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Relationship between teamwork and organizational performance in microfinance: A case of Platinum Credit Limited (PLC) In Nairobi, Kenya

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Abstract

This research project explored on the relationship between teamwork and organizational performance by focusing on Platinum Credit Limited. In today's dynamic business environment, effective teamwork is considered a key driver of organizational success, influencing both employee satisfaction and overall organizational performance. This study sought to find out the relationship between teamwork and organizational performance in Platinum Credit Limited in Nairobi, Kenya. Specifically, the study sought to examine the effect of rewards and employees' turnover on productivity of teams. The study was informed by Belbin's Teams roles theory and Bruce Turkman's model of team stages. The study focused on the employees and management within Platinum Credit Limited, ensuring a diverse and representative sample with a total population of 50 employees. A pilot study was conducted in Platinum Credit Limited by administering questionnaires to ten employees who were excluded from the main study. The data collected was presented in summarized tables with frequencies and percentages. From the findings the study concluded that key teamwork variables significantly impact organizational performance. Reward systems also had a substantial positive impact, highlighting the importance of fair and structured compensation in enhancing employee performance. Conversely, employee turnover negatively affected organizational outcomes, with high turnover rates disrupting team cohesion and increasing operational costs. These findings underscore the critical role of implementing robust reward systems and minimizing turnover to optimize organizational performance.

Keywords: Performance; Productivity; Teamwork; Reward Systems

1. Introduction

Organizational performance refers to the extent to which an organization achieves its objectives and goals efficiently and effectively (Cummins & Weiss 2020). Organizational performance in microfinance firms is paramount for achieving objectives efficiently and effectively, spanning financial, operational, and customer-centric metrics (Ongore & Kibanja, 2019).

The significance of organizational performance lies in its direct impact on the financial health and sustainability of the firm Cummins & Weiss, (2020). Good performance among microfinance firms enables them to attract capital, invest in technology and innovation, and expand their market presence. In the dynamic business environment, organizations worldwide face intense competition and rapidly changing market conditions, prompting them to explore ways to enhance performance and gain a competitive edge. Teamwork has increasingly been recognized as a critical element in improving organizational performance. The development of high-performing teams enables businesses to innovate, solve complex problems, and improve decision-making processes.

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Global corporations such as Google, Microsoft, and Amazon have demonstrated how effective teamwork can lead to greater productivity, innovation, and ultimately, sustained profitability. Effective teamwork fosters collaboration, improves communication, and allows for the leveraging of diverse skill sets to achieve common goals. Consequently, teamwork is now regarded as a cornerstone of organizational success, influencing factors such as employee engagement, talent retention, and business outcomes. African organizations have also embraced teamwork to drive performance. However, teamwork in Africa is often influenced by cultural diversity, resource constraints, and socio-economic factors that can either facilitate or hinder team cohesion. Companies in South Africa, and Nigeria are placing more emphasis on teamwork as a strategy to foster innovation, improve service delivery, and enhance organizational performance.

However, the application of teamwork in African organizations often faces challenges such as hierarchical management structures, poor communication channels, and limited resources. To mitigate these issues, companies are increasingly investing in training programs, modern collaboration tools, and reward systems that promote team cohesion and collaboration. As teamwork becomes a priority for African businesses, research has shown that it has contributed to improved employee morale, increased productivity, and better alignment with organizational goals, particularly in sectors such as finance, healthcare, and technology. Regional level companies like Coca cola, Safaricom and Airtel that operate in Africa and specifically in Eastern African region have discovered that teamwork enhances productivity of firms. As countries in this region experience economic growth and a shift towards knowledge-based industries, companies are focusing on teamwork as a means of harnessing talent and achieving organizational objectives.

Kenyan organizations have been noted for their emphasis on teamwork as a driver of success. Despite these gains, companies in the region still face challenges related to the alignment of teamwork with organizational goals, cultural barriers to effective collaboration, and resistance to change. This highlights the need for well-structured teamwork practices that include proper reward systems that recognize team efforts. By fostering a collaborative work environment, Platinum Credit has been able to leverage its diverse workforce to solve complex problems, meet customer demands, and achieve its strategic objectives.

The company however faces challenges related to high employee turnover, communication breakdowns, and differences in team cohesion across its regional offices. Addressing these issues requires a deeper understanding of how teamwork affects overall organizational performance, especially in terms of employee turnover and reward systems. Through this case study, the research aimed to provide insights into how microfinance institutions can optimize teamwork to enhance their operational performance and achieve sustainable growth.

1.1. Statement of the problem

To maintain high performance and productivity, different approaches and strategies are used to achieve organization objectives, teamwork being one of them. However organizations may try their best to maximize the strategies, limitations are still observed. Research by Costa and Anderson (2019) provides insights from recent European studies on how trust and Communication within teams impacts organizational performance, highlighting trust as a critical component for effective teamwork and productivity. Nielsen and Isaksson, K. (2020) also explored on the relationship between teamwork and organizational productivity in Europe, North America. There is a notable lack of research focused on African contexts, particularly East Africa. Cultural, economic, and operational differences in this region may influence how teamwork contributes to organizational productivity, creating the need for localized research.

