

**EFFECT OF NON-MONETARY INCENTIVES ON EMPLOYEE PERFORMANCE IN  
COMMERCIAL BANKS IN NYERI COUNTY, KENYA**

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## **DECLARATION AND RECOMMENDATION**

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## **DEDICATION**

This thesis is dedicated to my family, whose unwavering support and encouragement have been my source of strength throughout this journey. To my parents, for their endless love and belief in my potential; to my siblings, for their constant motivation; and to my friends, for their companionship and understanding during this challenging period. I also dedicate this work to my mentors and professors, whose guidance and wisdom have been invaluable.

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## ABSTRACT

The banking sector remains a crucial pillar of Kenya's economy, with the total assets of commercial banks steadily growing, reaching approximately Ksh 7.3 trillion in 2020, according to data from the Central Bank of Kenya. Despite this growth, employee performance in the sector has been a concern, with reports indicating a turnover rate of around 15% in recent years, as noted by the Kenya Bankers Association. The general objective of this study was to establish the effects of non-monetary incentives on employee performance in commercial banks in Nyeri County, Kenya. Specifically, the study sought to establish the effect of employee welfare, training, and Employee Autonomy on employee performance and to examine the moderating effect of work experience on the relationship between non-monetary incentives and employee performance. The study was guided by the Functional Theory of Labour Welfare, Social Learning Theory, and Self-Determination Theory. A descriptive research design was used, with the unit of analysis being employees working in commercial banks in Nyeri County, and the unit of observation being their performance. The target population was 543 respondents, with a sample size of 230 determined using the Yamane formula. Simple random sampling was employed, and data was collected through structured questionnaires. A pilot study was conducted in Murang'a County to pre-test and validate the questionnaire before the main study. Murang'a was selected for its similarity to Nyeri County in terms of socio-economic conditions, ensuring the pilot results were relevant for improving the study design. Quantitative data was analyzed using descriptive and inferential statistics with the help of SPSS version 28, with a confidence level of 95%. The study's findings showed that employee welfare ( $\beta = 1.811$ ,  $p < 0.05$ ), employee training ( $\beta = 0.441$ ,  $p < 0.05$ ), and Employee Autonomy ( $\beta = 0.822$ ,  $p < 0.05$ ) significantly improved employee performance. Work experience had a direct significant effect ( $\beta = 0.455$ ,  $p < 0.05$ ) and moderated the impact of non-monetary incentives on performance. The study concludes that non-monetary incentives play a crucial role in enhancing employee performance and recommends investing in welfare programs, continuous training, and increased Employee Autonomy while leveraging the experience of long-serving employees.