

**REWARD MANAGEMENT PRACTICES AND EMPLOYEE COMMITMENT  
IN THE PUBLIC HEALTH SECTOR OF SELECTED SUB-COUNTIES IN  
KAKAMEGA COUNTY, KENYA**

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**A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of  
Master of Science in Human Resource Management of Masinde Muliro  
University of Science and Technology.**

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## DECLARATION

This thesis is my original work prepared with no other than the indicated sources and support and has not been presented elsewhere for a degree or any other award.

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## CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance of Masinde Muliro University of Science and Technology a thesis entitled “**Reward Management Practices and Employee Commitment in Selected Sub-counties in Public Health Sector in Kakamega County, Kenya.**”

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## **DEDICATION**

This thesis is dedicated to my spouse Edmund for his support and encouragement as well as to my children: Elsie, Bilha, Paulmark and Adrian who are still young students and may wish to be inspired by this work and do much better in their studies when they grow up.

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May the Almighty God bless you abundantly.

## ABSTRACT

Reward management serves the strategic purposes of attracting, motivating and retaining employees who remain committed and enable the organization to achieve its goals and objectives. The Public health sector in Kenya has had numerous strikes since the sector was devolved to the county governments causing poor service delivery. This study aimed at assessing the effect of reward management practices on employee commitment. Specifically, the study sought to establish: the effect of: reward policies, reward criteria and reward types on employee commitment. Further, it sought to establish the effect of organization factors on the relationship between reward management practices and employee commitment. The study used descriptive survey and correlation design. The population of the study was all nurses in the public health sector in four selected sub-counties in Kakamega County which constituted: 100 nurses from Butere, 61 nurses in Shinyalu, 325 in Lurhambi and 95 in Lugari. A total of 581 employees were targeted from whom a sample size of 234 respondents was drawn. .Kakamega County was chosen because of its vast population compared to neighbouring counties and the four sub-counties on the basis of capturing both rural and urban respondents. This study employed stratified random sampling in which the population was first divided into four sub-counties thereafter respondents were drawn in proportion to their original numbers in the population using simple random sampling technique. The study used questionnaires that consisted of structured and unstructured questions. Qualitative data was analyzed by use of descriptive statistics which include the mean, standard deviation and percentages as well as inferential statistics such as multiple regressions. The data was presented in frequency tables, percentages and reports. The study revealed a positive linear relationship between Reward management practices and employee commitment. The study showed that reward policy, reward criteria and both extrinsic and intrinsic rewards have a significant and a positive effect on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. Likewise, organizational factors have a moderating effect on the relationship between reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. Based on the findings of this study, it was recommended that a sound reward system should be developed to encompass the three reward management practices with emphasis on reward policy so as to gain their employee commitment. This study has implications for management of the public health sector in selected sub-counties Kakamega County, Kenya since they can influence employees to achieve optimized commitment by designing a good reward that is perceived as fair, equitable and consistent.

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## OPERATIONAL DEFINITION OF TERMS

**Employee commitment:** Refers to an employee's willingness to identify with an organization and adopt its norms, values and tradition

**Reward management practices:** a set of beliefs and guiding principles that deal with design, implementation and maintenance of reward systems that are used to improve both organizational and individual performance

**Reward management:** the process of formulating and implementation of strategies and policies that are meant to reward people in a fair, equitable and consistent way according to their value to the organization

**Western Kenya:** Is a region bordering Uganda west of the Eastern Rift Valley and has four counties namely: Kakamega, Vihiga, Bungoma and Busia. It covers an area of 3,050.3 km<sup>2</sup> and has a population of 4,334 million.

**Organizational culture:** it is the values, norms, beliefs, attitudes and assumptions that shape the ways in which people behave and do things in an organization.

**Reward:** refers to return for a service rendered, an act performed to strengthen approved behavior and equates to achievements

**Commitment:** is the degree to which employee identifies with the organization and wants to continue actively participating in it.

**Affective commitment:** refers to the emotional attachment that an employee has in an organization

**Normative commitment:** refers to an individual's feeling of obligation to remain in the organization because he/she believes it's morally right to be loyal to and maintain the relationship.

**Continuance commitment:** it is the willingness to remain in an organization due to employees' investments which cannot be remitted and the employee cannot afford to lose them such as pay, benefits, pensions and family commitment.

**Reward policies:** refers to the guidelines formulated for ensuring the success of reward system and affect motivation and performance of individual employees.

**Reward criteria:** refers to the mode or method of administering rewards to employees fairly and equitably.

**Financial/extrinsic rewards:** these are tangible rewards/external to the job or task performed by the employees

**Non-financial/intrinsic rewards:** they are intangible rewards found within the job itself such as appreciation

**Transformational leadership style:** it refers to the kind of leadership where leaders are supportive to the employees and reward their effort through praise and acknowledgement. This leadership inspires employees to rise above their self-interests and values, thus motivating them to perform better. Leaders act as role models, inspire employees to pursue challenging goals and mission.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Reward management is a strategy used by organization to create a motivated and committed workforce. Workforce entails human resource which is the backbone of any organization as well as the main resource that propels activities of any organization through manipulation of all inputs in order to achieve desired goals and objectives. Studies have proven that employees who are motivated and committed to the organization are less likely to quit their jobs. For example, Anvari (2011) in his study on the link between strategic compensation practices and affective organizational commitment on medical universities staff in Malaysia found out that strategic compensation practices resulted to affective organizational commitment and had low turnover intention. This study explored other types of commitment such as continuance and normative and was carried out in the public health sector, Kakamega County, Kenya.

Ajita (2018) in his study on reward management practices and its impact on motivation in some service organizations in Lucknow found out that job security and compensation practices of the organization have significant impact on employee motivation. The constructs for reward management practices were compensation, job recognition at work, career advancement policies, work autonomy and job security. This study explored more constructs of reward management such as reward policy and reward types. The research methodology was exploratory and descriptive design

whereas this study used descriptive and correlation research design to establish the effect between variables.

Stuart (2018) in his study on the impact of reward management on employee performance in the Irish construction industry: A case study of mechanical contractor industry found a positive relationship between rewards and employee performance. He noted that motivation depends on certain intrinsic and extrinsic factors which when combined lead to employees who are fully committed. This can in turn lead to increased organizational performance hence encourage employee innovations and make them support the goals of the organization. In the previous study the dependent variable was employee performance but in this study independent variable was employee commitment.

Rizal (2014) investigated the effect of compensation on motivation, employee commitment to the organizational and employee performance at local revenue management organization in Indonesia. Data collected from respondents was analyzed using a structural equation model. The study revealed that compensation significantly affects employees' motivation and commitment to the organization but does not have significant effect on employee performance. Commitment was however found out to have significant influence on employee performance.

Organizational factors do influence organizations performance as noted by Yildirim (2013) in a study on the impact of organizational culture and leadership on business performance: A case study on acquisitions, in a high-tech telecommunication company in Turkey, says that Transformational leadership and culture are identified as providing a ground for long-term organizational success during organizational changes. Corporate culture and leadership come up as major factors in success of



organizational transformation process in mergers and acquisitions as they have great influence on organizational structures, processes and hence performance of companies. This case study revealed that transformational culture and transformational leadership stand as critical strengths for achieving the desired business performance during major organizational changes such as merger and acquisitions.

Arifin (2014) in a study on the effects of organizational culture and transformational leadership on work engagement and teachers performance in Jakarta found out that both organizational culture and transformational leadership were positively and significantly related to work engagement.; and that organizational culture, transformational leadership and work engagement were positively and significantly related to teacher's performance. This previous study had various variables of organizational culture such as formality, rationality, achievement, orientation, participation and collaboration, communication, professional orientation and teacher autonomy. In addition the study focused on relationships of organizational culture, transformational leadership, and work engagement and teachers performance in schools with Islamic back ground in Indonesia. This current study focused on the moderating effect of organizational culture, transformational leadership on the relationship between reward management practices and employee commitment in the public health sector because so far there's no research evidence exploring the relationship between organizational culture and transformational leadership in the public health sector and more so Kakamega County. Therefore by analyzing the effect of organizational culture and leadership on employee commitment, this study tries to provide new theoretical insights of organizational culture and transformational leadership on employee commitment within the public health sector.

Meyer (2012) in a study in South Africa suggests that it is important for South African organizations' to emphasize the value of intrinsic rewards in enhancing employee commitment. By effectively managing their rewards strategies, organizations' are likely to attract, retain and capitalize on the benefits of a loyal and high caliber workforce. Daisy, Muathe and Nzurwa (2013), also in their study on the influence of employee rewards on retention and job satisfaction in Vodafone Ghana says that if employees are rewarded, and proper human resource policies put in place employee retention in Vodafone Ghana Limited will increase. These previous studies focused on effect of rewards on employee retention but this study will find out the effect of reward management practices such as reward policy and criteria on employee commitment.

Maina (2014) in his study on the effects of reward practices on employee commitment at Thika Level Five Hospital found out that there's a strong positive relationship between reward practices and employee commitment. He adopted a case study research design and looked at variables such as remuneration, recognition and career growth development. He also focused on all health workers (doctors, clinical officers, nurses etc) this research will focus on nurses only working in the public health service, Kakamega County and how constructs of reward management practices such as reward policy, criteria and types of reward affect their commitment.

Rotich (2020) in his study on the effect of reward management practices on employee retention in telecommunication firms in Kenya found out that there's a strong link between reward management practices and retention. He laid emphasis on non-monetary rewards such as work-life balance and shorter working week to increase

employee retention. The study used explanatory research design to measure the causal relationship between variables, why and how there's a relationship between the two variables in study. In this study the descriptive survey design and correlational design will be used to find out the effect of reward management practices on employee commitment. Will slightly differ in terms of variables, whereas Rotich (2020) used reward management practices constructs such as reward strategy and policy, job evaluation and grading, salary survey and total rewards this study will explore constructs such as reward criteria, policy and reward types (financial and non-financial).

Oyoo (2015) in his study on the effect of reward practices on employee commitment in faith based health organizations in Kakamega County, Kenya observed that there's a strong relationship between reward practices and employee commitment. This means the better the practices the more committed the employees will be to the organization. In this study the independent variable was reward practices with policies and both extrinsic and intrinsic rewards as its constructs while the independent variable was employee commitment. The previous study had no moderating variable that may have an effect on the relationship between these variables. This study therefore intends to fill this gap by looking at the effect of the moderating variable (organizational culture and leadership style) on the relationship between reward management practices and employee commitment. Moreover, this study will include reward criteria as one of the constructs of reward practices.

Kenya has a devolved system of governance which came into existence after the promulgation of the constitution of Kenya on 27 August 2010. Devolved government specifically provides for the setting up of the county governments which constitutes

the county assembly, county executive committees and the county public service. Currently the Kenya devolved government consists of 47 counties and each one of them forms a county government. A number of functions were devolved from the national government to the county governments, one of them being the public health sector.

The county management has established rewards in their county government in pursuit of increasing their employee commitment. However, the extent to which these rewards influence employee commitment is not yet established. Studies on reward management on the county governments in Kenya and more so on nurses in Kakamega County may not be readily available. It is on this basis that this study sought to establish the effect of reward management practices on employees' commitment in selected sub-counties in Kakamega County, Kenya.

## **1.2 Statement of the Research Problem**

Reward management is an integral part of creating a motivated and committed workforce in any industry in order to achieve organizational performance. Andrew (2004) affirms that commitment of employees is based on rewards. The Kenyan public health sector has had six nationwide strikes between 2010 -2016 besides other strikes in the respective counties and some of its employees have opted for greener pastures as noted by the Kenya Medical Practitioners, Pharmacists and Dentists Union (2014) that doctors and other medical practitioners have been resigning from the county hospitals at an alarming rate. At the centre of this dispute is a collective Bargaining Agreement that has not been honored. The agreement addresses pay, working conditions and promotions (Kenya National Union of Nurses, 2015). Counties have put measures in place to help curb this unrest for instance Institute of

Certified Public Accountants of Kenya (ICPAK) report on Baseline Survey on Devolution in Kenya with respect to Public Financial Management Systems (ICPAK, 2014), indicated that Kakamega county identified health as a key priority.

Oyoo (2015) in his study on the effect of reward practices on employee commitment in faith based health organizations in Kakamega County, Kenya observed that there's a strong relationship between reward practices and employee commitment. In this study the independent variable was reward practices with policies and both extrinsic and intrinsic rewards as its constructs while the independent variable was employee commitment. The study had no moderating variable that may have an effect on the relationship between these variables.

Other researches that have been done concerning reward management include Maina (2014) in a study on the effects of reward practices on employee commitment at Thika Level Five Hospital in which he found out that there's a strong positive relationship between reward practices and employee commitment. He adopted a case study research design and looked at variables such as remuneration, recognition and career growth development. He also focused on all health workers. Another study carried out by Rotich (2020) on the effect of reward management practices on employee retention in telecommunication firms in Kenya found out that there's a strong link between reward management practices and retention. The study used explanatory research design to measure the causal relationship between variables. The study used reward management practices constructs such as reward strategy and policy, job evaluation and grading, salary survey and total rewards.

However, none of these studies has focused on the effect of reward management practices and employee commitment in the public health sector, Kakamega County,

Kenya. It is on this basis that this study sought to establish the effect of reward management practices on employee commitment in the public health sector, Kakamega County, Kenya. Kakamega County was preferred because of its vast size and high population compared to neighbouring counties in the former western province region. Provision of proper health services to such a vast population requires a highly devoted team of employees who should be adequately compensated in order to generate commitment and good service delivery. This also allows the researcher to generalize the results from this study to a wider population. The research focused on the nurses in the public Health sector because of their critical role in ensuring proper health service delivery to the people.

### **1.3 Objectives**

#### **1.3.1 General Objective**

The main objective of this study was to establish the effect of reward management practices on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### **1.3.2 Specific Objectives**

The specific objectives were;

- i. To establish the effect of reward policies on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.
- ii. To assess the effect of reward criteria on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.
- iii. To determine the effect of reward types on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

- iv. To find out the effect of organization factors on the relationship between reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### **1.4 Research Hypotheses**

The following were research hypotheses as derived from the research objectives and stated in their null form.

**H<sub>01</sub>**-There's no significant relationship between reward policies and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

**H<sub>02</sub>**-There's no significant relationship between reward criteria and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

**H<sub>03</sub>**-There's no significant relationship between reward types and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

**H<sub>04</sub>**-There's no significant relationship between organization factors, reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### **1.5 Scope of the Study**

The research was carried out in four selected sub-counties in Kakamega County namely: Butere, Shinyalu, Lurhambi and Lugari and the target population were all nurses in public health service in these sub-counties. The four sub-counties were preferred because of their locality and the researcher's interest to capture both the urban and rural respondents.

## **1.6 Limitations of the Study**

Despite the fact that this study produced results, it also faced certain limitations. First, there was a tendency for respondents to provide information that did not answer the stipulated research questions or address the objectives while responding to unstructured questionnaire. However, the researcher explained to the respondents that the intention of the study was purely academic and the data obtained would be handled with confidentiality.