Existing studies on teamwork and organizational productivity often rely on interviews and case studies, which may not fully capture the quantitative relationship between these variables. A gap exists in the application of mixed methods by integrating both quantitative like surveys, productivity data analysis and qualitative approaches like interviews to provide a comprehensive view of how teamwork affects productivity. Research by Kundu and Lata (2020) systematically reviews existing literature on the connection between teamwork and productivity. They argue for the integration of mixed methods to provide a more comprehensive understanding of this relationship, emphasizing that quantitative data like performance metrics, employee engagement scores combined with qualitative insights of team dynamics, conflict resolution would yield richer and more actionable findings.

Research by Tushman & O'Reilly (2018) focuses on large corporations and multinational companies that organizational performance in multinational companies is heavily reliant on the coordination of cross-functional teams, which allows for the efficient use of resources and the implementation of strategies at global scales. There is limited understanding of how SMEs in resource-limited environments can use teamwork to improve productivity, given their unique constraints such as limited financial resources, minimal access to advanced technology, and distinct organizational structures.

Available literature on organizational review is limited to departments and internal factors rather than organization productivity. Research study by de Jong Phillips (2020) highlights those organizational changes often prioritize departmental roles and functions without addressing the interdependencies between departments. This focus can limit the overall productivity of the company, as a more integrated approach is needed to align all functions with broader organizational goals. The study highlighted the importance of aligning internal teamwork strategies with external factors, such as market competition and regulatory demands, to maintain a competitive edge at Platinum Credit Limited, the research bridged the methodological gap by providing a tailored understanding of how teamwork dynamics influence performance in the microfinance set up. These findings offer a comprehensive perspective, emphasizing that improving internal teamwork practices while accounting for external organizational challenges is crucial for achieving long-term success.

1.2. Purpose of the study

The study examined the relationship between teamwork and organizational performance. The study explored how effective teamwork contributes to improved organizational performance.

1.3. Objectives of the study

The study sought to fulfill the following objectives;

- To investigate the effect of reward systems on organizational performance Platinum Credit Limited (PLC) in Nairobi.
- To explore the effect of employee turnover on the productivity of teams in Platinum Credit Limited (PLC) in Nairobi.

1.4. Research questions

The study answered the following questions.

- How does the reward system of employees affect organizational performance in Platinum Credit Limited (PLC) in Nairobi?
- What is the effect of employee turnover on organizational performance Platinum Credit Limited in Nairobi?

1.5. Significance of the study

The research provides a clear direction to prioritize strategies that enhance collaboration, such as investing in training programs, improving internal communication channels, and offering tailored rewards that align with employee values. The employees of PLC also benefit from a deeper understanding of how their teamwork practices contribute to the company's success, which can increase job satisfaction and engagement. Human resource professionals can leverage the findings to identify potential gaps and implement strategies that address teamwork-related challenges. Additionally, policymakers can utilize the study's insights to advocate for stronger management support and policies that foster effective teamwork, ultimately driving improved organizational performance.

1.6. Limitations of the study

The research experienced several limitations where some respondents were reluctant to share sensitive information, although confidentiality assurances helped mitigate this issue.

2. Literature Review

2.1. Theoretical Literature Review

2.1.1. Belbin's Team Roles Theory

Belbin's Associate (2012) brought forward Belbin's Team Roles Theory by emphasizing that successful teams are not formed by accident but are built by individuals who play specific roles that complement each other. Each of the nine roles identified serves a unique function in contributing to the team's overall effectiveness. Action-oriented roles drive the team toward results. The Shaper is highly driven, ensuring the team stays focused and energized, often by pushing boundaries and taking on challenges. The Implementer, on the other hand, is more methodical, ensuring ideas are turned into feasible plans and actions. The Completer-Finisher is essential for quality control, as they ensure the team's work is polished and free from errors, although they may sometimes worry too much about perfection.

People-oriented roles focus on interpersonal relationships and maintaining team cohesion. The coordinator takes on a leadership role, ensuring that tasks are properly delegated and that the team works in harmony toward shared objectives. The Team worker is the glue that keeps the team together, fostering collaboration and defusing conflict when necessary. The Resource Investigator brings enthusiasm and outside connections, ensuring the team has access to new opportunities, ideas, and resources. These roles help maintain a supportive and communicative team environment, ensuring that team dynamics remain positive and productive.

Thought-oriented roles provide the intellectual foundation for team success. The Plant is the creative problem-solver, often coming up with novel solutions or innovative ideas that help the team break new ground. The Monitor Evaluator offers critical analysis, carefully weighing different options and ensuring decisions are grounded in logic and evidence. Finally, the Specialist brings expert knowledge to the table, providing depth and precision in specific areas where detailed understanding is crucial.

The main objective of incorporating Belbin's framework is to ensure a balanced composition of team roles that maximizes collaboration and team communication while minimizing conflict also.

