rwanda, Businesses operating in Fast Moving Consumer Goods are faced with many challenges. Companies strive to reduce production and supply chain costs, achieve world class delivery performance, and satisfy an avalanche of customer demands and changing requirements just to remain competitive. Many organizations are relying on innovative technology and operational efficiency to drive profitability. Staying ahead of the competition means you must effectively and efficiently manage all of the variables involved in delivering products and meeting consumer tastes and price expectations (McCammon, 2009).

1.3 Problem Statement

Organizations globally and locally are concerned with the level of their relevance and their profit margins. After an organization has discussed what is important to measure, the next step is to choose specific performance measures. Understanding that the delivery of care is a number of systems and processes, performance measures serve as indicators for the effectiveness of those systems and processes. Organizations that incorporate a wider range of employee and work-life benefits, and build a strong and supportive workplace culture, will improve their employee value proposition and gain an advantage. According to Kantar, (2014) Some global brands stand out in the 16 global FMCG brands chosen by consumers and Coca-Cola, which remains the world's most chosen brand was chosen for more than 5.8 billion times in the year 2014.In terms of intra-East African trade, Kenya ranks at the top, averaging 37 % in 2011-2012.

According to Kibe & Kimenyi, (2014), the intra-regional trade is driven by the manufacturing industry, and particularly the Fast-Moving Consumer Goods (FMCGs). To succeed in an environment in which declining budgets are juxtaposed against aggressive growth targets, organizations must obtain the highest possible level of performance from their workforces. Hence this study sought to find out the influence of employee recognition on organizational performance in Nairobi Coca Cola Bottlers Limited.

1.4 Objective of the Study

The study addressed the following specific objective:

1. To establish the influence of employee recognition on organizational performance FMCGs in Kenya.

2.0 Literature Review

For many people, recognition has retrospective orientation and reflects on an outstanding performance of the employees in the eyes of the recognizer (Applebaum, 2000).Numerous renowned researchers like Herzberg et al., (1959); McGregor (1960); Vroom (1964); Porter and Lawler (1968) whose seminal work opened the avenues for unending research and theory formation in the field of employee motivation highlighted employee recognition as an essential component of motivation.

These authors stipulate that organizational performance is determined by gaining intrinsic and extrinsic rewards. Other studies support this theory, which can be referred to as recognition based rather than incentive based motivation as a predictor of organizational performance (Deci and Ryan 2000). Towers,(2003) argues in favor of the recognition based reward rather than performance incentives. He refers to research he conducted over high performing companies and concludes that (57%) of them made significantly greater use of recognition plans rather than incentives compared to the low performers (36%). Likewise, Serino, (2002) highlights efficacy of recognition based rewards referring to a research conducted on a United States bank and says that, the post-performance recognition programs generated 6.5% higher level sales per employee, compared to 4% sales per employee under cash-based incentive plan.

More credible empirical verification on the efficacy of recognition based programs emanates from Stajkovic and Luthans, (2003) who found that use of recognition programs increased employee performance by an average of 17%. McAdams, (2005) reiterates recognition programs involve rewards of both kinds that is; monetary as well as non-monetary nature. Modes of recognition may consist of social reinforces, such as making mention in the company newsletter; plaques or letters of commendation; travel prizes; or extra time off, and even the verbal appreciation privately or publically etc.

These findings are in lines with the findings of Brun and Dugas (2008) who contend that, for the beneficiary, recognition represents a reward experienced primarily at the symbolic level, however, it may also envisage emotional, practical or financial value to any extent. McAdams (2005) also supports Serino (2002) and Stajkovic and Luthans (2003) and claims that non-cash recognition awards are not only more

Motivating but are also economical compared to cash incentives. In his research on some 600 firms, McAdams, (2005) found that cash incentives, no doubt, enhanced sales performance by 13% but only through additional 12% cost.

In contrast, non-financial recognition based rewards also enhanced sales performance to the same level but against cost of only 4%. Jeffrey and Schaffer (2007) had similar conclusions out of their research and found that non-financial recognition based rewards are not only motivationally superior to cash rewards but also, they are favored since the employer does not need to pay out any cash, which is a scarce resource in most organizations.

3.0 Research Methodology

3.1 Research Design

Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure. According to Bryman (2008), the choice of a research strategy should be determined by the nature of the particular research question posed. The study adopted a descriptive research design so as to determine influence of employee recognition on organizational performance Nairobi Bottlers Limited. This is because descriptive research design provides insights concerning the current status of the phenomenon and to describe what exists with respect to variables or conditions in a situation.

3.2 Sampling & Sampling Procedure

This is a statistical determination of the appropriate sample which can be generalized to represent the entire target population (Bryman, 2008). Stratified random sampling method using gender and departments was used to ensure representation of the different subgroups in the study. A stratified sampling result is more reliable and detailed in information (Kothari, 2006).