Second, the selection of factors included in the conceptual framework was not exhaustive. Certainly, other factors could provide additional knowledge into the influence of reward management practices on employee commitment in the public health sector.

Third, like most empirical research, the findings of this study are based on information generated from respondents in the health sector which is self-reported data. The information generated from the organization is not the only source of information about its reward and commitment. It is prudent to combine internal information with those collected from external sources.

Finally, the fact that the study was based on a single industry setting that is the public health sector in Kakamega County, limits the generalization of the results. Although the organization of a study enhances its internal validity, care should be taken when generalizing these findings to other organizations outside the health sector. Some data from other organizations could explain differently the influence of reward management practices on employee commitment.



### **1.7 Significance of the Study**

The findings of the study may contribute to the existing body of knowledge on the influence of reward management practices and employee commitment in the health sector.

The findings may also help Top management to improve reward systems and policies in an organization effectively at all levels and hence employee commitment. Management may be well informed while preparing its reward system about what kind of reward would be given the most importance.

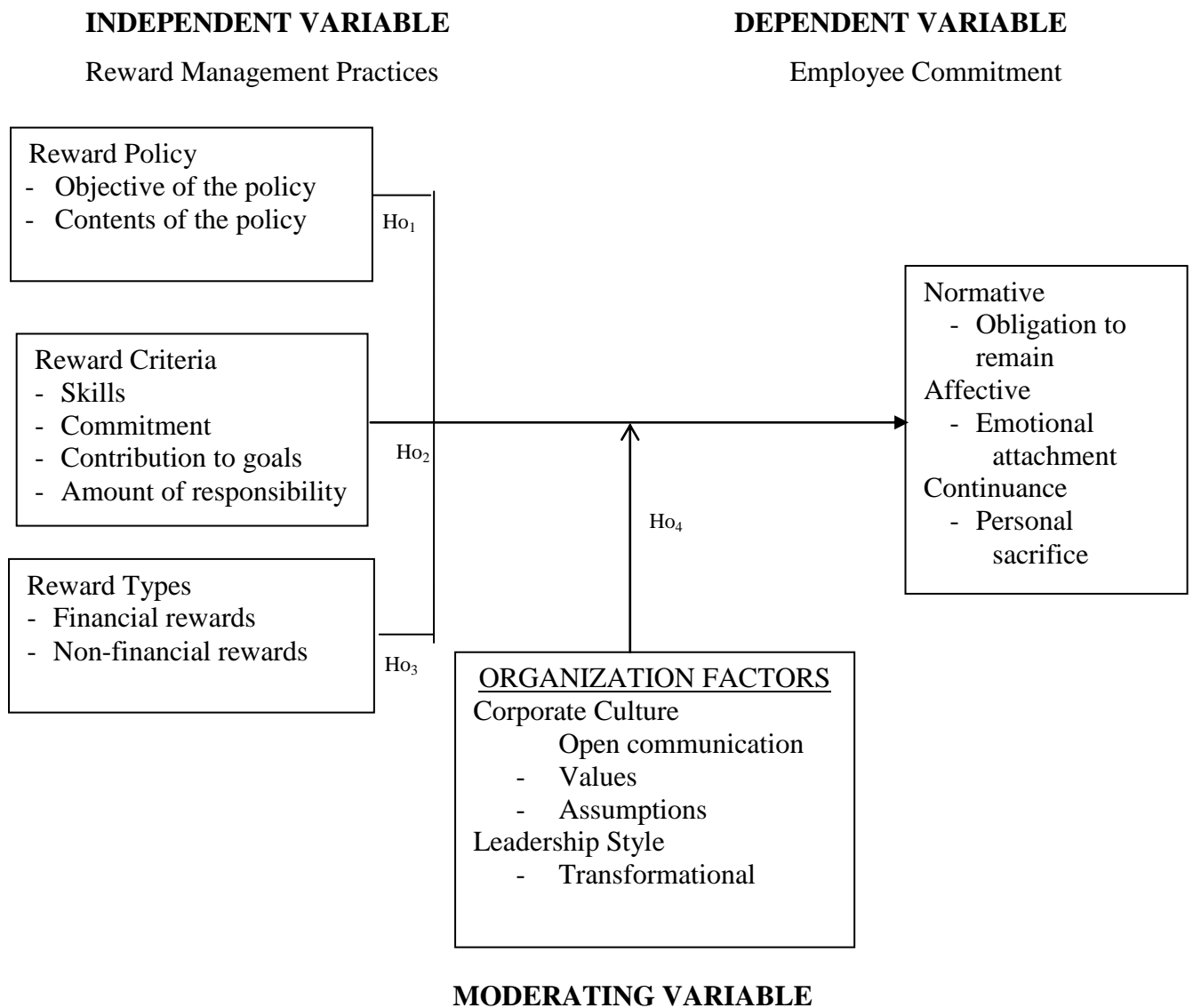
The Human Resource Management Department may use the findings of the study to identify the best ways of improving employee commitment in the organization. The human resource managers may also use the findings in designing proper reward strategies within their respective counties that will enhance employee commitment.

For academicians, this study may form the foundation upon which other related studies can be based on. The study may be of benefit to future scholars who will identify the information gap that need to be filled. The findings of this research could form a good starting point in carrying out research on reward management in other areas. Further research topics may be highlighted for further investigations. It is hoped that this study may provide useful data for comparative purposes in future studies on this research theme. This knowledge may contribute to the body of knowledge and be a useful source of information for future research regarding this subject matter.

### **1.8 Conceptual Framework**

The study employed a conceptual framework in which reward management practices was the independent variable while employee commitment was the dependent

variable. These two variables were chosen with the aim of investigating the influence of reward management practices on employee commitment. The moderating variables were organizational culture and leadership style. The conceptual framework is provided as figure 1.1



**Figure 1.1 Conceptual framework**

**Source: Self Conceptualization 2019**

### **1.8.1 Explanation of the conceptual framework**

As shown in figure 1.1, which presents the conceptual framework of the study, the independent variable of the study was reward management practices while the dependent variable was employee commitment.

### **1.8.2 Independent Variable**

In this study independent variable was reward management practices which comprised of reward policy, reward criteria and reward types. The study verified how these reward practices influence employee commitment in the public health sector, Kakamega County, Kenya.

### **1.8.3 Dependent Variable**

The public health sector has goals and objectives that must be achieved for it to be successful. This success depends on its human resource and technology. However, without the commitment of the human resource the sector cannot perform effectively and efficiently. Employee commitment is critical to the success of any organization (Meyer & Allen, 2004). Committed employees identify with the organization and are committed to its goals. In this regard, organizations retain more staff and thereby increase in achievement, productivity and effectiveness.

The organization therefore has to invest in creating a committed workforce. The level of commitment will vary depending on the reward management practices in the organization. There are those employees who will want to belong to the organization because of the investments/rewards they have gained from the organization (continuance commitment), those who will feel they need to belong to the organization because they feel obliged to reciprocate as a result of the rewards

provided by the organization in advance (Normative commitment) and affective commitment shown by those employees who have emotional attachment to the organization and are willing to meet the goals of that organization. They view their goals and values to be congruent with those of the organization and have a sense of identification and belonging which motivates them.

This therefore requires the management to design and implement clear reward policy, clear criteria for rewarding the employee and both intrinsic and extrinsic rewards in order to attract and maintain a committed workforce. However organizational factors may have a moderating effect on this relationship between reward management practices and employee commitment. The management should thus adopt a leadership style that inspires and acts as a role model to its employees as well as a culture that is supportive and encourages open communication.

#### **1.8.4 Moderating Variables**

The moderating variables were leadership style and the organization culture. This research identified transformational leadership style propounded by Burns (2006) and identified two constructs of culture: open communication and supportive culture. These organizational factors are bound to affect the relationship between reward management practices and employee commitment since it shapes their behavior within the environment in which they operate.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter contains review of literature. The literature has been reviewed under the following headings: the concept of reward management, theories of reward, reward strategy, reward types, reward policies, reward criteria, organizational factors and how they affect employee commitment. In addition, this section contains the summary and research gap.

#### **2.2 The Concept of Reward Management**

Reward management is the design and execution of strategies and policies by organizations in order to reward their employees in accordance with the value the employees contribute to the organization. According to Armstrong and Murlis (2012), Reward management refers to the process of formulating and implementation of strategies, policies and processes that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. Reward management in an organization is one of the most indispensable elements in motivating employees to contribute their best effort in order to generate innovative ideas that lead to better business operations. This implies that the aim of rewards management is to develop and operate rewards systems which lead to improved employee motivation and organizational commitment.

Anku (2018) in his study on the concept of reward management, reward system and corporate efficiency in Ghana found out that reward system plays an essential role in motivating workers to perform innovatively. These reward systems are implemented by employers to evaluate the performance of employees which determines the rewards they receive. This therefore means that reward management establishes the employment relationship between the employer and employees.

The success of any human resource manager in effectively managing this relationship depends on how he exercises diligence in their reward management practices. Failure to do so precipitate disproportionate in the employee relationship as Mujtaba and Shuaib (2010) assert that regardless of the reward system in place it is essential to provide feedback in order to allow employees to adjust their work methods and perform at higher level. This means that proper reward systems will improve employee performance as seen by Stuart (2018) in his study on the impact of reward management on employee performance in the Irish construction industry that rewards increase employee performance.

Reward management is used by human resource managers to enhance employee's performance through motivation. Reward management revolves around employees and is used by the management as a motivational tool to reward employees for their hard work, contribution to the success of the organization as noted by Gabers and Konradt (2014) that the primary objective of reward systems is to intensify employee's motivation. According to Molahosseini (2014), reward management systems should be designed in a way that ensures maximum benefits for an organization. White and Druker (2013) emphasize that reward management systems

are meant to complement and reinforce business strategies. This requires rewards to be designed in a way that leads to effective organizational performance.

Dalvi and Ebrahimi (2013) observe that rewards can be an effective mechanism for encouraging employees and creating innovation as well as motivation which in turn lead to organizational transformation through knowledge sharing. Reward management therefore is an instrument used to encourage employees to contribute more on the efforts of the organization. Reward management is interested in the value of employees and what they contribute to the organization. This means that, if organizations are committed to achieving objectives in business, they should have a reward strategy to ensure that what employees contribute for the organization will have a value. In conclusion, reward management is a motivational tool used in appreciating employees on the efforts contributed to the organization. This means reward could be interchanged as compensation or remuneration or price of labor or motivation or incentives.

## **2.3 Motivational Theories and Rewards**

This study is grounded on theoretical frameworks which seek to understand and predict employee's behavior. These include:

### **2.3.1 Expectancy Theory**

Expectancy theory propounded by Victor Vroom (1964) is a process theory which explains the mental process of an employee in interpretation and perception of organizations compensation leading to behaviors of commitment, motivation and effort increase. Vroom suggests that employees work behavior is related to believe that their effort will result in achievement of outcomes that are of value to them. This

theory is based on three expectancies; effort-performance expectancy (E-P), Performance-outcome expectancy (P-O) and valence (V).

The interplay of the three expectancies leads to interpretation of fulfilment or non-fulfilment of expectancies by the organization. E-P is the perception held by the employee that there's a positive and significant relationship between effort and performance with increased effort resulting to performance. The fact that favorable performance will result in a desirable reward; that the reward will satisfy an important need and that the desire to satisfy the need is strong enough to make the effort worthwhile. P-O is the prediction that high performance will result positive outcomes in the form of rewards or compensation. The amount of effort to put in is determined by the employee's perception of the workplace conditions that a better performance will lead to organizational rewards such as an increase in salary or benefits. V refers to the value expectation of the employee towards the rewards. This means that the employee will make continuous effort where outcomes of reward are linked to effort and performance and are perceived to be of value. Employee behavior to work will be positively influenced when the rewards are predicted with a higher degree of continuity and such rewards are of presumed value to the employee.

These rewards should provide intrinsic and extrinsic motivation. The intrinsic rewards are derived from the job itself while extrinsic rewards are derived from the organizational reward policy. Commitment to the organization and work will increase when the three expectancies are met by the reward management policy of the organization. This theory thus explains the delicate balance relationship between reward management and employee performance as seen where each depends on the



other such that performance depends on reward while at the same time reward depends on performance. Behavior of the employee is largely influenced by the extent to which he interprets fairness in compensation or rewards for his input. This theory is relevant to this study because it forms the basis on which reward management operates in using rewards to optimally influence employee performance and commitment.

### **2.3.2 Equity Theory**

Equity theory developed by John Stacey Adams (1963) was established on the principle that all people have a desire to be treated reasonably. How an individual bases whether they are being treated with justice or injustice is done by focusing on the individual's inputs and outputs. Inputs are what the individual brings to the place of work such as knowledge and skills while outputs is what the employee receives (rewards) as a result of their inputs. An employee compares his/her input with an outcome proportion. If an employee perceives disparity he/she will perform to correct the unfairness (Al-Zawahreh & Al-Madi, 2012)

Pay systems are designed to attract, retain and motivate employees. The most important objective of any pay system is fairness or equity. Equity can be assessed on at least three dimensions; Internal Equity, External Equity and Individual Equity. This theory is concerned with fairness of procedures used to make decisions about distribution of outcomes. (Duening 2006)

Internally, equity can be assessed basing on employees who perform similar or dissimilar jobs, those who work within the same department or those who work in

different departments. Similarly, externally, equity can be expressed in terms of employees who work in the same or different industries, those in the same union or profession, in the same or in different geographic locations and in organizations of similar or differing sizes. Individual equity exists when an employer compensates individuals who are in similar jobs on the basis of variations in individual performance known as pay for performance. Excellent performers in this case would receive more compensation than average performers (Henderson, 2003).

This theory offers crucial insights into employee reward systems. It claims that employees compare the reward a given job situation gives them in relation to their input in the job. Likewise, they compare the input-outcome ratios of other employees relevant to their job type and level. It therefore becomes imperative to understand how employees perceive their input-outcome ratios when deciding on the possible ways to motivate or reward employees (Robbins, 2013). If employees realize they are under-rewarded they are likely to quit. Equity theory is thus linked to reward management as it explains how employees seek to maintain equitable ratio between the inputs and the outcomes they obtain from it. If the employee perceives unfairness or injustice will display a diversity of behaviors including displeasure with rewards, reduced morale in the job and willingness to quit.

This theory is relevant to this study because it explains the employee's level of commitment which is normally high when the employee feel that the organization is rewarding their effort in the right manner. Employees must perceive that the reward given by the employer is equal to their input so as not to quit. They will reciprocate by being committed and reduce turnover intentions. Rewards procedural justice serves to

influence employee's commitment because employees interpret fairness from the organization where inequities are perceived (Pare, 2007). This theory thus supports the variable reward management practices as it addresses the issue of equitable ration between inputs and outputs at the workplace to enhance employee commitment.