However, this theory has faced critique, regarding its empirical validity and role rigidity in that the categorization of people into static roles oversimplifies individual behavior, potentially neglecting situational adaptability and personal growth within teams. Belbin's theory does not account for the influence of organizational culture or external pressures on team behavior, factors that often shape team interactions and outcomes (Mullins, 2023). Therefore, the study will not only emphasize the assessment and strategic assignment of team roles but also include a flexible approach that accounts for these external variables to enhance overall team performance and project success.

2.1.2. Bruce Turkman's Model of team stages

This theory was postulated in 1965. Bruce Tuckman's Stages of Team Development theory outlines a framework for understanding how teams evolve over time, progressing through five key stages: Forming, Storming, Norming, Performing, and later, Adjourning. Each stage represents a different level of team development and interaction, helping teams to build relationships, structure, and effective communication. During the Forming stage, this is often a period of excitement, but also uncertainty, as individuals explore the group's purpose and begin to establish trust.

In the Storming stage, conflicts may arise as personalities clash or differences in opinions surface. Team members may challenge each other or the leader, which can lead to power struggles or miscommunication. This stage is critical for growth, as it helps team members address differences and learn how to work together despite tensions. Successful teams move through this phase by resolving conflicts and finding ways to collaborate more effectively.

The Norming stage follows, where the team begins to find its rhythm. Roles are more clearly defined, and relationships are stronger. At this point, members develop shared expectations and norms, which foster greater cooperation and teamwork. The team's focus shifts from internal conflicts to working towards their goals as a cohesive unit. This stage is marked by productivity, creativity, and goal achievement.

Adjourning stage occurs when the team's objectives are completed, and the team disbands. This stage allows members to reflect on their accomplishments, share feedback, and prepare for future projects. While it can be an emotional period, especially if the team has bonded closely, it is an important phase of closure before members move on to new tasks. Tuckman's model provides a useful guide for understanding how teams grow and develop, offering insights into managing team dynamics at each stage.

The primary objective is to explore how the five stages forming, storming, norming, performing, and adjourning impact team dynamics and organizational performance.

The effectiveness of teamwork depends on the team's stage and Performing stages exhibit higher collaboration and productivity, positively affecting organizational performance. As teams advance through the stages, performance improves, especially when teams reach Norming and Performing stages. These are essential during the Storming and Norming stages to resolve conflicts and boost team morale, which can influence overall performance. Rewards can motivate teams at various stages, supporting team development and enhancing performance. This research aims to identify the challenges teams face at each stage, assess the relationship between effective navigation of these stages and performance outcomes, and develop practical recommendations for organizational leaders to enhance team development (Tuckman, 1965).

However, while Tuckman's model provides a valuable framework, it has limitations notably, it assumes a linear progression through the stages, which may not reflect the reality of all teams, as they can cycle back or experience overlapping phases due to various external factors (Sundstrom et al, 2023). Moreover, the model does not adequately address the influence of cultural and contextual factors on team dynamics, nor does it fully capture the emotional and relational dimensions critical to team success. The research thus emphasized the need for more understanding of teamwork that considers these complexities.

2.2. Empirical Literature Review

2.2.1. Reward Systems and organizational Performance

Research study by Yadav and Singh (2020) highlights their motivation increases, leading to improved performance and productivity. The role of reward systems in promoting employee engagement has been widely documented. The authors argue that when employees perceive their rewards as fair and aligned with their contributions thereby driving organizational success. The research emphasizes the need for organizations to adopt a holistic approach to rewards that encompasses both financial and non-financial incentives to foster engagement and performance.

The impact of reward systems on organizational culture has been explored in recent studies. Research by Asif et al. (2021) indicates that reward systems aligned with organizational values and culture can significantly enhance performance outcomes. The study found that organizations that prioritize recognition fosters collaboration, innovation, and high performance. By integrating rewards into the organizational culture, companies can motivate employees to align their efforts with strategic objectives, ultimately improving overall performance.

Nevertheless, their studies primarily did not explore the qualitative aspects of how specific types of rewards influence team dynamics and long-term performance. There remains a need for more cross-industry research that integrates qualitative insights into how reward systems can sustain high levels of performance. This study examined reward systems across diverse industries, focusing not only on performance outcomes but also on how these systems affect employee motivation, team dynamics, and retention.

2.2.2. Employee Turnover and Organizational Performance

Research by Akaranga and Dulu (2020) found that organizations with high turnover rates often experience disruptions in workflow, decreased employee morale, and lower productivity levels. The research highlights that frequent turnover can lead to a loss of skilled and experienced workers, resulting in decreased overall performance. Furthermore, the study emphasizes that the costs associated with hiring and training new employees can strain organizational resources, further affecting performance metrics.

In addition to productivity, employee turnover also impacts organizational culture and team dynamics. According to a study by McBain et al. (2020), high turnover disrupts team cohesion and collaboration, which are essential for achieving organizational goals. The authors argue that when employees leave, remaining team members may experience uncertainty and reduced morale, leading to further disengagement. This disruption in team dynamics can hinder communication and collaboration, ultimately resulting in lower performance outcomes.