3.3 Research Instruments &Data Collection

Primary data for the study was collected by way of self-administered questionnaires. The data collected was qualitative in nature. The questionnaires were structured with different sections covering the variables of the study with both open ended and close ended questions.

The semi structured questions provide a set of alternative solutions for the respondent to fill the one that best fits their opinion using a modified five point lickert scale. The open ended questions aimed at helping to capture the opinions of respondents regarding variables under investigation.

The researcher sought research authorization from Jomo Kenyatta University Nairobi campus. The questionnaires were distributed by the researcher with the help of a research assistant. The questionnaires were dropped and picked and any follow up necessary was done.Prior to the main study, a pilot study was conducted with 10% of the target population and corrections were made before distributing to the other respondents.

4.0 Results & Discussion

A total of 192 employees were the sample for the study. The research instruments were administered to the respondents who later on returned duly filled instruments and of the 192, only 106 where dully filled. This was a response rate of 55%. According to Kothari (2011) assertion, a response rate above 50% is adequate, while that above 70% is rated as very good.This implies based on theseassertions; the response rate of 55% is adequate since many external surveys receive a response rate of 10-15%.As for gender, it was evident that majority of the respondents were male which represented 57.89% while 41.13% were female. Acker, (2006) observed that gender equality was very important as a trait as it can be used to improve total rewards of all the staff involved. The table below shows the gender representation of the study.

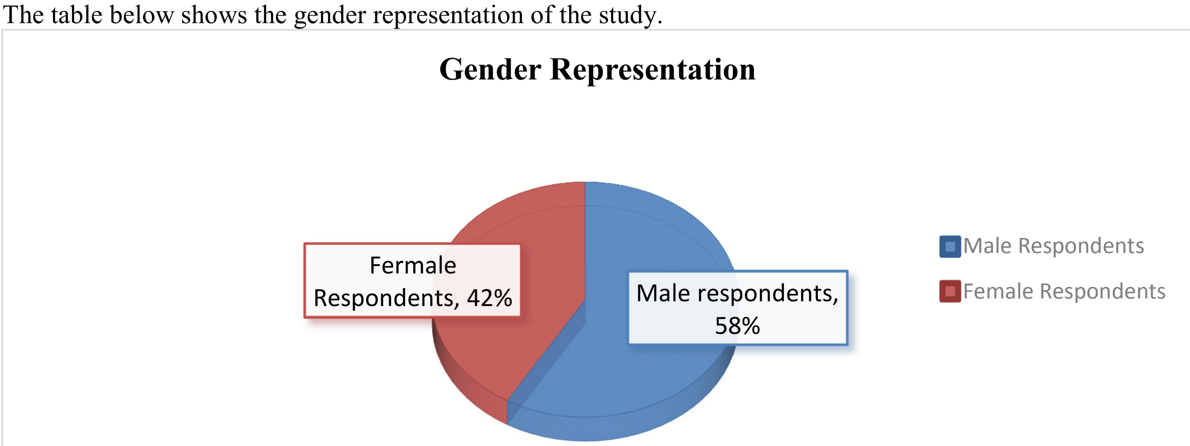

Figure 4.2 Gender Representation

From the findings, reinforcing the value of performance improvement leads to profits was found to be one of the most significant factor (mean= 4.6559) of employee recognition. Other significant factors were;

formalizing the process of appreciation leads to employee retention as shown by a mean of 4.7171, valued behavior in the organization leads to production of quality products with a mean of 4.0559 and immediate feedback and guidance leads to production of quality products with a mean of 4.5526.

The least significant factor was formalizing the process of appreciation leads to profits as supported with a mean of 3.0151. Respondents were also asked to indicate various ways in which their company adopts ways of recognition. They indicated birthdays, company anniversaries, the highest average number of units produced, the longest unbroken safety record, and many, many other milestone are terrific reasons to celebrate. Further, recognition consist of social reinforces, such as making mention in the company newsletter; plaques or letters of commendation; travel prizes; or extra time off, and even the verbal appreciation privately or publically etc.

These findings are in line with the findings of Brun and Dugas (2008) who contend that, for the beneficiary, recognition represents a reward experienced primarily at the symbolic level, however, it possibly will also envisage emotional, practical or financial value to any extent. It is also in line with McAdams, (2005) who found that non-financial recognition based rewards enhance sales performance of products up to the 13% but against a cost of only 4%. The Table 4.1 shows the research findings. It could thus be concluded that, employee recognition reflects on an outstanding performance of the employees in the eyes of the recognizer, further non-financial recognition based rewards also enhanced sales performance.