## **2.4 Reward Management Practices**

The reward management practices of an organization contribute to the improvement of organizational performance by developing and operating reward systems which help to attract, retain and engage the people upon which the business relies (Thomson, 2002). He defines reward management practices as a set of beliefs and guiding principles that are consistent with the organization's values. These beliefs need to achieve fairness, equity, consistency and transparency. This research has identified a number of reward management practices as discussed in this chapter.

### **2.4.1 Reward Policy**

Reward policy is an important element of human resource practice that influences decision of potential employee to join an organization and determines the employer-employee relationship after the employee joins the organization (Ira, 2010). Psychological contract normally develops between the employer and employee that determines the nature of mutual existence during the employment period. This contract is mainly influenced by the development and management of reward policy and the resultant employee commitment.

Koitalek (2016) in her study on the influence of compensation policy on employee commitment at the Teachers service commission, Kenya, found out that compensation policy influences employee commitment and this led to enhanced performance, trust

in management and strong relationship in the organization. In this study only one antecedent (compensation policy) was used on employee commitment. She suggested the use of other antecedents such as job satisfaction, role conflict, role ambiguity which have been shown to be related to organization commitment to be included in further studies. This study used other antecedents such as financial and non-financial rewards, reward criteria to find out their effect on employee commitment in the public health sector.

Anvari (2011) in the study on the link between strategic compensation practices and affective organization commitment on medical universities staff in Malaysia found out that there was significant relationship between compensation policies of pay for performance, pay for knowledge and organization commitment. He recommended that the compensation plan for an organization need to be communicated to all organizational employees and be seen to be fair. In addition he noted that the consequence of perceived inequities results to behaviors of reduced commitment, psychological stress and reduced quality of output or reduction of effort in an attempt to rationalize the inequality and consequently an organization should be fair to all cadre of staff.

Maritim (2014) observed that reward policy underpins reward practices. The policy defines the key elements of the total reward available for employees and at the same time gain competitive advantage. This means that if reward policy is properly designed an organization will survive in the competitive and changing market. The process however needs to be designed, developed and grown within the unique environment of the organization. For Rewards to be effective they should be used as

a way of strengthening good behavior among employees as well as organization productivity. Employees could be rewarded for working overtime, taking initiative, team work, reliability, exceptional attendance, outstanding customer feedback, meeting deadlines or timelines and productivity. Employers and managers should design a system to measure or quantify all these aspects so that rewards are then given accordingly.

Reward policy helps in defining relationships, contractual obligations and the implied psychological contract between the employer and employee (Zacher, 2015). He noted that reward policy promotes the employer employee relationship by having committed employees who have trust with the organization, are willing to go an extra mile in their duties and ready to assist other employees. Reward policy encompasses both monetary and non-monetary rewards paid to employee in exchange of the services rendered which take into consideration employee contract, competence and skills.

According to Ombasa (2013) developing reward policy is a process that requires consideration of factors internal and external to the organization. External factors include industrial practice, market consideration and competitor's strategy on rewards while internal factors are human resource strategy on attracting, recruiting, developing and retaining the employees, values of equality, balance and quality of work life, organizational culture in relation to performance, innovation and creativity of skills developed. Adler (2015) observed that there's need for an organizations reward/compensation system to incorporate both financial and non-financial forms and that in some cases it has been found out that employees appreciate more non-financial reward.

The more valid and reliable reward policies are, the higher the probability of adapting new employees to organization, the lower the turnover is, the higher the organizational commitment will be (Oyoo, 2015). In his study on reward management practices on employees' commitment in faith based health organizations Kakamega County noted that most employees considered reward policies that concern salary, bonus, benefits and job security. Reward policies would link employee's performance level to the expected rewards. Therefore he suggested that management should implement performance contingent reward system to predict on employees output and performance commitment in the organization.

#### **2.4.2 Reward Types**

This study identified two types of rewards: extrinsic and intrinsic rewards as discussed below.

#### **2.4.3 Extrinsic Rewards and Employee Commitment**

Extrinsic rewards are tangible benefits that employees receive for the work they perform and are both monetary and non-monetary. Monetary rewards include wages and bonuses whereas non-monetary rewards include fringe benefits such as days off, pension contributions etc. (Armstrong, 2012). Monetary rewards in form of cash payments have got an upper hand in influencing employee commitment since they can afford catering for their basic needs of life (Griffin, 2004).

Harunavamwe and Kanengoni (2013) found a weak impact of money as a motivator among employees in South Africa. However, Mehta (2014) study in Pakistan revealed that an increase in monetary rewards positively affected employee performance and

job satisfaction, with this significant relation being attributed to factors which vary from individual to individual whether the employee is working in private sector or public sector. Igbaekemem (2014) also concluded from his study in Nigeria that monetary incentives alone are not sufficient to motivate employees.

Erbasi (2012) study among food chain employees in Turkey, however, found that higher levels of job satisfaction are more likely to be achieved through monetary rewards as opposed to non-financial incentives. However, none of these studies explored the effects of the moderating variable (corporate culture and leadership style) on monetary compensation reward scheme on employee commitment such as is of interest to the present study.

Zaman (2011) in their study on the relationship between rewards and employee motivation in non-profit organizations of Pakistan noted a significant and positive relationship between extrinsic rewards and employee motivation hence performance. If employees feel that their effort is appreciated and the company has a good compensation structure based on job evaluation employee commitment will improve hence performance

Ali (2012) in his study on the impact of financial rewards on employees' motivation and satisfaction in pharmaceutical industry, Pakistan found out that there's a positive relationship between financial rewards, motivation and satisfaction. Zaraket (2017) study on financial rewards on job satisfaction and employees performance of the blue collar employees in the construction, contracting and printing industries in Lebanon found out that there's a significant relationship between financial rewards and job

satisfaction and that job satisfaction bears positive relationship on employee performance. These studies had job satisfaction as their dependent variable but in this study employee commitment will be the dependent variable to find out if financial reward has an effect on employee commitment.

Korir (2016), in his study on the effect of reward management on employee commitment in the universities in Nakuru County, Kenya found out that financial rewards had significant positive effect on affective, normative and continuance commitment. This means that reward management practices contribute significantly to employee desire to remain or quit their jobs depending on how they are treated.

Oyoo (2015) in his study on the effect of reward practices on employee commitment in faith based health organizations, Kakamega County found out that extrinsic rewards showed a very strong relationship with employee commitment. Salary had the strongest relationship which means employees in faith based health organizations in Kakamega County prefer monetary rewards. Most of the employees were satisfied with their jobs and had no intention to quit anytime soon. This study differs with that of Oyoo (2015) in that it will investigate the effect of financial rewards on employee commitment in the public health sector Kakamega County.

#### **2.4.4 Intrinsic Rewards and Employee Commitment**

Ajila et al (2004) says that intrinsic rewards are intangible rewards found within the job itself or psychological rewards like appreciation, meeting new challenges, positive and caring attitude from employer, job rotation after attaining the goal, freedom and autonomy at work, being chosen to mentor other employees, having pride in ones



work, having accomplishment, being part of a team and making work seem more meaningful etc.

Sometimes management pays more attention to extrinsic rewards but intrinsic rewards are equally important in employee motivation. Kilimo (2016) in her study on determinants of intrinsic rewards on employee performance in Kapsara tea factory company Transzoia County, Kenya, noted that the most influential reward as a motivation driver is not a fat salary or additional responsibility but job security. Majority of the employees were not committed and if they got a similar job elsewhere they would leave the company. In this study, the researcher carried out a case study at Kapsara tea factory and used several independent variables namely: employee motivation, employee commitment and employee training while the dependent variable was employee performance. The moderating variable was organizational policy. This study will explore different variables; the independent variable will be reward management practices with reward policy, types and reward criteria as its constructs while dependent variable will be employee commitment and corporate culture and leadership style as the moderating variable.

Ngatia (2014) in his study on the influence of non-monetary rewards on employee performance in Murang'a water and sanitation company, Murang'a County found out that there's a strong relationship between non-monetary rewards and employee performance. These non-financial rewards included career development, employee independence, recognition and flexible working schedules. The study used descriptive survey research design which this study used as well. However, due to his small population of 87 respondents, the study used a census survey method of selecting the

sample size. This study used stratified and simple random sampling on a sample size of 234 respondents.

In a study carried out by Tumwet (2014) on the effects of employee incentives on employee performance in private universities in Kenya; a case of Kabarak University it was noted that both financial and non-financial rewards are used and perceived in terms of importance almost equally at Kabarak University. However, she noted in her conclusion that non-financial rewards are key while financial incentives supplement the same. Chiang (2009), posit that rewards that are non-financial in nature, such as the provision of an increase in holidays, and increases in family benefits, contribute towards the employee perceiving his/her workplace as a supporting and caring organization. Thus, employees are able to function more efficiently.

According to Chhabra (2010), the perceptions that employees have regarding their rewards influences their attitudes towards their employers. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work. Waqas and Saleem (2014) study among different firms in Pakistan found the effect of non-monetary rewards on perceived organizational performance was significant. Similarly, Harunavamwe and Kanengoni (2013) study in among shop workers in South Africa revealed that non-monetary rewards had a strong effect on lower-level employee motivation. Comparing monetary and non-monetary rewards make it clear that monetary rewards have short-term benefits while the non-monetary have long-term benefits.

Though there is strong evidence suggesting the effect of non-monetary rewards on employee motivation and job satisfaction, most of the studies have not explored the corporate culture and leadership style in organizations in which these employees

work. These organizational factors may have a moderating effect on the relationship between non-monetary rewards and employee commitment. This will be explored in this study

## **2.5 Reward Criteria and Employee Commitment**

Employees will always look forward to being compensated by their organizations in terms of salary and other benefits according to their contribution towards organizational goals. Reward system represents the method or mechanism (e.g., seniority-based, performance-based) by which organizations determine employee reward outcomes (e.g., pay increases). Systems can be either performance or non-performance oriented. Where performance-oriented reward systems compensate employees based on how well they perform on the job, non-performance systems compensate employees based on a different set of criteria, such as seniority/years of service, and skills/competencies. Reward criterion then, refers to the basis of allocation (i.e., individual or group) used to determine the reward (Wilson, 2003).

Stuart (2018) in his study on the impact of reward management on employee performance in the Irish construction industry found out that performance related pay system improves the performance of employees. However, Perkins and White (2011) stated that there are difficulties faced by organizations when implementing a performance related pay system such as setting of appropriate performance measures, evaluation of performances and the linking of performance appraisals outcomes to pay. It is important as observed by Singh and Mishra (2013) that regular reviews be done because they play a crucial role in linking compensation of employees to their performance.

Henderson (2003), noted that the level of compensation largely depends upon organizational performance as well as operating policies and strategies. He asserted that other factors that may determine criteria to pay include; organization ability to pay, demand and supply of labor, management philosophy and Government regulations. He noted that managers normally experience difficulties in determining how to administer rewards. This emanates from a number of reasons such as the combination of methods to use and Organization resources, competitive influences, labor market constraints and government legislations. In developing and maintaining reward programs these factors must be considered.

Performance based system motivates workers to realize the strategic objectives of the human resource function (Kim & Sung-Choon, 2013). It is thus necessary for companies to design reward systems based on employees' skills and capabilities as well as in accordance with the organizational goals so as to improve performance and motivation (Datta, 2012). Previous research on HRM practices has primarily focused on reward allocation criteria such as equity, equality or need (Fischer & Smith 2004). They noted that equity or the consideration of work performance is supposed to be the most relevant criterion for organizations However; research has demonstrated that managers can consider a number of different criteria such as seniority, need or various forms of equality. The important question is whether individuals perceive such decisions as fair.

Employees evaluate their experiences at work in terms of whether they are fair and whether organizations show concern for them as an individual If individuals perceive a decision as being fair, they are more likely to reciprocate with higher commitment, greater job satisfaction and engage in extra-role behaviors. According to Henderson (2003), it is important that the organization itself evaluates where it is in order to

prepare compensation plans basing its decision on its productivity. When the productivity of the worker is high, it assesses itself as a higher position hence the compensation system is determined at a higher level. On the other hand, in case of lower productivity, wages/salary rates tend to be low. Thus, any shift in productivity and employee performance has direct impact on the wage level of the organization. Large organizations can often pay at a higher wage rate than smaller ones because increase in the size of the organization comes with an economy of scale and the opportunity to increase profits with each additional product or unit of service provided.

Organizations may reward their employees based on a number of factors such as: market forces of demand for and supply of labor, internal equity, external equity, organizations reward philosophy and government legislation. Market Forces of demand for and supply of labor show that any job is worth what the market place will bear. Individuals with certain skills may be in varying degrees of demand sometimes across specific locations or could be national in scope. Employees who have particular knowledge, skills, and credentials that are in high demand are rewarded more (Henderson, 2003). A reward system should be related to employee's productivity in order to retain the high performers in the organization (Carragher, 2006).

According to Stewart (2010), internal equity can be achieved if a firm's employees believe that all jobs are paid what they are worth. Employees must be confident that company pay rates reflect the overall importance of each person's job to the success of the organization. However, since some jobs afford a greater opportunity than others, those holding such jobs should receive greater pay. For pay rates to be internally

consistent, an organization first must determine the overall importance or worth of each job through a job evaluation. Job evaluation is based on informed judgments regarding such things as the amount of skill and effort required to perform the job, the difficulty of the job, and the amount of responsibility assumed by the job holder

Henderson (2003) speaking on External equity says that the compensation system should be fair and equitable. This means the compensation system should be similar for the same type of work within the organization. Similarly, it should be fair relative to what other people get for the similar job in another organization. A firm achieves external competitiveness when employees perceive that their pay is fair in relation to what their counterparts in other organizations earn. In order to become externally competitive, organizations must first learn what other employers are paying by conducting a salary survey and then make a decision on how competitive they want to be by establishing pay rates consistent with this decision.

Employers integrate the organization's compensation and reward philosophy with its strategic initiatives regarding customers, profitability, and the development of a strong, competitive work force focused on the success of the organization. As a result, employers use performance evaluation systems such as the 360-degree feedback that includes input from one's supervisor, colleagues, and direct reports in an attempt to identify and recognize their top performers. Some employers are committed to a philosophy of paying their employees above industry or area standards in order to attract and retain the very best pool of skilled workers available. (Henderson, 2003).

Siemsen (2007), says in order to protect the working class from wage exploitation by strong employers, the government through government legislation enacts various laws and judicial decisions. Such laws and regulations affect compensation management because they emphasize on minimum wage rate, overtime rate, working hours, equal pay for equal work, payment of bonus, etc. In this regard an organization has to design its pay system as per the government rules and regulations. Labor unions concerned with the welfare of the employees also lobby the management for the formulation of fair compensation plans (Siemsen, 2007).

## **2.6 Employee Commitment**

Ira (2010) sees employee commitment as internal psychological force that makes an employee feel ready to work, accomplish tasks as specified, stick to the organization and speak positively about the organization. In his study on commitment and their influence on employee turnover at the Teachers service commission, Kenya, he found out that work and environment influenced commitment. The components of commitment analyzed in his study were career commitment, continuous commitment and protestant work ethics. In this study constructs of commitment were affective, normative and continuance commitment.