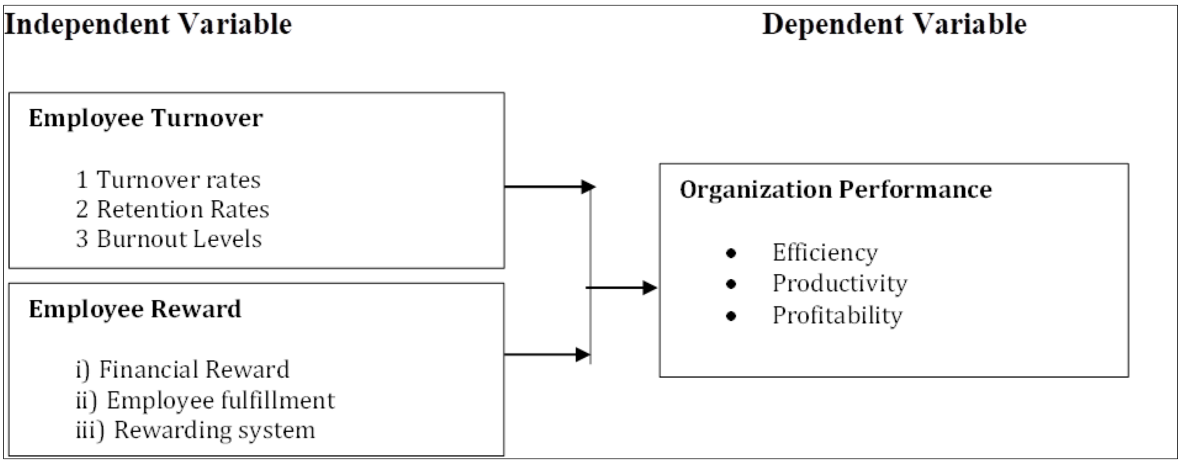
The reasons behind employee turnover can also influence its impact on organizational performance. Research by Hsu et al. (2021) indicates that voluntary turnover, often driven by dissatisfaction with job roles or organizational culture, can be particularly detrimental to performance. Conversely, involuntary turnover, such as layoffs due to economic factors, may not have the same negative impact on performance if the remaining workforce is skilled and motivated. The study suggests that organizations should focus on understanding the underlying causes of turnover to develop targeted strategies for retention, which can lead to improved performance.

Guchait et al. (2020) found that organizations with strong leadership and a positive organizational culture can mitigate the negative effects of turnover. Leaders who foster a supportive environment and prioritize employee engagement can reduce turnover rates and enhance overall performance. The authors emphasize the importance of retention strategies that address employee needs and enhance commitment to the organization. Their study used quantitative analysis to demonstrate the financial and operational costs of high turnover, yet it did not dive deeply into the underlying reasons for turnover in mitigating its effects.

Both studies point to the detrimental impact of high turnover on organizational performance, particularly in how it disrupts team effectiveness and increases costs. However, there are other factors, such as organizational culture or employee engagement strategies, that might reduce turnover.

2.3. Conceptual Framework

The study conceptual framework shows the relationship between the study variables.



3. Research Methodology

3.1. Research design

This study adopted a descriptive research design to examine the relationship between teamwork and organizational performance. The design facilitated the identification and analysis of relationships between the independent and dependent variables, offering insights into how teamwork dynamics might influence performance outcomes within an organization. Since the unit of analysis was focused on a single organization, Platinum Credit Limited, this approach was well-suited for gathering both quantitative and qualitative data to describe the nature and characteristics of the study. It enabled the research to capture a snapshot of these relationships at a specific point in time, providing a comprehensive overview of how teamwork could affect organizational success.

3.2. Target population

The researcher obtained information from Platcorp group (2020) that Platinum credit has 500 employees. The target population included Field Officers, Branch managers, senior levels and Administrative and support staff. The study provided a broad view of teamwork practices across different organizational functionalities and departments. Approximately 100 participants were selected across various roles and levels to ensure a diverse and comprehensive sample, capturing the full range of teamwork experiences in the microfinance sector.

3.3. Sample and Sampling Technique

The study targeted 100 employees from various hierarchical levels, including senior management, branch managers, team leaders, field agents, and support staff. The sampling techniques combined job roles and purposive sampling to target key informants such as high-performing teams and decision-makers. Stratified sampling divided the sample into categories based on organizational roles, and random selection was made within each group to maintain proportionality. Purposive sampling focused on individuals with specific expertise in teamwork and organizational performance.

3.4. Data collection instruments

In this study, questionnaires were used as the main method for data collection. The questionnaires included a set of well-structured questions aimed at gathering both qualitative and quantitative information from the participants. These questions were carefully designed to align with the research goals and ensure that the responses would provide relevant and valuable insights. The questionnaires were distributed to the selected respondents, who were given a specific period to complete them. This approach was chosen for its ability to efficiently collect a large volume of standardized data, facilitating easy analysis and comparison across participants. By using questionnaires, the study-maintained consistency in the data collected, enhancing the reliability and accuracy of the results.