Table 4.1 Employee Recognition

Employee Recognition	**Mean**	**Std. Deviation**	**Sig.**
Valued behavior in the organization leads to profits	3.3696	.54772	1.3490
Immediate feedback and guidance lead to profits	3.2211	.63084	2.6841
Reinforcing the value of performance improvement leads to profits	4.6559	.49813	1.5643
Formalizing the process of appreciation leads profits	3.0151	.67479	0.0387
Valued behavior in the organization leads to employee retention	3.6941	.52824	0.6381
Immediate feedback and guidance lead to employee retention	3.6733	.74730	0.0981
Reinforcing the value of performance improvement leads to employee retention	3.4507	.88489	0.3478
Formalizing the process of appreciation leads employee retention	4.7171	.28159	1.0611
Valued behavior in the organization leads to production of quality products	4.0559	.32863	0.3798
Immediate feedback and guidance leads to production of quality products	4.5526	.36585	1.2100
Reinforcing the value of performance improvement leads to production of quality products	4.6579	.43664	0.8956
Formalizing the process of appreciation leads to production of quality products	3.3289	.58073	0.7611

In the co-relations test, the independent variablehad a positive relationship with the dependent variable (see Table 4.9), Employee Recognition ($r=0.391, p< 0.003$) to Organizational Performance.

For the linear regression analysis which forecasted organizational performance in Nairobi Coca Cola Bottlers Limited as $Y= X_1\ \beta_{1+}\varepsilon$, where,

Y= Organizational performance,

X_1 = Employee Recognition,

β_1 =the slope of the regression equation,

ε =Error tem ; the assumed value will be 0.

It was established that $\beta_1=0.556$, which shows that one unit increase in employee recognition results in 0.556 units increase in organizational performance Nairobi Coca Cola bottlers Limited other factors held constant.

5.0 Conclusions & Recommendations

The objective which was to establish the influence of employee recognition on organizational performance in Nairobi Coca Cola Bottlers Limited, the results were positive and significant. The study also found out that reinforcing the value of performance improvement would lead to increased profits while formalizing the process of appreciation would improve the employee retention rate for Nairobi Coca Cola Bottlers Limited.

Valued behavior in the organization as well as immediate feedback and guidance would lead to overall higher production of quality products by the organization. The study further found that employees wanted to be additionally recognized by a wall of fame or an employee of the month plaque for their good work.

The study found that employee recognition influences organizational performance in Nairobi Coca Cola Bottlers Limited positively since employees want to feel that what they do is recognized. Many means of recognizing employees are inexpensive but yield the right motivation for staff. It was found that reinforcing the value of performance improvement leads to profits, while valued behavior and immediate feedback and guidance leads to production of higher quality products.

The study recommends that proper total reward system should be embraced in all organizations which are the practice of improving overall personal and organizational performance by developing and promoting responsible tools and professional expertise, and by advocating an effective enabling environment for people and organizations to embrace a culture of sustainable development.

In matters employee recognition, this study recommends use of recognition programs in the organizations. Recognition of employees' efforts and performance level and direction to follow or to keep what they already were doing has an impact in organizations bottom line in terms of profit. This is the best kind of feedback that can be provided for purposes motivation.

Further studies should be carried out to in different industries as well as explore other factors that may have a significance influence on organizational performance but were not discussed by the researcher.

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APPENDIX I

The following is a questionnaire to determine the influence of employee recognition on organizational performance in Nairobi Coca Cola Bottlers Limited.

INSTRUCTIONS

1. This study will be purely for academic purposes and the respondents will be treated with confidentiality.
2. The questionnaire has two parts. Tick your response and explain where necessary.

SECTION A: Personal Demographic Data

Tick the appropriate boxes in each of the questions accordingly.

1. Gender: Male ( ) Female ( )

SECTION B: Employee Recognition

Using the scale given below indicate how accurately the following statements describe the effectiveness of Employee Recognition in your work place:

Strongly agree [5] Agree [4] Neutral [3] Disagree [2] strongly disagree [1]

		Rating scale				
Employee Recognition		**SD**	**D**	**N**	**A**	**SA**
1.	Valued behavior in the organization leads to profits					
2.	Immediate feedback and guidance leads to profits					
3.	Reinforcing the value of performance improvement leads to profits					
4.	Formalizing the process of appreciation leads to profits					
5.	Valued behavior in the organization leads to employee retention					
6.	Immediate feedback and guidance lead to employee retention					
7.	Reinforcing the value of performance improvement leads to employee retention					
8.	Formalizing the process of appreciation leads to employee retention					
9.	Valued behavior in the organization leads to production of quality products					
10.	Immediate feedback and guidance leads to production of quality products					
11.	Reinforcing the value of performance improvement leads to production of quality products					
12.	Formalizing the process of appreciation leads to production of quality products					

13. In what other ways can employees be recognized for good work and performance?……………………………………………………………………………………………………
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