The relationship between employee commitment and workers' performance has been studied widely for example, Khan, (2010) investigated the impact of employee commitment (Affective commitment, Continuance commitment and normative commitment) on employee job performance in oil and gas sector in Pakistan. The results revealed a positive relationship between employee commitment and employees' job performance. Therefore, job performance emerged as a determinant of

employee commitment. Thus, Khan, (2010) advised managers to pay special attention to antecedents of employee commitment and all the factors which foster employee commitment so as to increase employee performance and subsequently increase organizational productivity. This study will focus on reward management practices and its effect on employee commitment.

Habib, (2010) investigated the interdependency of job satisfaction and job performance, effect of employee commitment and attitude towards work on performance using a survey data collected from 310 employees of 15 advertising agencies of Islamabad (Pakistan). He found that employees having greater employee commitment perform well and employees having good attitude towards work are highly satisfied as compared to employees who are less inclined towards their work.

Ali, (2010) found that there is positive relationship between corporate social responsibility and employee commitment as well as between employee commitment and organizational performance. He therefore concluded that organizations can improve their performance through employees' commitment by engaging in social activities since such activities also include the welfare of employees and their families'. A critical look at this studies shows that none of them looked at reward management practices and how they affect employee commitment. This study intends to fill this gap.

Meyer (2011) stated that a committed employee is one who will stay with the organization through thick and thin, attend work regularly, put in a full day and may be more, protect company assets and who shares company goals. When an employee



is motivated to the extent of working effortlessly, loyally, consistently and harder for the ideals of the organization, then such an employee can be said to be committed.

Commitment is usually stronger among longer-term employees who have experienced personal success in the organization, and those working with a committed employee group. (Kathure 2014)

Employee commitment has been an important factor to determine the success of an organization (Shahid, 2013). Employee commitment to an organization aids the organizations to retain more staff and hence increase in achievement, productivity and effectiveness. The process of acquiring good employees is demanding but of even extensive significance is the organization ability to create a committed workforce.

According to Milgo (2014) in a study on reward and compensation as a determinant of employee commitment in the KTDA factories in Kenya it was found out that there's a significant relationship between reward and compensation and employee commitment. The study revealed that employee commitment with an organization is a big incentive for any organization because long tenure of employees at the same organization helps the person to understand the goals of the organization and strive to compete for the target. In addition no organization in today's competitive world can perform at peak levels unless each employee is committed to the organizations objectives and works as an effective team member. Thus, organizations should have proper compensation strategies to curb employee turnover. She concludes that compensation is the glue that binds employee and employer together.

Fossey (2010) in his study on finding and sustaining employment practically concluded that satisfied employees will be more committed. He noted that a committed employee will offer full competence to the organization. Employee commitment will result into benefits which include: increased job satisfaction, job performance, decreased employee turnover or intention to search for alternative and absenteeism.

According to Mowday (2010), commitment is the relative strength of an individual's identification with and involvement in a particular organization. Conceptually, it can be characterized by at least three factors: a) a strong belief in and acceptance of the organization's goals and values; b) a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization. Hence the definition suggests commitment is a multidimensional construct consisting of what are commonly described as affective commitment, normative commitment and continuance commitment as discussed below.

### **2.6.1 Continuance Commitment**

Continuance commitment describes an individual's need to remain with the organization resulting from his/her recognition of the costs such as tenure, pay, benefits, vesting of pensions and family commitment associated with leaving the organization. Such employees remain because they need to do so (Loi and Foley, 2008)

According to Lee (2010) continuance commitment is the employee awareness of the costs that are related with leaving the organization. Thus, this means that continuance commitment is the enthusiasm to remain in an organization due to the personal

investments which cannot be transferred and the employee cannot afford to lose them. It is in the same view that Price (2011) says that continuance commitment exists when an employee needs the benefits and the salary associated with remaining in an organization. This kind of commitment may arise when employees feel that they cannot find another job or when they believe that they owe their success to the organization. Continuance commitment is based on an employee opinion after weighing the risks and costs associated with leaving an organization. The employee looks at the economic benefits gained by being associated with the organization such employees look at the positive extrinsic rewards that they have obtained. Thus, employees are lured to remain in an organization due to the accumulated investments that they have gained in the organization.

### **2.6.2 Normative Commitment**

Normative commitment reflects an individual's feeling of obligation to maintain organization membership because he/she believes it's morally right to be loyal to and stay in the organization. Lee (2010) says normative commitment is a feeling of obligation that an individual has to continue with the employment. Employees with a high level of normative commitment feel that they ought to remain with the organization due to the normative pressures exercised on an employee before joining the organization.

Employees therefore feel obliged to reciprocate thereby committing themselves to the organization. Normative commitment arises when employees feel morally right to remain in an organization irrespective of whether they are satisfied with their jobs or not. Employees' have a feeling to repay the organization for investing in them.

### **2.6.3 Affective Commitment**

Affective commitment refers to the emotional attachment that an employee has in an organization (Price, 2011). It is the extent at which employees appreciate to be members of an organization. Affectively committed employees are seen to have a sense of identification and belonging and this motivates them to increase their participation in the activities of an organization. Employees' are willing to meet the goals of an organization and have the desire to stay in the organization as Meyer and Elyse (2010) say affective commitment helps in curbing employee turnover and absenteeism. Such employees continue employment with the organization because they want to do so (Wang, 2010). Such employees have a longing to remain in the organization because they view their values and goals to be congruent with those of the organization

## **2. 7 Organizational Factors**

This research work identifies two organizational factors that may affect the relationship between reward management practices and employee commitment. These are: organization culture and leadership styles.

### **2.7.1 Leadership Styles.**

Adesina (2011) defines leadership as the ability to get things done with the support and cooperation of other people within the institution, organization or system. Similarly, Northouse (2004) sees leadership as a process in which one individual influences a group of individuals to achieve a common goal. Building the relationship between a leader and his followers requires an appreciation from the leader for the personal values of those who would be willing to work in order to accomplish shared objectives.

This study identified transformational leadership and how it affects employee commitment. The initial concept of transformational leadership was provided by Burns in his researches about political leaders. According to Burns (2006), transformational leadership is a process in which leaders and followers promote each other to higher levels of morality and motivation. Transformational leaders are referred to those ones who try to show the organizations a new route for improvement and progress by generating new ideas and perspectives. They also mobilize the organization by motivating managers, employees and members of the organizations to radical changes, transforming organizational pillars to achieve necessary readiness and capabilities to move in this new route as well as achieving higher levels of idealized performance.

Transformational leaders change their followers, empower them to develop and create new needs, tendencies and values (Jandaghi, Matin and Farjami, 2009) so that the followers may grow, develop and change to leaders. In addition, they motivate and empower their followers and focus on higher order intrinsic needs. Transformational leadership is based on a social exchange (use of intangible rewards such as personal growth, self-esteem and professional values (Bass, 2000). He identified several characteristics for transformational leadership. For example, in a highly innovative and satisfying organizational culture, there are high chances of seeing transformational leaders who build on assumptions such as: people are trustworthy and purposeful, everyone has a unique contribution to make, and complex problems are handled at the lowest level possible.

Burns (2006) sees transformational leadership style as the process of pursuing collective goals through the mutual tapping of followers' motive bases toward the achievement of the intended change. This transformational leadership occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group and when they stir their employees to look beyond their own self-interests for the good of the group. These leaders try to make changes that increase organizational efficacy and performance. These changes cause higher aim and expectations to the organization. One of the results of transformational leaders is organizational performance improvement. Transformational leader provides a ground for long-term organizational changes which facilitate the access of organizational system to higher objectives.

Burns (2006) emphasizes that transformational leaders have a vision and challenge others to do extraordinary works. He believes that transformational leaders are able to draw new necessary routes for modern organizations because that they are the source of changes. Burns believes that transformational leadership is motivational, supreme and ethical in which human behavior and leaders/followers' ethical tendencies will grow up. By comparing successful and less successful companies, one can observe that the effect of transformational leadership on organizational success and performance is undeniable (Jandaghi, Matin and Farjami, 2009). Therefore, it is suggested that managers of such firms, pay attention to transformational leadership factors in order to survive in a competitive environment.

Yildirim (2013) in a study on the impact of organizational culture and leadership on business performance: A case study on acquisitions, in a high-tech telecommunication

company in Turkey, says that Transformational leadership and culture are identified as providing a ground for long-term organizational success during organizational changes. Corporate culture and leadership come up as major factors in success of organizational transformation process in mergers and acquisitions as they have great influence on organizational structures, processes and hence performance of companies. This case study revealed that transformational culture and transformational leadership stand as critical strengths for achieving the desired business performance during major organizational changes such as merger and acquisitions.

Arifin (2014) also in a study on the effects of organizational culture and transformational leadership on work engagement and teachers performance in Jakarta found out that both organizational culture and transformational leadership were positively and significantly related to work engagement.; and that organizational culture, transformational leadership and work engagement were positively and significantly related to teacher's performance. Transformational leadership style is positively linked to job performance (Wambulwa & Hartnell, 2011). Carter et al (2013) also proves the quality of relationships between leadership and employees mediated by transformational leadership on the performance of employees duties.

Griffin (2004) identified five dimensions of transformational leadership namely: vision, inspirational communication, supportive leadership, intellectual stimulation and personal recognition. Vision is the expression of an idealized picture of the future based around organizational values and goals that encourage individuals to adopt the desired behavior. He says supportive leadership means expressing concerns for

followers and taking account of their individual needs. Supportive leaders direct their behavior toward the satisfaction of subordinates needs and preferences and show concern for their welfare, create a friendly and psychological supportive work environment. This view was also observed by Mbindyo (2009) in a study on contextual influences on health workers motivation in district hospitals in Kenya who noted that supportive leadership may foster good working relationships between cadres, improve motivation through incentives and appropriately handle workers expectations in terms of promotions, performance appraisal and good communication.

Intellectual stimulation refers to enhancing employee interest in and awareness of problems and increasing their ability to think about problems in new ways. It increases followers' abilities to conceptualize, comprehend and analyze problems and improve quality of solutions. Finally, personal recognition is the provision of rewards such as praise and acknowledgement of effort for achievement of specified goals. Leaders indicate he/she values individuals' efforts and rewards the achievement of outcomes consistent with the vision through praise and acknowledgement of the efforts.

### **2.7.2 Organizational Culture**

Schein (2010) refers to organization culture as the values and beliefs of an organization. The principles, ideologies as well as policies followed by an organization form its culture. According to him it is the culture of the workplace which decides the way individuals interact with each other and behave with people outside the company. Employees must respect their organizational culture for them to deliver their level best and enjoy their work. He observed that organizations do not



adopt a culture in a single day but forms it in due course of time as the employee go through various changes, adapt to external environment and solve problems. They gain from past experiences and start practicing it every day thus forming the culture of the workplace.

Culture forms the basis of group identity and shared thought, belief, and feeling, one of the most decisive and important functions of leaders particularly the founders of a company is the creation and management of its culture (Christensen, 2006). This implies that culture in an organization may lead to employee commitment because good culture encourages employee retention as noted by Bass (1999) that culture is the glue that holds the organization together as a source of identity and distinctive competence. Hammad (2009) in a study carried out on employees retention in private sector in an exploratory study in the state of Kuwait observed that culture of sincerity and reliance, effective communication and good deal of time spent by supervisors listening to employees ideas and suggestions led to employee retention.

Al-sada (2017) in a study on the influence of organizational culture and leadership style on employee satisfaction, commitment and motivation in the education sector in Qatar observed significant positive relationships between supportive culture and job satisfaction; supportive culture and organizational commitment; participative-supportive leadership and job satisfaction; directive leadership and job satisfaction; job satisfaction and work motivation; job satisfaction and organizational commitment. In this study data was analyzed using Factor analysis, Pearson correlation and multiple linear regression to examine the relationship between the variables under investigation.

Choi (2014) in a study on the effects of organizational culture, self-leadership and empowerment on job satisfaction and turnover intention in General Hospital nurses found out that factors that enhance job satisfaction are higher innovation oriented organizational culture. Lower turnover intention was shown to be positively associated with innovation oriented organizational culture. Thus the study recommended that innovation oriented culture was needed to raise job satisfaction and reduce turnover intention of nurses. This means that when turnover intention is low the employees will be more committed and will not quit the organization.

Arifin (2014) in his study on organizational culture and transformational leadership, work engagement and teachers performance found out that both organizational culture and transformational leadership were positively and significantly related to work engagement. This study had various variables of organizational culture such as formality, rationality, achievement, orientation, participation and collaboration, communication, professional orientation and teacher autonomy. This study focused on relationships of organizational culture, transformational leadership, and work engagement and teachers performance in schools with Islamic back ground in Indonesia.

The current study focused on relationships of organizational culture, transformational leadership and employee commitment in the public health sector because so far there's no research evidence exploring the relationship between organizational culture and transformational leadership in the public health sector and more so Kakamega County. Therefore by analyzing the effect of organizational culture and leadership on employee commitment, this study tries to provide new theoretical insights of

organizational culture and transformational leadership on employee commitment within the public health sector.

These studies mentioned above identify several segmentations for culture. However this research will focus on identification of supportive culture, with open communication and participation through transformational leadership and how it affects the relationship between reward management practices and employee commitment. Khan (2005) noted that an organization will operate more productively as a whole when key values are shared among the majority of its members. An organization culture determines how employees are rewarded. The accessibility of management and the ways in which decisions are made are a reflection of organizations culture. Noorderhaven (2002) mentions six dimensions of organizational culture. These dimensions are: supportiveness, innovation, emphasis on reward performance, orientation, stability and communication. A climate of open communication within organization will enable members to learn from mistakes and correct.

Omega (2012) observes that culture at work place is a very powerful force, the very thread that holds the organization together. The dominance and coherence of culture is essential quality of the excellent companies. It is believed that organizational culture influences individuals' attitudes concerning outcomes such as commitment, motivation, morale and satisfaction. According to Azhar (2013), culture can be a powerful and enduring source of competitive advantage. Companies should advocate a strong work culture in which the goals and values of managers are building up across all work sections. Companies that build a culture of common respect by

keeping success stories alive will not only keep their current employees engaged but also, they regenerate the new incoming employees with this contagious spirit of work culture.

## **2.8 Summary and Research Gap**

Reward management is a well-studied subject globally and locally. However, despite the many studies that have been conducted on the effect of reward management practices and employee commitment none of them has shown the effect of reward management practices such as reward policies, types ( extrinsic and intrinsic rewards) and reward criteria on employee commitment in the public health sector Kakamega county, Kenya. It is on this basis that this study sought to fill this gap by finding out the effect of reward management practices on employee commitment in the public health sector, Kakamega County, Kenya. Some of the related studies that have been done and research gaps noted are highlighted in the Table 2.1.