A pilot test of the questionnaire was conducted prior to its distribution to the intended respondents in this study. This trial run was essential for ensuring the language used in the survey was clear and appropriate for the study's context.

Pre-testing plays a critical role in identifying any potential flaws or issues within the research instruments. A pilot study involving 10 randomly selected participants from the target population was carried out to assess the validity and reliability of the data collection process.

3.5. Data collection procedures

The study utilized the "Drop and Pick Later" method for data collection, where questionnaires were distributed to participants, allowing them to complete them at their convenience within a set timeframe. After this period, the researcher would return to collect the completed forms. This approach minimizes disruption to participants' schedules and encourages more thoughtful and honest responses, as they can fill out the forms without immediate pressure. In terms of ethical considerations, the study ensured strict confidentiality by safeguarding participants' personal information and responses. All data was securely stored, and access was restricted to the research team. Informed consent was obtained from all participants, clearly outlining the study's purpose, the voluntary nature of participation, and the right to withdraw at any stage without consequence. Furthermore, the study obtained a NACOSTI research license prior to beginning data collection. This ensured the study met national ethical research standards, protecting participants' rights and ensuring the study's credibility.

3.6. Validity and Reliability

Validity is the correctness and significance of assumptions based on the research results in the study. Experts in organizational behavior and psychology reviewed the questionnaire and ensured that it effectively measures teamwork and organizational performance. Validity was measured using the rest re test method.

Reliability refers to the ability of a research instrument to give consistent results whenever used. A pilot study with 10 respondents was conducted to calculate Cronbach's alpha for each construct, ensuring reliability coefficients above 0.7 for consistency.

3.7. Data Analysis and Presentation

After a successful data collection exercise, the questionnaires were checked for completeness, sorted and numbered in readiness for analysis. The study analyzed the data using a statistical software (SPSS) which produced frequency distribution tables to describe the data. The data was coded and entered into software which gave out descriptive and inferential statistics to describe the data. The findings were then presented using tables for ease of inference making.

4. Data Analysis, Presentation, Interpretation and Discussion

4.1. Pilot Test Results

The pilot study was conducted where 5 questionnaires were sent out to the targeted population. The results indicated that the language used in the questionnaire was generally clear and comprehensible to the participants. However, minor adjustments were made to a few questions to eliminate ambiguities and enhance precision. Additionally, the feedback from respondents helped identify areas that required better alignment.

4.2. Response Rate

Table 1 Response Rate

	Sample Size	Filled	Non-Response Rate
Frequency	48	44	4
Percent (%)	100	91	9

Source: Field Data, 2024

The findings show that 44 out of the targeted 48 respondents sent back their filled questionnaires representing a 91% response rate which was impressive. Only 4 respondents (9%) did not respond. This impressive response rate was made possible by the personal intervention of the researcher who ensured the research assistants did a good job.

4.3. Demographic Analysis

This section presents the demographic background of the study respondents. It presents the gender, the age of the respondents, their level of education and the duration of service in the organization

4.3.1. Distribution of the Respondents by Gender

Table 2 Shows the gender of the respondents

Table 2 Distribution of respondents by Gender

Gender	Frequency	Percent
Female	18	36
Male	32	64
Total	50	100

Source: Field Data, 2024

The findings show that 64% of the respondents were males while 36% of the respondents were females. This depicts a slight gender gap on employees where majority were males.

4.3.2. Age of the Respondents

Table 3 presents the Age of the Respondents

Table 3 Age of the Respondents

Age	Frequency	Percent
20-29	13	26
30-39	22	44
40-49	13	26
Over 50	2	4
Total	50	100

Source: Field Data, 2024

The highest percentage of the respondents was between 30-39 years of age represented by 44%. This was followed by 40-49 with 26%, 20-29 with 20%, below 19 years with 6% and finally over 50 with 4%. Most employees were found to be in the most productive age, that is, below 39 represented by 70%.

4.3.3. Duration of Service

Table 4 Duration of service

Duration of service (years)	Frequency	Percent
Less than 1	9	18
1-5	16	32
6-10	13	26
11-15	10	20
Over 15	2	4
Total	50	100

Source: Field Data, 2024

The highest number of respondents had worked there for a period between 1-5 years represented by 32% followed by those who had worked there for a period between 6 and 10 years with 26%. Those who had worked there for a period between 11 and 15 years represented 20% of the total respondents while those under the category of less than a year constituted 18% and finally the over 15 years category was represented by 4%.

4.3.4. Level of Education

Table 5 Level of Education

Level	Count	Percent (%)
Diploma	20	40
Undergraduate	25	50
Postgraduate	5	10
Total	50	100

Source: Field Data, 2024

The findings show that out of the 50 respondents, 50% of them had attained undergraduate level of education, 34% diploma level, 10% postgraduate level and 6% up to secondary level while no respondents had stopped studying at or after primary level. This presented employee of Platinum Credit Limited as well learned professional having 94% of them with diploma, undergraduate and post graduate levels of education.