**Table 2.1: Research Gap**

<b>Name of the Researcher</b>	<b>Title of the Study</b>	<b>Findings</b>	<b>Research Gap</b>
Stuart (2018)	Impact of reward management on employee performance in the Irish construction industry: A case study of mechanical contractor industry	He found a positive relationship between rewards and employee performance.	This current study looked at effect of reward management practices on employee commitment (dependent variable is employee commitment and not employee performance like in the previous study)
Daisy, Muathe and Nzurwa (2013)	influence of employee rewards on retention and job satisfaction in Vodafone Ghana	If employees are rewarded, and proper human resource policies put in place employee retention in Vodafone Ghana Limited will increase.	This study focused on effect of rewards on employee retention but this study will find out the effect of reward management practices such as reward policy and criteria on employee commitment.
Maina (2014)	effects of reward practices on employee commitment at the Thika level five hospital	Found out that there's a strong positive relationship between reward practices and employee commitment.	He adopted a case study research design and looked at variables such as remuneration, recognition and career growth development. He also focused on all health workers (doctors, clinical officers, nurses etc). This study will focus on nurses only working in the public health sector in Kakamega County and how variables such as reward policies, reward criteria and reward types affect their commitment.
Rotich (2020)	effect of reward management practices on employee retention in telecommunication firms in Kenya	Found out that there's a strong link between reward management practices and retention. He laid emphasis	The study used explanatory research design to measure the causal relationship between variables, in this study the descriptive survey design and correlational design will be used to find out the effect of reward management practices on

		on non-monetary rewards such as work-life balance and shorter working week to increase employee retention.	employee commitment. Will differ in terms of reward management practices constructs (reward strategy and policy, job evaluation and grading, salary survey and total rewards) were used but this study will explore constructs such as reward criteria, policy and reward types (financial and non-financial).
Ajita (2018)	reward management practices and its impact on motivation in some service organizations in Lucknow	Job security and compensation practices of the organization have significant impact on employee motivation.	The construct for reward management practices were compensation, job recognition at work, career advancement policies, work autonomy and job security. This study explored more constructs of reward management such as reward policy and reward types. The research methodology was exploratory and descriptive design whereas this study used descriptive and correlation research design to establish the effect between variables.
Yildirim (2013)	Impact of organizational culture and leadership on business performance: A case study on acquisitions, in a high-tech telecommunication company in Turkey,	This case study revealed that transformational culture and transformational leadership stand as critical strengths for achieving the desired business performance during major organizational changes such as merger and acquisitions.	This study was done in telecommunication company in Turkey, this study will be carried out in the public health sector Kakamega county and will use these organizational factors as moderating variable. Not as independent variable like in the previous study.
Arifin(2014)	effects of organizational culture and transformational leadership on work engagement and teachers	He found out that both organizational culture and transformational leadership were	This study had various variables of organizational culture such as formality, rationality, achievement, orientation, participation and collaboration, communication, professional

performance Jakarta	in	positively and significantly related to work engagement and teachers performance	orientation and teacher autonomy. This study focused on relationships of organizational culture, transformational leadership, and work engagement and teachers performance in schools with Islamic back ground in Indonesia. This current study focused on the moderating effect of organizational culture, transformational leadership on the relationship between reward management practices and employee commitment in the public health sector Kakamega county because so far the literature reviewed showed that such literature is not readily available
Oyoo (2015)	the effect of reward practices on employee commitment in faith based health organizations in Kakamega County,	Observed that there's a strong relationship between reward practices and employee commitment.	In this study the independent variable was reward practices with policies and both extrinsic and intrinsic rewards as its constructs while the independent variable was employee commitment. The study had no moderating variable. This study therefore intends to fill this gap by looking at the effect of the moderating variable (organizational culture and leadership style) on the relationship between reward management practices and employee commitment. Moreover, this study will include reward criteria as one of the constructs of reward practices.

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*Source: Field Data (2019)*

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the research design, population of the study, sampling design, data collection procedures and tools, pilot study, validity and reliability of research, data analysis and presentation and ethical considerations.

#### **3.2 Study Area**

The study was carried out in Kakamega County located in Western Kenya about 30km north of the equator, lies between coordinates ( 0.28215<sup>0</sup> N 34.75400<sup>0</sup> E ) with an altitude of 1.535m. It covers an area of 3,224.9 km<sup>2</sup> and has a population of 1,867,579 (Kenya population and Housing census, 2019). Kakamega County is situated in the former western province of Kenya and borders Vihiga county to the south, Siaya and Busia to the west, Bungoma and Transzoia to the north, Nandi and Uasin Gishu to the East. It consists of thirteen sub-counties in total namely: Butere, Mumias West, Matungu, Likuyani, Mumias East, Khwisero, Shinyalu, Lurhambi, Ikolomani, Matete, Lugari ,Malava and Navakholo. This county was preferred because of its vast size and high population compared to neighbouring counties in the former western province region. Provision of proper health services to such a vast population requires a highly devoted team of employees who should be adequately compensated in order to generate commitment and good service delivery. This also allows the researcher to generalize the results from this study to a wider population. The research focused on the nurses in the public Health sector because of their critical role in ensuring proper health service delivery to the people.



The study focused on four sub-counties within Kakamega County namely: Butere, Lurhambi, Shinyalu and Lugari. These sub-counties were preferred because of their locality to enable the researcher capture respondents from the Northern, Western, Eastern and Central regions in the county. Moreover, the researcher was able to capture data from both rural and urban setup respondents.

### **3.3 Research Design**

This study used both descriptive survey research design and correlational research design. Descriptive survey research design allowed the researcher to gather information, summarize, present and interpret for the purpose of clarification (Orodho, 2005). Descriptive survey design was intended to produce statistical information about aspects of reward management practices of employees in all the four sub-counties in Kakamega County, Kenya. Descriptive survey design also enabled the researcher to obtain both qualitative and quantitative information from respondents who were generally a representative sample of the population. Correlational research design enabled the researcher to measure the relationship between variables.

### **3.4 Population of the Study**

The population of the study consisted of all nurses in the four selected sub-counties in Kakamega County. Personnel records indicated that there were 100 nurses in Butere sub-county, 325 nurses in Lurhambi sub-county, 61 nurses in Shinyalu sub-county and 95 nurses in Lugari sub-county. The population comprised of 581 employees. These sub-counties were selected based on a number of factors such as the highest in

population, the headquarter and the locality (the northern, central, Eastern and Western parts of the county). The researcher also captured both rural and urban respondents in these sub-counties.

### **3.5 Sampling Design**

Sampling is a process of selecting a number of individuals from a population such that the selected group contains elements representative of the characteristics found in the entire group. (Orodho, 2005). Sample size selection was done in accordance with Krejcie and Morgan (1970) table of sampling (a copy is attached in the appendix). The sample size in table 3.1 below is derived from this table of sampling. The sample size comprised of 40 nurses from Butere sub-county, 130 nurses from Lurhambi sub-county, 25 nurses from Shinyalu sub-county and 39 nurses from Lugari sub-county translating to 234 respondents.

The study employed stratified and simple random sampling techniques to select sample. Stratified random sampling is a technique where the population was first divided into four different sub-counties namely: Butere, Lurhambi, Shinyalu and Lugari; thereafter respondents were drawn in proportion to their original numbers in the population using Simple random sampling technique (Cooper &Schindler, 2005).

**Table 3. 1 Sample size against Target population**

<b>Sub-county</b>	<b>Health facility</b>	<b>Target Population</b>	<b>Sample size Per health facility</b>	<b>Sample size per sub-county</b>
Butere	Shitswitswi	100	5	40
	Shikunga		5	
	Mabole		5	
	Manyala		5	
	Butere referral		20	
Lurhambi	Kakamega CGH	325	70	130
	AP line		5	
	Approved		5	
	Bukura		5	
	Elwesero		5	
	GK prison		5	
	Eshirembe		5	
	Emusanda		5	
	Isumba		5	
	Emukaba		5	
	Nabongo		5	
	Matioli		5	
	Eshikhambi		5	
	Shinyalu		Kambiri	
Shamakhubu		4		
Shikusi		4		
Shinyalu		6		
Chirobani		3		
Chief milimu		3		
Lugari	Mautuma	95	10	39
	Lumakanda		9	
	Chekalin		8	
	Munyuki		5	
	Matete		7	
<b>TOTAL</b>		<b>581</b>	<b>234</b>	<b>234</b>

Source: Research Data 2019

This sample size is drawn from Krejcie and Morgan (1970) table of sampling. A copy is attached in the Appendices

### **3.6 Data Collection tools**

A questionnaire is a research instrument that gathers data over a large sample (Kombo & Tromp, 2006). The questionnaires that were used in the research consisted of structured and unstructured questions. Structured questions were preferred because

they are easier to analyze and administer since each item was followed by alternative answers. They were also economical to use in terms of time and money. However, the responses were limited and respondents were compelled to answer questions according to the researcher's choice. Unstructured or open-ended questions on the other hand refer to those questions that give the respondent complete freedom of response. Respondents' responses were given insight into their feelings, backgrounds, hidden motivation, interest and decisions (Zickmund, 2003). The questionnaires were administered to the participating nurses of the selected four sub-counties in Kakamega County and were labeled Questionnaire Appendix III.

### **3.6.1 Data collection procedures**

A total of 234 copies of questionnaires were delivered to the participants in the entire study. The questionnaires were administered personally to the respondents on the basis of a drop and pick later method. This method of data collection was preferred the researcher was able to overcome issues of time and costs. The questionnaire consisted of three parts. Part A addressed socio-demographic information of the respondents such as: age, sex, level of education, employment period and designation. Part B focused on reward management practices and part C on employee commitment. This enabled a better understanding and an insightful interpretation of the results from the study.

### **3.7 Pilot study**

Zickmund (2003) states that pilot test is known as any small-scale exploratory research project that uses sampling but does not apply rigorous standards. This helps to make improvement e.g. accuracy and minimize the error in collecting the data. A pilot study was conducted for reliability and validity of the research instruments. The instruments

were piloted at the Busia County General and Referral Hospital in Busia County, Kenya. In this case 10% of the target population was used in accordance to Patton (2002). The researcher used this sample to try out the study on a small scale to notice and correct the challenges that could have occurred during the main study. The study used simple random sampling to select 23 respondents.

### **3.7.1 Validity of Research Tools**

Mugenda & Mugenda (1999) define validity as the extent to which an instrument can measure what it is supposed to measure. The researcher with the help of supervisors used the content valid index (CVI) which is a scale developed by computing or rating the relevant items in the instrument or questionnaire by checking their clarity, their meaningfulness in line with all objectives stated by dividing the total number of items. In words of Amin (2005) validity tests whether an instrument used in research is accurate, correct and meaningful. Therefore validity was established using content validity tests. Validity was measured by calculating the extent to which content in instrument correlated with concepts it had set out to measure. The closer to the content validity test (CVI) the more valid the instrument. This was done to all questions then the average was obtained. The CVI obtained was 0.776 and this was in line with Amin (2005) who suggests that for an instrument to be accepted as valid average index should be 0.70 and above.

$$\text{CVI} = \frac{\text{Relevant items}}{\text{Total No. of items}} = \frac{36}{41} = 0.776$$

### **3.7.2 Reliability of Research Tools**

A measure is considered reliable if a research's finding on the same test given twice is similar ( Zickmund, 2003). To ensure the reliability of the questionnaire, a pilot study

was carried out at the Busia county General and Referral hospital, Busia County. The research instruments were administered to the pilot group twice after an interval of two days and the results were compared. The cronbach alpha coefficient of 0.776 was obtained and this implied that the research instruments were reliable and therefore the researcher adopted the research instruments. According to Mugenda and Mugenda a cronbach Alpha coefficient of 0.7 is good enough for survey studies.

### **Overall Reliability of Research Tools**

Cronbach's Alpha	N of Items
.776	5

### **Reliability of Study Variables**

	Cronbach's Alpha if Item Deleted
Reward policy	.719
Reward criteria	.736
Reward types	.757
Employee commitment	.736
Organizational factors	.758

Source: Field data 2019

### **3.8 Data Analysis and Presentation**

Data analysis refers to the examination of the coded data critically and making inferences (Cooper & Schindler, 2005). Both qualitative and quantitative data was collected and the information obtained from the questionnaires was organized, edited and coded according to the stated research objectives and research questions of the study. The collected data was analyzed by use of Statistical Package for Social Sciences (SPSS) version 20. Qualitative data was categorized into distinct themes and analyzed while quantitative data was analyzed by use of correlations and multiple

regressions to test the hypotheses. The data were presented in the form of frequency tables, percentages and reports.

The multiple regression analysis was adopted to establish the effect of Reward Management Practices and employee commitment in the public health sector Kakamega County. The regression equation took the following form:

$$EC = \alpha + B_1RP + B_2RC + B_3RT + e,$$

Where EC =Employee commitment

$B_1B_2B_3$ =Beta coefficients

RP=Reward policies

RC=Reward criteria

RT=Reward types

e= constant error/term

To test the moderating effect of organizational factors the following model was used:

$$EC = \alpha + B_1RP + B_2RC + B_3RT + B_4OF + e$$

Where EC=Employee commitment

$B_1B_2B_3B_4$ =Beta coefficients

RP=Reward policies

RC=Reward criteria

RT=Reward types

OF=Organization factors

e= constant error/term.

The data was presented in tables, graphs and charts to reveal the extent to which reward management practices affect employee commitment

### **3.9 Ethical Considerations**

Ethical considerations have to do with the researcher ensuring ethical checks in respect to safeguarding respondents. In order to attain this, the study ensured there's

respect, rights to privacy and to protection from physical and psychological harm of the respondents involved in the study. The study further ensured that each respondent understood what the study was all about. Each respondent was given an introduction letter in addition to clear and sufficient background information on which to base their own decisions as to whether they would take part in the study or not. It was only after their consent was obtained that the copies of the questionnaires and interview schedules were administered to the respondents. Confidentiality of the information provided was assured and they were asked to neither mention their personal names nor those of the health facility anywhere on the questionnaire. The respondents were informed earlier that the data was meant for academic purposes only and the researcher took the responsibility to maintain confidentiality, anonymity, respect and professional ethics during the data collection and thesis preparation. Permission to carry out research was requested from National Commission for Science and Technology Innovation (NACOSTI).



## CHAPTER FOUR:

### RESULTS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the results and the discussion of the results obtained from the study. It contains analysis based on the background information of the respondents. Descriptive statistics are used to provide background information of the respondents who participated in this study. Inferential statistics are used to analyze the responses of the respondents based on the specific objectives of the study on the influence of reward management practices on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### 4.2 Response Rate

**Table 4. 1 Respondents Response Rate**

Response	f	%
Successful	206	88%
Unsuccessful	28	12%
Total	234	100%

*Source: Field Data (2018)*

The researcher administered 234 questionnaires out of which 206 questionnaires were completely filled and collected back as shown in Table 4.1. The results represent 88% response rate which is very good as asserted by Bebbie (2004) that a response rate of 70% and above is very good.

### 4.3 Demographic Characteristics of Respondents

The researcher analysed the respondent's demographic information because they affect the level of responses to the researcher questions. It also promotes confidence in the overall quality of analysed research findings. The researcher analysed demographic information regarding the respondent's gender, age, level of education and work experience.

**Table 4. 2 Gender of the Respondents**

		Frequency	Percent
Valid	Male	39	18.9
	Female	167	81.1
	Total	206	100.0

*Source: Field Data (2019)*

The study's findings in Table 4.2 established that, majority of the respondents were female employees 167 (81.1%) while their male counterparts were 39 (18.9%). The findings imply that the public health sector is dominated by female especially the nurses. It can be concluded that the constitutional threshold of a third gender rule is not adhered to in the public health sector. These findings concur with Mbindyo (2009) in his study on the contextual influences on health worker motivation in district hospitals in Kenya in which most respondents were women. This study differs with his in terms of variables used. This study focused on reward management practices and employee commitment while he focused on contextual issues and health worker motivation.

**Table 4. 3 Age of the Respondents**

		Frequency	Percent
	21-30	43	20.9
	31-40	107	51.9
Valid	41-50	22	10.7
	Above 50 years	34	16.5
	Total	206	100.0

*Source: Field Data (2019)*

From the findings in Table 4.3 indicate that majority of the respondents, 107(51.9%) were aged between 31 to 40 years followed by 43(20.9%) aged 21-30, 34(16.5%) aged above 50 years and finally 22(10.7%) aged 41-50 years. This implies that majority of the employees in the health sector in Kakamega County are young aged between 21-40 years hence dynamic and energetic to discharge their functions effectively. These employees are to be rewarded fairly for their effort in enabling the organization realize its goals and objectives. When comparing their input- outcome ratios they need to see value in the reward given by the employer in order to remain committed to work. These employees will therefore provide proper information on how rewards affect their commitment.

**Table 4. 4 Education Level of the Respondents**

		Frequency	Percent
	Masters	9	4.4
	Bachelor's Degree	13	6.3
Valid	Diploma	148	71.8
	Others	36	17.5
	Total	206	100.0

*Source: Research Data (2019)*

The results in Table 4.4 depict that most of the respondents had a diploma qualification 148 (71.8%), 13 (6.3%) had bachelor's degree, 9 (4.4%) had master

degree while 36(17.5%) had other qualifications like certificate and O’level. This shows that majority of the study respondents were highly educated individuals capable of understanding the study constructs and appropriately responding to the research questions. This enabled them to give reliable responses concerning the variables in the study.

**Table 4. 5 Work Experience of Respondents**

		Frequency	Percent
Valid	Less than Five Years	87	42.2
	More than Five Years	119	57.8
	Total	206	100.0

*Source: Research Data (2019).*

The findings in Table 4.5 show that most of the respondents have more than five years work experience 119 (57.8%). The results imply that most of the respondents are aware of the reward management practices and the effect on their commitment. These findings are in line with those of Kathure (2014) who noted that commitment is usually stronger among longer term employees who have experienced personal success in the organization.

#### **4.4 Descriptive Statistical Analysis**

The study sought to establish the influence of reward management practices on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. The respondent responses were rated on a five-point Likert scale. The researcher used mean to interpret data as suggested by Bryman and Bell (2011), where mean <1.5=Strongly Disagree, >1.5-2.5=Disagree, 2.5-3.5=Fairly Agree, 3.5-4.5=Agree and >4.5 strongly Agree. Data was analyzed in relation to each research objective by generating the mean from SPSS version 20 software.

#### 4.4.1 Reward Policies and Employee Commitment

**Table 4. 6 Reward Policy**

<b>Reward Policy</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Understand reward policy	206	2.9417	1.22435
Policy promotes career progression	206	2.9806	1.09081
reward policy recognizes superior performance	206	3.1311	1.12502
Reward policy objective clear	206	3.4272	1.22257
Satisfied with reward policy	206	3.5097	1.30193
Valid N (list wise)	206		

*Source: Research Data (2019)*

The study findings in Table 4.6 show that the respondents fairly agreed that reward policy in the public health sector Kakamega County: is understood; promotes career progression; reward policy; recognizes superior performance, objective is clear. The respondents also are fairly satisfied with the reward policy shown by a mean of three (mean=3). This means that although reward policy leads to employee commitment, the employees are not fully aware about it therefore the management has to put clear structures in place to ensure all employees are aware of it right from the time they join the organization as observed by Anvari (2011) that the compensation plan for an organization need to be communicated to all organizational employees and be seen to be fair. These study results are in agreement with past research findings which highlighted that reward policy result in employee commitment. Martim (2014) noted that reward policy underpins reward practices. Similarly, the results are consistent with that of Zacher (2015) who found out that effective compensation policy

promotes employer- employee relationship by having committed employees who have trust in the organization and willing to go an extra mile in their duties. Similarly, Oyoo (2015) noted that the more valid and reliable reward policies are, the higher the probability of adapting new employees to organizations, the lower the turnover is, the higher the commitment will be.

#### 4.4.2 Reward Criteria and Employee Commitment

**Table 4. 7: Reward Criteria**

<b>Reward Criteria</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Understand reward criteria	206	2.7670	1.23923
Your contribution appreciated	206	2.8107	1.00636
your commitment recognized	206	3.1893	.98183
Your pay commensurate your skills	206	3.5049	1.15926
Responsibility is recognized	206	3.3350	1.37200
The value of your job is recognized	206	3.5097	1.02047
Pay and grade commensurate with the job	206	3.8981	.97495
There's equitable pay system	206	3.2670	1.11381
Valid N (listwise)	206		

**Source: Research Data (2019)**

From the study findings in Table 4.7, it is generally noted that respondents moderately agreed that: they understand reward criteria (mean=2.8); their contributions are appreciated (mean=2.8); their commitment and responsibility are recognized (mean=3); and there is equal pay system (mean=3). However, the respondents agreed that: the value of their job is recognized and their pay and grade is commensurate with their job (mean=4). This findings indicate that the public health sector Kakamega County has a performance- based- pay system criteria for rewarding its employees. This criterion recognizes the employee’s skills, amount of responsibility, value of the job and the level of commitment. These findings are consistent to that of Kim &Sung-

Choon, (2013) that performance based pay system motivates workers to realize the strategic objectives of the human resource function. In addition, the findings are in line with the research findings of Stewart (2001) who noted that a reward criterion is important for employee commitment and organization performance. Employees must be confident that the company pay rates reflect the overall importance of each person's job to the success of the organization. He observed that the organization must have clear criteria of rewarding its employees. This can be done by determining the overall worth of each job through a job evaluation process in order to make informed judgment based on such things as amount of responsibility assumed by the job holder, effort required, difficulty and amount of skill.

#### 4.4.3 Reward Types and Employee Commitment

**Table 4. 8 Reward Types**

<b>Reward Types</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Salary benchmarked to the market	206	3.4223	.98342
Salary meets family needs	206	3.0738	1.91256
Satisfied with allowances provided for extra duties	206	3.7951	.85001
Improvement in my salary after revision	206	3.1553	1.11537
Salary paid in good time	206	2.3786	1.26966
Salary revised consistently	206	2.9369	1.24191
Always praised/recognized for good work	206	3.1942	1.10924
Work in good physical environment	206	3.1650	1.10958
Organization provides sufficient incentives	206	3.5388	1.01017
There are appropriate gifts for good performance	206	3.8883	.87355
Expects promotion any time this year	206	3.2282	1.14397
Satisfied with welfare measures	206	3.8107	1.08564
Provided with training	206	2.9223	1.11914
Provided with adequate medical allowance	206	3.7330	1.30350
Valid N (listwise)	206		

*Source: Research Data (2019)*

The study findings in Table 4.8 found out that majority of the respondents fairly agreed that they are aware of the different types of rewards offered to them by their organization. This was shown by the number of respondents who moderately agreed that: there is a salary benchmarked to the market (mean=3.4); Salary meets their family needs (mean=3.0) there is improvement in salary after revision (mean=3.2); Salary is paid in good time (mean=2.4); Salary revised consistently (mean=2.9); they are always praised and recognized for good work (mean=3.2); they work in good physical environment (mean=3.2); they expect promotion any time this year (mean=3.2); and they are provided with training (mean=2.9). Some study respondents however agreed that: they are satisfied with allowances for extra duties provided to them (mean=3.8); organization provides sufficient incentives to them (mean=3.5); there are appropriate gifts for good performance (mean=3.9); they are satisfied with welfare measures (mean=3.8); and they are provided with adequate medical allowance (mean=3.7). In conclusion, reward types in the selected public health sector are not shared equally among all the employees and this may impact negatively on employee commitment.

The study found out that cash rewards were reflective of individual effort and skill which included the allowances for extra duties and good performance. Most of them were satisfied with the welfare measures and medical allowance. These results are similar to those of Anvari (2011) who posit that the consequences of perceived inequities results to behaviors of reduced commitment, psychological stress reduced quality of output or reduction of effort in an attempt to rationalize the inequality and consequently an organization compensation should be fair to all cadre of staff.



The public health sector also provides intrinsic rewards such as praise and recognition which respondents fairly agreed that they are always praised and recognized by management for good work. These findings are similar to that of Oyoo (2015) who observed that recognition had the strongest relationship to employee commitment in faith based health organizations Kakamega County. This means both extrinsic and intrinsic rewards are provided to the employee. This diversity in compensation is what Adler et al (2015) observed was the need for an organizations compensation system to incorporate both financial and non-financial forms and that in some cases, it has been found that employees appreciate more of the non- financial compensation.

However the respondents showed that they need more of extrinsic rewards especially pay. The respondents fairly agreed that salary in the public health sector was enough to meet employee's needs as shown by a mean of 3. 0738 and a standard deviation of 1.91256 and indicated that the management of the public health sector should review their remuneration structure to consider the high cost of living. These results are consistent with that of Oyoo (2015) who noted that extrinsic rewards showed a very strong relationship with employee commitment. Salary had the strongest relationship meaning most employees in the faith based health organizations Kakamega County prefer monetary rewards. In addition the findings concur with that of Chew & Chan's (2008) that employee's perception towards the benefits they received has a strong predicting role on employee intention to stay. Fair reward remuneration practices must be established in order to enhance employee affective and normative commitment.

In general, it can be concluded that reward types lead to employee commitment. This means that reward management practices contribute significantly to employee desire to remain or quit their jobs depending on how they are treated. This research established that public health workers in Kakamega County showed that both financial and non-financial rewards have significant effect on employee commitment although monetary/extrinsic reward is key while intrinsic supplement the same. These findings concur with that of Korir (2016), in his study on the effect of reward management on employee commitment in the universities in Nakuru County, Kenya found out that financial rewards had significant positive effect on affective, normative and continuance commitment. Results from these studies therefore show that when an organization fulfils employees monetary and non-monetary expectations their commitment increases.

#### 4.4.4 Employee Commitment

**Table 4. 9 Employee Commitment**

<b>Employee Commitment</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Part and parcel of the organization	206	1.9709	.77089
Works whole heartedly	206	1.9029	.87808
Seek permission before absence from work	206	1.8058	.71987
Work with minimal supervision	206	1.8107	.70405
It would be hard to leave the organization	206	3.0583	1.47714
Willing to put great deal of effort	206	2.3447	1.16980
Proud of the organization	206	2.0534	.88459
Happy to work with the organization for ever	206	3.0291	1.46475
Valid N (listwise)	206		

**Source: Research Data (2019)**

The results of the study in Table 4.9 show that there is employee commitment in the sampled health facilities in Kakamega County. This was depicted by the level of agreement to the researcher questions that employees: feel that they are part and parcel of the organization (mean=1.97); works whole heartedly (mean=1.9); seek permission before absence from work (mean=1.81); work with minimal supervision (mean=1.8); are willing to put great deal of effort (mean=2.3); and are proud of their organization (mean=2.05). The findings however show that employees fairly agreed that it would be hard to leave the organization (mean=3.06) and they are happy to work with the organization for ever (mean=3.03).

The different forms of commitment that was evident in the organization include affective that is grounded in the psychological position of the employee towards the organization, continuance and normative commitment. The respondents showed that

they were happy to work with the organization and for being part and parcel of the organization. They also showed that it was hard for them to leave the organization. This could be attributed to the fact that they were happy with the medical cover and had experienced career growth and development through training. The different forms of commitment concur with the findings of Pare et al (2007) that the different forms of dimensions of commitment are critical in development of human resource strategies, policies and practices aimed at increasing commitment at workplace.

These study results are in agreement with past research findings which associated reward management practices with employee commitment as observed by Korir (2016) in his study on the effect of Reward management practices and employee commitment in universities in Nakuru County. He found out that reward management practices collectively have significant effect on employee commitment.

#### 4.4.5 Organizational Factors, Reward Management Practices and Employee Commitment

**Table 4. 10 Organizational Factors**

<b>Organizational Factors</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Staff relationship built on mutual confidence and cooperation	206	1.9515	.83670
Organizational structure supports its goals	206	2.0485	.88211
Organization enhances employee commitment	206	2.2476	.99357
Short duration to use lower level opinion in decision making	206	3.3544	.92955
Organization provides a working environment	206	2.3689	.77132
Administration communicates work matters related to me	206	2.4223	.86181
I easily communicate with the administration	206	2.9466	1.06017
Valid N (listwise)	206		

**Source: Research Data (2019)**

Result in Table 4.10 show that organization factors have a moderating effect on the relationship between reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. This was shown by the level of agreement to the researcher questions that had a mean of less than three (Mean<3). These responses were: staff relationship built on mutual confidence and cooperation; organizational structure supports its goals; short duration to use lower level opinion in decision making; organization provides a working environment; administration communicates work matters related to me; and employees easily communicate with the administration.

The study findings show that culture in the public health sector encourages open and effective communication and involvement of lower cadre in decision making. The organization provides a working environment meaning that leadership is supportive and encourages employees to share ideas and experiences. Leaders strive to enhance employee commitment by acknowledging that people are trustworthy, everyone has a unique contribution to make towards the success of the organization. This can be seen through the open communication that allows down-top and top-down flow of information.

The study findings can be interpreted that organizational factors influences reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. These study findings are in line with that of Arifin (2014) who observed in his study on organizational culture and transformational leadership, work engagement and teacher's performance in schools with Islamic back ground in Indonesia that both organizational culture and transformational leadership were positively and significantly related to work engagement.

#### **4.5 Inferential Statistical Analysis**

The study sought to establish the influence of reward management practices on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. Data was analyzed in relation to each research objective by generating correlation and regression coefficients from SPSS version 20 software. The main aim of correlation analysis was to test the strength and significance of relationship that exist between reward management practices on employee

commitment and regression analysis was meant to test for research hypothesis, whether to reject or fail to reject.

#### 4.5.1 Correlation Analysis in Testing Relationship Existing Between Study Variables

This section presents the results on the test of the relationship that exists between reward management practices, organization factors on employee commitment as per the research objectives using Pearson product moment correlation.