4.4. Analysis of Study Variables (Descriptive Statistics)

This section presents the findings of the study variables using descriptive statistics and presented using frequency distribution tables

4.4.1. Employee Reward and Organizational Performance.

Table 6 Employee reward and organizational performance

	Frequency and percentages of respondents									
	SA		A		U		D		SD	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Good reward system and recognition meets team's expectations	30	60	13	26	3	6	4	8	-	-
Recognizing adequately employees' contributions improves teamwork.	20	40	22	44	3	6	5	10	-	-
Employee motivation in teams improves productivity and willingness to collaborate with others.	24	48	20	40	3	6	3	6	-	-
Rewarding employees both monetary and non-monetary fairly among members improves team morale and teamwork	18	36	24	48	5	10	3	6	-	-

The table above shows that 60% strongly agreed that a good reward system and recognition of employees improve team cooperation and highly excel and meets expectations while 26% agreed, 6% were uncertain, 8% disagreed. No respondents strongly disagreed. 40% strongly agreed that recognizing employees' contributions adequately improves teamwork, 44% agreed, 6% were uncertain, 10% disagreed while no strong disagreement was recorded. 48% strongly agreed that employee motivation in teams improves productivity of the team, 40% agreed, 6% were uncertain while 6% disagreed to the statement and no respondents strongly disagreed. It further shows that 36% strongly agreed that rewarding employees both monetary and non- monetary boosts morale and improves team productivity, 48% agreed, 10% were uncertain, 6% disagreed while no respondents strongly disagreed to this fact.

The findings reveal that reward systems, recognition, and motivation are pivotal in enhancing teamwork and overall team performance. A significant majority of respondents (86%) strongly agree or agree that good reward systems and recognition align with team expectations, indicating that such initiatives are key to meeting employee needs and fostering satisfaction. Additionally, 84% believe that recognizing employees' contributions improves teamwork, suggesting that appreciation strengthens collaboration and commitment among team members. Motivation was also found to play a vital role, with 88% of respondents agreeing that it boosts productivity and encourages collaboration, highlighting its influence on team dynamics. Furthermore, 84% emphasized the importance of fair distribution of monetary and non-monetary rewards in improving morale and teamwork, indicating that equity in rewards fosters a sense of fairness and unity. These findings underscore the importance of implementing effective reward and recognition strategies to drive motivation, teamwork, and organizational success and performance.

4.4.2. Employee Turnover and Organizational Performance

Table 7 shows the results on employee turnover on organizational performance

Table 7 Employee Turnover and Organizational Performance

	Frequencies and percentages									
	SA		**A**		**U**		**D**		**SD**	
Variables	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**
Turnover often, affects team morale, cohesion and willingness to stay in organization	21	42	20	40	3	6	6	12	-	-
Turnover leads to increase workload and stress for the remaining team members.	12	24	5	10	3	6	14	28	16	32
Turnover provides to bring new skills or perspective to organization	17	34	20	40	3	6	10	20	-	-
Platinum Credit often experience high rate of turnover with their team members	10	20	9	18	2	4	20	40	9	18

Source: Field Data, 2024

The findings reveal mixed perceptions regarding the impact of turnover on team dynamics and organizational outcomes. A significant majority of respondents (82%) either strongly agree or agree that turnover negatively affects team morale, cohesion, and willingness to stay within the organization. This suggests that frequent turnover disrupts team stability and reduces members' commitment to the organization. The responses indicate that turnover increases the workload and stress of remaining team members, with 60% either disagreeing or strongly disagreeing with this statement. This implies that turnover strains the team by redistributing tasks, potentially leading to burnout or decreased productivity. The responses are generally positive, with 74% strongly agreeing or agreeing that turnover can bring new skills and perspectives to the organization. This highlights the potential benefits of turnover in fostering innovation and bringing fresh ideas, though it may come at a cost to team stability. Opinions on turnover rates at Platinum Credit are varied. While 38% strongly agree or agree that the company experiences high turnover, 58% either disagree or strongly disagree. This split suggests a perception gap regarding the frequency of turnover within the organization, which may reflect differing experiences or understanding among respondents. Turnover is perceived to have negative effects on team morale, cohesion, and workload, it is also recognized as a potential avenue for introducing new skills and perspectives. The mixed responses regarding Platinum Credit's turnover rates indicate the need for further investigation into turnover trends and their root cause

4.4.3. Factors of Organizational Performance

Table 8 shows most respondents 86% either strongly agree or agree that Platinum Credit Limited has recorded low turnover rates over the past two years. This indicates effective employee retention strategies and suggests that employees are generally satisfied with their roles and the work environment. However, 10% of respondents disagreed, highlighting a small portion who may perceive otherwise. This reinforces the notion that Platinum Credit has been successful in retaining its workforce, a critical factor in maintaining organizational stability. Nonetheless, 14% of respondents were uncertain or disagreed, indicating that there may still be areas of improvement in retention efforts. An equal proportion of respondents 80% strongly agree or agree that Platinum Credit has maintained a low rate of employee burnout over the past two years. This reflects the organization's efforts in managing workload and providing support to employees, which contributes to their well-being and productivity. However, 14% disagreed or strongly disagreed, suggesting that burnout may still be an issue for some employees. (80%) strongly agree or agree that the organization has experienced a steady increase in profitability over the past two years. This indicates that the company's operational and strategic measures are yielding positive financial results. However, 12% of respondents disagreed, suggesting some skepticism about the profitability trends.

Table 8 Factors of Organizational Performance

	Frequencies and Percentages									
Response	**SA**		**A**		**U**		D		**SD**	
Variables	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**	**Freq**	**%**
Platinum Credit limited has recorded low turnover rates for the past two years	19	38	24	48	2	4	5	10	-	-
Platinum Credit has recorded high retention rate for the past one year	16	32	23	46	4	8	5	10	2	4
Platinum Credit has recorded high rate of low employee burnout for the past two years.	20	40	20	40	3	6	5	10	2	4
for the past two years. The Organization has recorded steady increase in profitability	26	52	14	28	4	8	6	12	-	-

Source: Field Data, 2024

The findings reveal that Platinum Credit Limited has performed well across key organizational factors such as turnover, retention, burnout management, and profitability. The company's low turnover and high retention rates reflect a positive work environment, while efforts to reduce burnout have been largely successful. Additionally, steady profitability growth highlights the organization's effective operational strategies. However, some respondents express uncertainty or disagreement in specific areas, suggesting room for continued improvements in employee support and engagement initiatives.

4.5. Inferential Analysis

The study used inferential statistics so as to measure the strength of the relationship (Correlation) and establish a linear regression model between the study variables.

4.5.1. Correlation Analysis

Table 9 Correlation Matrix

	Reward system	**Communication**	**Turnover Rates**	**Team motivation**	**Organizational Performance**
Reward system	1.00	0.65	-0.45	0.72	0.70
Turnover Rates	-0.45	-0.4	1.00	-0.5	-0.48
Organizational Performance	0.7	0.65	-0.48	0.79	1.00

Source: Field Data, 2024

Table 9 shows the correlation analysis results

The analysis on table 9 shows that reward systems have a significant positive correlation with both team motivation r=0.72 and organizational performance r=0.70. Effective reward systems, including monetary and non-monetary incentives, are instrumental in enhancing employee morale, productivity, and collaboration. This strong relationship highlights the importance of organizations investing in well-structured reward mechanisms to foster higher motivation and ultimately drive performance outcomes.

Turnover rates have a negative impact on both team cohesion r=−0.56 and organizational performance r=−0.48.

High turnover rates disrupt team dynamics, increase workloads for remaining employees, and lead to a loss of institutional knowledge. This often results in reduced morale and productivity. However, turnover may occasionally bring new skills and perspectives, as 40% of respondents agreed, but this benefit does not outweigh the negative implications. Therefore, organizations must adopt retention strategies to minimize turnover and ensure sustained team performance.

The correlation analysis reveals that strong reward systems and effective communication positively impact performance, while high turnover rates hinder it. Teams that are highly motivated and cohesive perform better, leading to higher profitability and sustained growth.

Reward systems is the critical driver of organizational performance, while turnover rates act as a barrier to success. To achieve optimal performance, organizations should focus on reducing turnover through retention strategies.

4.5.2. Model Summary

Table 10 Model Summary

Model	R	R square	Adjusted R square	Standard Error of the estimate
1	0.85	0.72	0.70	0.056

Source: Field Data, 2024

The study R was 0.85 showing a strong positive correlation between the study variables. The R-squared in this study was 0.7, which shows that the two independent variables can explain 77.0% of organizational performance at Platinum Credit in Nairobi, Kenya meaning the model could not explain 23% of the changes in organizational performance.

4.5.3. Analysis of Variance

Table 11 Analysis of Variance

Source	Sum of squares	Df	Mean Square	F	Significance
Regression	45.2	4	11.3	25.3	0.0
Residual Error	17.4	95	0.2		
Total	62.6	99			

Source: Field Data, 2024

The findings show the study model is statistically significant, demonstrating a strong relationship between the independent variables (employee reward systems, turnover). Together, these findings validate the hypothesized relationships, emphasizing that teamwork-related factors play a substantial role in driving organizational success at Platinum Credit Limited.

4.5.4. Regression Coefficients

Table 12 Regression Coefficients

Independent Variable	Unstandardized coefficients (B)	Standardized coefficient (b)	t-value
Employee Reward System	0.38	0.35	4.52
Employee Turnover	-0.20	-0.22	-2.75

Source: Field Data, 2024

The regression coefficients table 12 highlights the unstandardized coefficients (B) indicate the direct impact of each variable on performance. Similarly, reward systems positively influence performance with a coefficient of 0.38, followed by communication at 0.25. Conversely, turnover has a negative coefficient of -0.20, indicating that higher turnover adversely affects performance. The standardized coefficients (b) reveal the relative importance of each variable, with motivation b = 0.40 and reward systems b= 0.35) being the most influential.