**Table 4. 11 Reward Management Practices and Employee Commitment**

		Employee commitment
	Pearson Correlation	<b>.647**</b>
Reward policy	Sig. (2-tailed)	.000
	N	206
	Pearson Correlation	<b>.340**</b>
Reward criteria	Sig. (2-tailed)	.000
	N	206
	Pearson Correlation	<b>.346**</b>
Reward types	Sig. (2-tailed)	.000
	N	205
	Pearson Correlation	<b>1</b>
Employee commitment	Sig. (2-tailed)	
	N	206

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

*Source: Field Data (2019)*

The results in the Table 4.11 show that, in absence of moderating variable (organization factors), reward management practices is positively and significantly related to the employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya at 99% confidence level. Reward policy had the highest

positive and significant effect on employee commitment ( $r=0.647$ ,  $p=0.000$ ) followed by reward types ( $r=0.346$ ,  $p=0.000$ ) and lastly reward criteria with ( $r=0.340$ ,  $p=0.049$ ). The results of the study can be interpreted that use of reward management practices lead to increase in employee commitment. These findings are in line with that of Oyoo (2015) who found a strong relationship between reward practices and employee commitment in the faith based health organizations in Kakamega County.

**Table 4. 12 Reward Management Practices, Organization Factors and Employee Commitment**

		Employee Commitment
RPOF	Pearson Correlation	<b>.617**</b>
	Sig. (2-tailed)	.000
	N	206
RCOF	Pearson Correlation	<b>.448**</b>
	Sig. (2-tailed)	.000
	N	206
RTOF	Pearson Correlation	<b>.426**</b>
	Sig. (2-tailed)	.000
	N	205
Employee commitment	Pearson Correlation	1
	Sig. (2-tailed)	
	N	206

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

**Source: Field Data (2019)**

The study findings in the Table 4.12 show that, in presence of moderating factor (organization factors), each reward management practice is highly positively and significantly related to the employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya at 99% confidence level. Organization factors had the highest effect of reward policy ( $r=0.617$ ,  $p=0.000$ ) and criteria



( $r=0.448$ ,  $p=0.000$ ) on employee commitment. Organization factors has the least effect on the relationship between reward types ( $r=0.426$ ,  $p=0.000$ ) and employee commitment. These study results are in agreement with past research findings which associated organization factors, reward management practices and employee commitment as noted by Al-sada (2017) in a study on the influence of organizational culture and leadership style on employee satisfaction, commitment and motivation in the education sector in Qatar observed significant positive relationships between supportive culture, job satisfaction; and organizational commitment; participative-supportive leadership and job satisfaction; directive leadership and job satisfaction; job satisfaction and work motivation; job satisfaction and organizational commitment.

#### **4.5.2 Hypothesis Testing**

To show the test of hypotheses on the effects of reward management practices, organization factors and employee commitment as per each research hypothesis, the tables have a model summary, ANOVA and coefficient of determination for the purpose of either rejecting or failure to reject the study hypothesis. The study used t-statistics level of significance to test for the hypothesis. If the t-statistics is significant, the researcher rejected the null hypothesis otherwise the study will have failed to reject the null hypothesis (Elam, 1979).

#### 4.5.2.1 Regression Analysis on Reward Policies and Employee Commitment

**Table 4. 13 Reward Policies and Employee Commitment**

<b>Model Summary</b>					
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	<b>.647<sup>a</sup></b>	<b>.418</b>	.415	.57357	1.628

a. Predictors: (Constant), Reward policy

b. Dependent Variable: Employee commitment

#### **ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	48.214	1	48.214	<b>146.554</b>	<b>.000<sup>b</sup></b>
1	Residual	67.113	204	.329		
	Total	115.326	205			

a. Dependent Variable: Employee Commitment

b. Predictors: (Constant), Reward Policy

#### **Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients	Standardized Coefficients	T	Sig.	
		B	Std. Error	Beta		
	(Constant)	<b>.802</b>	.126		6.374	.000
1	Reward policy	<b>.452</b>	.037	.647	12.106	<b>.000</b>

a. Dependent Variable: Employee Commitment

#### **Source: Research Data (2019)**

Hypothesis 1 (H<sub>01</sub>) postulated that there's no significant relationship between reward policies and employee commitment in the public health sector in selected sub-counties in Kakamega County, Kenya. From the Table 4.13, the results on model summary show that R-Square is 0.418 indicating that reward policy accounts for 41.8% of the variability in employee commitment. The results also show that there is

a positive effect of reward policy on the employee commitment in public sector ( $R=0.647$ ). The ANOVA results show that,  $F=146.554$ ,  $p=0.000$ . The overall results reveal that regression model was significant in determining the applicability of the model to measure the study variables. This means that there is a satisfactory goodness for fit between reward policy and employee commitment. The use of regression model to either accept or reject the research hypothesis is thus justified.

Based on the study beta coefficient results, the equation simple linear regression model can be written as;  $Y=0.802+0.452X_1+e$ . where  $Y$ =employee commitment,  $X_1$  represents reward policy and  $e$  represents error term. A beta value means that in every 0.452 units of use of reward policy, there is a corresponding 1 unit increase in employee commitment. The results also show that reward policy is statistically significant in explaining employee commitment ( $\alpha=0.000$  and  $p\text{-value}=0.05$ ). Since the t-statistic was significant, the study rejected the first null hypothesis and concluded that reward policy has a significant and a positive effect on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### Regression Analysis on Reward Criteria and Employee Commitment

**Table 4. 14 Reward Criteria and Employee Commitment**

<b>Model Summary<sup>b</sup></b>					
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.340 <sup>a</sup>	.116	.111	.70712	1.203

a. Predictors: (Constant), Reward criteria

b. Dependent Variable: Employee commitment

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	13.324	1	13.324	26.647	.000 <sup>b</sup>
1	Residual	102.002	204	.500		
	Total	115.326	205			

a. Dependent Variable: Employee commitment

b. Predictors: (Constant), Reward criteria

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	T	Sig.
		B		Beta		
	(Constant)	.913	.263		3.472	.001
1	Reward criteria	.406	.079	.340	5.162	.000

a. Dependent Variable: Employee commitment

**Source: Field Data (2019)**

Hypothesis 2 (H<sub>02</sub>) postulated that there's no significant relationship between reward types and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. Based on study findings in Table 4.14, the results on model summary show that R-Square is 0.116 indicating that reward criteria accounts for 11.6% of the variability in the employee commitment. The results also show that there is a positive effect of reward criteria on employee commitment (R=0.340). The ANOVA results show that, F=26.647, p=0.000. The overall results reveal that

regression model was significant in determining the applicability of the model to measure the study variables. This means that there is a satisfactorily goodness for fit between reward criteria and employee commitment. The use of regression model to either accept or reject the research hypothesis is thus justified.

Based on the study beta coefficient results, the equation simple linear regression model can be written as;  $Y=0.913+0.406X_2+e$ . where  $Y$ =employee commitment,  $X_2$  represents reward criteria and  $e$  represents error term. A beta value means that in every 0.406 units of use of reward criteria, there is a corresponding 1 unit increase in employee commitment. The results also show that reward criteria is statistically significant to employee commitment ( $\alpha=0.000$  and  $p\text{-value}=0.05$ ). Since the t-statistic was significant, the study rejected the second null hypothesis and concluded that reward criteria has a significant and a positive effect on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### 4.5.2.3 Regression Analysis on Reward Types and Employee Commitment

**Table 4. 15 Reward Types and Employee Commitment**

<b>Model Summary</b>					
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.346 <sup>a</sup>	.120	.116	.70230	1.293

a. Predictors: (Constant), Reward types

b. Dependent Variable: Employee commitment

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	of Df	Mean Square	F	Sig.
	Regression	13.638	1	13.638	27.650	.000 <sup>b</sup>
1	Residual	100.126	203	.493		
	Total	113.764	204			

a. Dependent Variable: Employee commitment

b. Predictors: (Constant), Reward types

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients	Standardized Coefficients	T	Sig.	
		B	Std. Error	Beta		
	(Constant)	.331	.369		.896	.371
1	Reward types	.572	.109	.346	5.258	.000

a. Dependent Variable: Employee commitment

**Source: Research Data (2019)**

Hypothesis 3(H<sub>03</sub>) postulated that there's no significant relationship between reward types and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. From the Table 4.15, the results on model summary show that R-Square is 0.120 indicating that reward types accounts for 12% of the variability in employee commitment. The results also show that there is a positive effect of reward types on employee commitment (R=0.346). The ANOVA results show that, F=27.650, p=0.000. The overall results reveal that regression model was significant in

determining the applicability of the model to measure the study variables. This means that there is a satisfactorily goodness for fit between reward types and employee commitment. The use of regression model to either accept or reject the research hypothesis is thus justified.

Based on the study beta coefficient results, the equation simple linear regression model can be written as;  $Y=0.331+.572X_3+e$ . where Y=employee commitment,  $X_3$  represents reward types, e represents error term. A beta value means that in every 0.572 units of use of reward types, there is a corresponding 1 unit increase in employee commitment. The results also show that reward types is statistically significant to employee commitment ( $\alpha=0.000$  and  $p\text{-value}=0.05$ ). Since the t-statistic was significant, the study rejected the third null hypothesis and concluded that reward types have a significant and a positive effect on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### **4.5.2.4 Moderating Effect of Organizational Factors on Relationship between Reward Management Practices and Employee Commitment Regression Analysis**

A hierarchical multiple regression was performed in this study to ascertain whether organizational factors have any significant contribution to reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. The results were illustrated in Table 4.16.

**Table 4. 16 Hierarchical Multiple Regression**

<b>Model Summary</b>					
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.647 <sup>a</sup>	.419	.411	.57333	
2	.692 <sup>b</sup>	.479	.463	.54707	1.504

a. Predictors: (Constant), Reward types, Reward criteria, Reward policy

b. Predictors: (Constant), Reward types, Reward criteria, Reward policy, RTOF, RCOF, RPOF

c. Dependent Variable: Employee commitment

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	47.694	3	15.898	48.365	.000 <sup>b</sup>
	Residual	66.070	201	.329		
	Total	113.764	204			
2	Regression	54.506	6	9.084	30.354	.000 <sup>c</sup>
	Residual	59.258	198	.299		
	Total	113.764	204			

a. Dependent Variable: Employee commitment

b. Predictors: (Constant), Reward types, Reward criteria, Reward policy



c. Predictors: (Constant), Reward types, Reward criteria, Reward policy, RTOF, RCOF, RPOF

<b>Coefficients<sup>a</sup></b>						
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.838	.326		2.575	.011
	Reward policy	.460	.048	.662	9.511	.000
	Reward criteria	-.066	.080	-.055	-.831	.407
	Reward types	.048	.106	.029	.448	.655
2	(Constant)	1.415	.386		3.663	.000
	Reward policy	1.266	.237	1.822	5.331	.000
	Reward criteria	-.414	.290	-.346	-1.428	.155
	Reward types	-.667	.276	-.404	-2.418	.017
	RPOF	-.344	.099	-1.770	-3.492	.001
	RCOF	.147	.127	.583	1.153	.250
	RTOF	.236	.110	.915	2.147	.033

a. Dependent Variable: Employee commitment

**Source: Research Data (2019)**

Hypothesis 4 (H<sub>04</sub>) postulated that there's no significant relationship between organization factors, reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. From Table 4.16, the results in summary of model show that when organizational factors are introduced in the model of reward management practices and employee commitment, there is an increase in the value of R and R<sup>2</sup>. The R changed from 0.647 to 0.692; this implies that organization factors cause a strong positive and significant relationship between reward management practices and employee commitment at

95% confidence level. It is also observed that the  $R^2$  changed from 0.419 to 0.479 implying that introduction of organization factors to reward management practices accounts for 47.9% of the variation of employee commitment as opposed to absence of organization factors that lead to only 41.9% of the variation in employee commitment. In general, from the model summary, it can be concluded that organization factors play a significant moderating effect on the relationship between reward management practices and employee commitment.

The analysis of variance (ANOVA) tests for the hierarchical regressions show the following F-ratio results: In first model, in the first step of hierarchical multiple regression for one predictor variable the results of  $F=48.365$ ;  $p<.05$ . In step 2, after entry of organization factors the results of  $F=30.354$ ;  $p<.05$ ). Since the F-statistics results are significant, the regression model is deemed fit to be used for analysis involving reward management practices, organization factors and employee commitment. Since the introduction of organization factors results in a positive and significant relationship between reward management practices and employee commitment, the study thus rejected the fourth null hypothesis and concluded that organization factors have a moderating effect on the relationship between reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter shows a summary of the study findings, conclusions, recommendations and the suggestions for further studies.

#### **5.2 Summary of the Findings**

##### **5.2.1 Relationship between Reward Policy and Employee Commitment**

The study found out that the employees in the public health sector fairly understood the reward policy and that the reward policy promotes career progression, recognizes superior performance and has clear objective. They fairly agreed that they were satisfied with the reward policy. However, they were not fully aware about it which meant that reward policy had not been communicated to all employees. The study established that reward policy had positively influenced employee commitment.

The study findings on correlation showed that there is a high positive and significant relationship between reward policies on employee commitment. The results on model summary R-Square indicated that reward policy accounts for 41.8% of the variability in employee commitment which is slightly below average. This means reward policy has not been fully exploited to positively influence employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. Therefore, the

public health sector should have clear reward policies that are well communicated to all employees to enhance employee commitment in the public health sector.

### **5.2.2 Relationship between Reward Criteria and Employee Commitment**

The study found out that employees in the public health sector are aware of the reward criteria which they understood and their contributions on how this criteria is used are appreciated. In addition, their level of commitment and amount of responsibility are recognized. They also showed that the value of their job is recognized and their pay is commensurate with their job. These findings indicate that the public health sector Kakamega County has a performance based-pay system criteria for rewarding its employees. The criterion recognizes employee's skills, amount of responsibility, value of their job and the level of commitment.

The study findings on correlation depicted that there is a slightly positive and significant relationship between reward criteria on employee commitment. The results on model summary R-Square indicated that reward criteria accounts for 11.6% of the variability in employee commitment. This implies that reward criteria has been low and needs to be intensified in order to increase employee commitment. The public health sector needs to review the criteria used in rewarding to ensure it is fair and is based on informed judgements such as skills, the effort required to perform the job and the amount of responsibility by the job holder. The criteria should be open and clear so as to have a committed workforce.

### **5.2.3 Relationship between Reward Types and Employee Commitment**

The study found out that the public health sector has both extrinsic and intrinsic rewards for its employees. The salary is benchmarked to the market and there's

improvement in salary after revision. The health sector provides good physical environment and training (through regular workshops and seminars). There are also welfare measures and medical allowance which employees agreed were satisfied with. Rewards were given to employees who showed good performance and undertook extra duties. Employees are also praised and recognized for good work. However these rewards are not shared equally among all employees and this may impact negatively on employee commitment.

The study revealed that cash rewards were reflective of individual effort and skill which included allowances for extra duties and good performance. However, the respondents showed that they need more of extrinsic rewards especially pay. They showed that their salary is not enough to meet their needs due to the high cost of living. Study correlation depicted that there is a moderate positive and significant relationship between reward types on employee commitment. The results on model summary R-Square indicated that reward types accounts for 12% of the variability in employee commitment. This means reward types have not been fully exploited and therefore the public health sector should provide a range of attractive and equitable reward packages that will increase employee commitment so as to retain them in the sector.

#### **5.2.4 Moderating Effect of Organizational Factors on Reward Management Practices and Employee Commitment**

The study found out that organization factors (corporate culture and leadership style) have a moderating effect on the relationship between reward management practices and employee commitment in the selected sub-counties, Kakamega County. It was noted that the relationship among staff is built on mutual confidence and cooperation.

The study revealed that culture in the public health sector encourages open and effective communication and involvement of lower cadre in decision making. The organization provides a good working environment meaning that leadership is supportive and encourages employees to share ideas and experiences. Leaders strive to enhance employee commitment by acknowledging that people are trustworthy, everyone has a unique contribution to make towards the success of the organization. This can be seen through the open communication that allows down-top and top-down flow of information that help in building mutual relationship among staff.

Study correlation results revealed that in absence of moderating factors, reward management practices are positively and significantly related to the employee commitment. However, in presence of moderating factors, each reward management practice is highly positively and significantly related to the employee commitment. From the study, it is evident that when moderating factors are involved, the correlation between reward management practices and employee commitment is higher compared to the absence of moderating factors.

Finally, study results on model summary showed that when organization factors are introduced in the model of reward management practices and employee commitment, there is an increase in the value of R and  $R^2$  implying that organization factors cause a strong positive and significant relationship between reward management practices and employee commitment. It was also observed that the  $R^2$  changed implying that introduction of organization factors to reward management practices accounts for 47.9% of the variation of employee commitment as opposed to absence of

organization factors that lead to only 41.9% of the variation in employee commitment. This is slightly below average although it is an indicator that if organizational factors are fully exploited by the management in the public health sector the employees' commitment will be realized.

### **5.3 Conclusions**

Based on the study findings, the research concludes that;

Reward policy positively and significantly affects employee commitment, Reward policy accounted for 41.8%% of employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. These findings are in line with the results of Zacher (2015) who found out that effective compensation policy promotes employer- employee relationship by having committed employees who have trust in the organization and willing to go an extra mile in their duties. Similarly, Oyoo (2015) noted that the more valid and reliable reward policies are, the higher the probability of adapting new employees to organizations, the lower the turnover is, the higher the commitment will be. In addition, Koitalel (2016) in her study on the influence of compensation policy on employee commitment at the Teachers service commission, Kenya, found out that compensation policy influences employee commitment and this led to enhanced performance, trust in management and strong relationship in the organization.

Reward criteria likewise has a positively and significant effect on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. The study established that 11.6% of employee commitment was accounted for

by reward criteria. These findings are similar to those of Stewart (2010) who noted that a reward criterion is important for employee commitment and organization performance. Employees must be confident that the company pay rates reflect the overall importance of each person's job to the success of the organization. He observed that the organization must have clear criteria of rewarding its employees. This can be done by determining the overall worth of each job through a job evaluation process in order to make informed judgment based on such things as amount of responsibility assumed by the job holder, effort required, difficulty and amount of skill.

Reward types also have a positive and significant effect on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. Reward types accounted for 12% in employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya. These results are in line with those of Korir (2016), in his study on the effect of reward management on employee commitment in the universities in Nakuru County, Kenya found out that financial rewards had significant positive effect on affective, normative and continuance commitment. In addition, Tumwet (2014) in her research on the effects of employee incentives on employee performance in private universities in Kenya: a case of Kabarak University found out that both financial and non- financial incentives are used and perceived in terms of importance almost equally at Kabarak University. Likewise, Adler et al (2015) observed the need for an organizations compensation system to incorporate both financial and non-financial forms and that in some cases, it has been found that employees appreciate more of the non- financial compensation.

Moderating factors play an important role in moderating the effect between reward management practices and employee commitment. This was because introduction of



organization factors to reward management practices accounted for 47.9% of the variation of employee commitment as opposed to absence of organization factors that lead to only 41.9% of the variation in employee commitment. Arifin (2014) also in a study on the effects of organizational culture and transformational leadership on work engagement and teachers performance in Jakarta found out that both organizational culture and transformational leadership were positively and significantly related to work engagement.; and that organizational culture, transformational leadership and work engagement were positively and significantly related to teacher's performance

In general, the study concluded that reward policy had the highest positive and significant effect on employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya followed by reward types and lastly rewards criteria. Organization factors also played a significant and positive role in moderating the relationship between reward management practices and employee commitment in public health sector in selected sub-counties in Kakamega County, Kenya.

#### **5.4 Recommendations of the Study**

The following recommendations of the study were made:

Since the study found out that reward policy plays a significant and positively role in employee commitment, the research recommends that public health sector in selected sub-counties in Kakamega County should take a second look at its policies, develop and implement reward policy so as to gain their employee commitment. Reward policy should be well communicated to all employees so that they are all aware of what their input will yield to in terms of output.

The organization should also provide a range of attractive and equitable reward packages both extrinsic and intrinsic that not only attract employees but improve and increases their commitment in order to retain them in the organization as well. However, this should be done by following open and clear criteria so as to have a committed workforce. In light of this study, management of the public health sector in selected sub-counties in Kakamega County, Kenya should incorporate organizational factors of corporate culture and leadership styles when developing reward management practices to gain their employees commitment.

### **5.5 Suggested Areas for Further Research**

Arising from the summary of the key findings, conclusions and recommendations the study proposes the following:

- i. Since there is an inadequate knowledge of the impact of organization factors on reward management practices on employee commitment, a similar study is inevitable to find out why there is this disconnect so as to conclusively generalize that organization factors do have a greater impact on relationship between reward management practices and employee commitment.
- ii. A similar study should be conducted in private health sector in Kakamega County so as to enable generalization of the research findings in the health sector in Kakamega County.
- iii. Finally, a comparison study is necessary in other sectors of the industry to allow for generalization of the effect of reward management practices on employee commitment in the industry.

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## APPENDICES

### APPENDIX 1: INTRODUCTION LETTER

**August 2018**

**Research Topic**

**Reward Management Practices and Employee Commitment in public health sector in selected sub-counties in Kakamega County, Kenya.**

Dear Respondent,

You have been selected as a potential respondent in the above-titled study which is being undertaken as part of an educational research in partial fulfillment of requirements for award of the degree of Master of science in Human Resource Management at Masinde Muliro University of Science and Technology. Your cooperation in administering the instrument will go a long way in ensuring success of the said study. It would thus be very helpful if you assist by answering the questionnaire as per the instructions at the beginning of each section.

I would be grateful if you could spare some time from your busy schedule and participate in providing the required information. All the information provided will be used purely for academic purposes only and will be treated with utmost confidentiality.

Thank you for your cooperation.

Yours faithfully

**Shikanda Carlyne**

**Researcher**

## APPENDIX 2: RESEARCH AUTHORIZATION



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/19/42009/29726**

Date: **29<sup>th</sup> May, 2019**

Carolyne Shikanda  
Masinde Muliro University of Science  
And Technology  
P.O. Box 190-50100  
**KAKAMEGA.**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "*Reward management practices and employee commitment in public health sector in selected Sub-Counties in Kakamega County, Kenya*" I am pleased to inform you that you have been authorized to undertake research in **Kakamega County** for the period ending **27<sup>th</sup> May, 2020**.

You are advised to report to **the County Commissioner and the County Director of Education, Kakamega County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

**DR. STEPHEN K. KIBIRU, PhD.**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:


The County Commissioner  
Kakamega County.

## APPENDIX 3: RESEARCH PERMIT

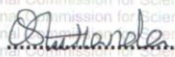
**THIS IS TO CERTIFY THAT:**


**MS. CAROLYNE SHIKANDA**  
**of MASINDE MULIRO UNIVERSITY OF**  
**SCIENCE AND TECHNOLOGY, 172-50104**  
**KHAYEGA, has been permitted to**  
**conduct research in Kakamega County**  
**on the topic: REWARD MANAGEMENT**  
**PRACTICES AND EMPLOYEE**  
**COMMITMENT IN PUBLIC HEALTH**  
**SECTOR IN SELECTED SUB-COUNTIES IN**  
**KAKAMEGA COUNTY, KENYA**

**Permit No : NACOSTI/P/19/42009/29726**  
**Date Of Issue : 29th May,2019**  
**Fee Received :Ksh 1000**



**for the period ending:**  
**27th May,2020**

  
**Applicant's Signature**


  
**Director General**  
**National Commission for Science,**  
**Technology & Innovation**


**THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013**

**The Grant of Research Licenses is guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014.**

**CONDITIONS**

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.

  
**REPUBLIC OF KENYA**

  
**National Commission for Science,**  
**Technology and Innovation**

**RESEARCH LICENSE**

**Serial No.A 25006**

**CONDITIONS: see back page**

**National Commission for Science, Technology and innovation**  
**P.O. Box 30623 - 00100, Nairobi, Kenya**  
**TEL: 020 400 7000, 0713 788787, 0735 404245**  
**Email: dg@nacosti.go.ke, registry@nacosti.go.ke**  
**Website: www.nacosti.go.ke**

## APPENDIX 4: RESEARCH QUESTIONNAIRE

The purpose of this questionnaire is to gather data on the reward management practices and employee commitment in public health sector, Kakamega County, Kenya

### INSTRUCTIONS

Kindly indicate the answer that you feel is your option, by ticking the most appropriate option or give brief answers in the space provided.

### SECTION A: DEMOGRAPHIC INFORMATION

A1 What cadre of staff do you fall under?

(a) Senior management

(b) Middle level management

(c) Lower level management

A2 Sex

Male  Female

A3 Age

21-30 years

31-40 years

41-50 years

Above 50 years

A4 Marital status

Single

Married

Divorced

Widowed

A5 What is your highest level of your education?

PhD

Masters

Bachelor's degree

Diploma

Others

.....  
.....



A6 For how long have you worked for this organization?

Less than five years  More than five years

**SECTION B: REWARD MANAGEMENT PRACTICES**

1. Are you familiar with your organizations reward policy?

Yes  No

2 If yes who is the custodian of the reward program

3 Besides the monthly salary are there any other benefits from your employer?

Tick those that apply to you

Annual holidays

Paid sick leaves

Insurance cover

Company cars

Housing

Training

Promotion

Job security

Gifts

Appreciation

Any others.....

4 How do you rate commitment after reward has been given

Excellent 76% – 100%

Good 51% - 75%

Satisfactory 26% - 50%

Below expectation 0 – 25%

5. Suggest possible ways of rewarding employees to enhance employee commitment

.....  
.....

This section is seeking your opinion regarding the reward management Practices in public health sector in Kakamega county. You are asked to indicate the extent to which you agree or disagree with each statement using 5 Likert scale response frame work. Likert scale indicator:

1=Strongly Agree (SD)

2=Agree (D)

3=Neutral (N)

4=Disagree (A)

5=Strongly Disagree (SA)

Please tick one number per line to indicate the extent to which you agree or disagree with the following statements

<b>B</b>	<b>REWARD MANAGEMENT PRACTICES</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
<b>B1</b>	<b>REWARD POLICY</b>					
<b>1</b>	I understand the county reward policy					
<b>2</b>	The county government reward policy promotes career progression					
<b>3</b>	The county government reward policy recognizes superior performance					
<b>4</b>	The objective of the reward policy clearly outlined					
<b>5</b>	I am satisfied with the organizations reward policy					
<b>B2</b>	<b>REWARD CRITERIA</b>					
<b>1</b>	I understand the county government reward criteria					
<b>2</b>	The organization appreciates my contribution to its goals.					
<b>3</b>	The organization recognizes my commitment to my job					
<b>4</b>	My pay is commensurate with my skills					
<b>5</b>	The organization recognizes the amount of responsibility I undertake on my job					
<b>6</b>	The organization recognizes my jobs true value					
<b>7</b>	My pay and grade is commensurate with the job I do.					
<b>8</b>	There's equitable pay system in the organization					
<b>B3</b>	<b>REWARD TYPES</b>					
	<b>FINANCIAL /EXTRINSIC REWARDS</b>					
<b>1</b>	My salary is benchmarked to the market					
<b>2</b>	My salary is sufficient to meet the needs of my family					

<b>3</b>	I am satisfied with allowances provided by my organization for extra duties					
<b>4</b>	There's improvement factor in my salary whenever it is revised					
<b>5</b>	My salary is paid in good time					
<b>6</b>	My organization revises my salary consistently thus I'm aware of when the next salary increment shall be.					
<b>B4</b>	<b>NON-FINANCIAL/INTRINSIC REWARDS</b>					
<b>1</b>	I am always praised and recognized for any good work I do in this organization					
<b>2</b>	I work in good physical environment					
<b>3</b>	My organization recognizes provides sufficient incentives, leave facilities and benefits					
<b>4</b>	The organization organizes appropriate gifts for the good work I do.					
<b>5</b>	I expect promotion any time this year					
<b>6</b>	I am satisfied with the welfare measures provided by my organization					
<b>7</b>	The organization provides me with training					
<b>8</b>	The organization provides me with adequate medical allowance					

**SECTION C: DEPENDENT VARIABLE: EMPLOYEE COMMITMENT**

		SD	D	N	A	SA
1	I am part and parcel of this organization					
2	I do everything at work whole heartedly					
3	I seek permission before absence from work					
4	I work with minimal supervision from my senior					
5	It would be very hard for me to leave my organization right now even if I wanted to					
6	I am willing to put in a great deal of effort beyond that normally expected in order to help this organization to be successful.					
7	I am proud to tell others that I am part of this organization					
8	I would be very happy to spend the rest of my career with this organization					

**SECTION D: MODERATING VARIABLE: ORGANIZATIONAL FACTORS**

		SD	D	N	A	SA
1	Relationship among staff is built on strong mutual confidence and cooperation					
2	The structure of this organization is set to achieve its goals, values and strategies effectively					
3	The organization makes a lot of effort to enhance employee commitment					
4	It often takes short time for top management to reflect lower level staffs' opinions in decision making					
5	The organization provides a working environment where people are encouraged to share ideas, experiences, successes and failures.					
6	The administration communicates to me on work matters that relate to me					
7	I communicate to the organization administration easily					

**Conclusion:**

Thank you for taking your time to participate in this research. It is my sincere hope that your responses to the questions will contribute a lot to my research work

**APPENDIX 5: TABLE FOR DETERMINING SAMPLE SIZE.**

Table 3.1									
<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

*Note: N is Population Size; S is Sample Size* *Source: Krejcie & Morgan, 1970*

## APPENDIX 6: KAKAMEGA COUNTY MAP