All t-values are significant at $p < 0.05$, confirming that each variable significantly impacts organizational performance. These findings emphasize the importance of enhancing while addressing turnover to boost performance at Platinum Credit Limited. The findings from the regression analysis at Platinum Credit Limited indicate that reward systems have the most substantial positive impact on organizational performance. The unstandardized coefficient for motivation

(0.42) suggests that a change in employee motivation results to a significant improvement in organizational performance, highlighting motivation as a key driver of success. Similarly, employee reward systems, with a coefficient of 0.38, are positively correlated with performance, emphasizing the importance of a well-structured reward system in boosting employee engagement and productivity.

However, employee turnover emerges as a negative predictor, with a coefficient of -0.20, indicating that higher turnover rates disrupt organizational stability, reduce team cohesion, and negatively affect performance. This finding highlights the need for Platinum Credit Limited to focus on reducing turnover through retention strategies and a supportive work environment. Overall, these results underscore the significance of reward systems in enhancing organizational performance, while addressing turnover to maintain long-term success.

5. Discussion

5.1. Employee Reward Systems and Organizational Performance

The researcher found out that employee reward systems significantly enhance organizational performance in microfinance institutions by boosting motivation, fostering collaboration, and aligning efforts with organizational goals. Intrinsic rewards, such as recognition and career development, improved job satisfaction and long-term commitment, while extrinsic rewards, like bonuses and salary increments, drove short-term productivity and operational success. Team-based rewards promote collaboration and accountability, while individual rewards recognized high performers, with a balanced approach yielding the best results. Transparency and fairness in reward allocation were critical for fostering trust and loyalty among employees. Overall, reward systems proved to be strategic tools for improving employee engagement, reducing turnover, and achieving key performance objectives like loan recovery and customer satisfaction.

5.2. Employee Turnover and organizational Performance

The research reveals that employee turnover significantly disrupts team cohesion, communication, and overall performance. High turnover rates lead to the loss of valuable experience, reduced team stability, and increased costs related to recruitment and training. These disruptions hinder effective teamwork, lower productivity, and decrease client satisfaction, ultimately affecting organizational success. The study highlights the importance of addressing turnover through strategies such as improving reward systems.

6. Conclusions of the Research Study

6.1. Employee Reward Systems and Organizational Performance

The study concluded that a well-structured employee reward system is essential in Platinum Credit Limited for improving organizational performance in the microfinance sector. Reward systems that recognize and compensate employees for their contributions positively impact motivation, job satisfaction, and retention. When employees feel appreciated through financial incentives, bonuses, or non-monetary rewards, they are more likely to stay committed and perform better.

6.2. Employee Turnover and Organizational Performance

The study concludes that employee turnover has a negative impact on organizational performance at Platinum Credit Limited. High turnover rates have resulted in disruptions to team stability, loss of valuable knowledge and expertise, and increased recruitment and training costs. These challenges contribute to decreased productivity, lower employee morale, and slower service delivery, which ultimately affect the company's ability to meet its performance goals. Platinum Credit Limited must implement effective retention strategies, including better reward systems, career development opportunities, and improved work conditions. Reducing turnover will help stabilize teams and improve overall productivity, thereby fostering long-term organizational success.

Recommendations of the Research Study

- Employee Reward systems and Organizational Performance

Aligning rewards with organizational goals and regularly reviewing the system based on employee feedback and industry benchmarks will ensure its effectiveness. The organization should promote a culture of frequent and meaningful recognition, as well as incorporating wellness and work-life balance initiatives to further enhance employee satisfaction and engagement. These strategies will foster a motivated workforce, reduce turnover, and contribute to sustained organizational success.

- Employee Turnover and Organizational Performance

The study recommends that Platinum Credit Limited should implement effective retention strategies, including competitive compensation, clear career growth opportunities, and a supportive work environment. Addressing workload and stress through wellness programs and flexible work arrangements can further improve job satisfaction. Robust onboarding processes and recognizing employee loyalty with incentives will help build long-term commitment. These measures will stabilize teams, boost employee morale, and contribute to improved organizational performance.

6.3. Implications of Research study on Human Resource Practices

This research study highlights the need for HR practices to focus on enhancing rewards and curbing employees' turnover to improve organizational performance. HR departments must prioritize retention strategies by addressing key causes of turnover, such as inadequate rewards, limited career growth opportunities, and workplace stress. By offering competitive compensation packages, clear career advancement paths, and flexible benefits like wellness programs, HR can reduce turnover and create a more stable and engaged workforce. Additionally, strengthening reward systems by incorporating both financial incentives and non-financial rewards will boost employee motivation and satisfaction, directly contributing to improved productivity and performance.

6.4. Recommendations for Further Research

The study recommends further research to explore the relationship between teamwork and organizational performance across different industries to identify sector-specific factors such as reward systems and employee turnover. Additionally, research on the role of technological advancements in communication and HR systems, as well as psychological and behavioral factors like job satisfaction and leadership styles, could deepen understanding of these dynamics. Further studies should also evaluate the effectiveness of specific HR interventions, such as reward systems and team-building initiatives, using a combination of quantitative and qualitative methods to provide more comprehensive insights for improving organizational performance.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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