

Influence of Reward Policies on Employee Commitment

Shikanda Carolyne; Dr. Egessa K.W. Robert; Dr. Shitseswa E. Ayub*

Masinde Muliro University of Science and Technology, Kenya

Received 02 Jan 2020, Accepted 03 March 2020, Available online 04 March 2020, Vol.8 (March/April 2020 issue)

Abstract

Reward management is an important aspect of the human resource function in that it serves the strategic purposes of attracting, motivating and retaining employees. It is the process of developing and implementing strategies, policies and systems which help the organization to achieve its objectives by obtaining and keeping the people it needs and by increasing their motivation and commitment. The Public health sector in Kenya has had numerous strikes as a result of poor reward management schemes. This study sought to establish the effect of reward policies on employee commitment.

Keywords: Commitment, Reward Management Practices, Reward Policy

Introduction

Reward management is one of the key strategies used to create a motivated and committed workforce. Studies have long shown that employees who are motivated and committed to the organization are less likely to quit. A number of favorable perceptions of rewards, in turn, have been linked to positive human resource outcomes such as employee job satisfaction, work motivation, affective commitment, high levels of performance and organizational effectiveness (Bratton & Gold, 2007; Squires, 2001). It has been noted that Human Resource Managers use rewards for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation. HR managers seek to design reward structures that are meant to facilitate both the organizations strategic goals and the goals of individual employees in order to enhance performance. There are many factors that affect employee performance such as working conditions, worker and employer relationship, training and development opportunities, job security, and company's overall policies and procedures for rewarding employees, etc. Among all those factors which affect employee performance, motivation that comes with rewards is of utmost importance (Nadia, 2011).

Many researchers agree that individuals who are intrinsically motivated seek opportunities to solve boundary-pushing challenges, demonstrate high levels of commitment to their organization and are thus less likely

to leave the employment relationship. Generally, positive relationships have been found between affective commitment and rewards (Burke, 2002; Kuvaas, 2006; Malhotra, 2007). Malhotra, (2007) explains this relationship in terms of an act of reciprocity, according to which employees enter organizations with the expectation of being given the right platform to use their skills and to satisfy their needs and desires. He further affirms that when an organization fulfils employees' monetary and non-monetary expectations, their affective commitment increases. He established that intrinsic non-monetary rewards are more powerful predictors of affective commitment than monetary rewards. Whilst Kuvaas (2006) found that pay and bonuses contribute to employees' affective commitment.

In Kenya, a number of studies have been carried out to ascertain the effect of reward management on job satisfaction and employee performance, for example, (Chepkwony 2014) who agrees that a proper reward system motivates people to work harder, increase production and employee commitment. Likewise (Njanja 2013) affirms that the right motivational strategy should be employed by organizations. In the health sector 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 employee commitment and reward practices. Likewise, Mbindyo (2009) in his research on contextual issues on health worker motivation in district hospitals in Kenya found out that supportive leadership may foster good working relationship between cadres, improve motivation through provision of local incentives appropriately handle workers expectations in terms of promotions,

*Corresponding author's ORCID ID: 0000-0002-3340-7064

DOI: <https://doi.org/10.14741/ijmcr/v.8.2.6>

performance, appraisal processes and good communication. Thus he noted that motivation is likely to influence powerfully any attempts to change or improve health worker and hospital practices.

Kenya has a devolved system of governance popularly known as “ugatuzi” 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. County governments are therefore a new form of governance 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.

Kakamega County is located in Western Kenya about 30km north of the equator. 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. The research will be carried out in Kakamega County because it's one of the most popular counties in Kenya after Nairobi and Mombasa and has samples of respondents from both rural and urban setup. The research will focus on the nurses in the public Health sector because of their critical role in ensuring proper health service delivery to the people.

Reward Policies

According to Armstrong (2009) Reward policies are the guidelines and course of actions formulated for successful reward system with the greatest impact on the motivation and performance of individual employees. For reward system to be effectively administered, Byar et al (2005) suggest that the policies should clearly indicate; the minimum and maximum levels of pay considering the worth of the job to the organization, ability to pay, government regulations in the labor market and other market pressures. In addition, the general relationship among levels of pay between senior operating management and between operative employees and supervisors, incentive programs and benefit need to be considered. Lastly, how much should go into pay increases for the next year and who should recommend how rates should be determined.

Maritim (2014) observed that reward policy underpins reward practices. The policy defines the key elements of the total reward available for employees and how it wishes to benchmark itself versus the competition. Properly designed reward policies are essential for an organization to survive in the competitive and changing market place. The process however cannot be copied from the organizations but needs to be designed, developed and grown within the unique environment of the organization (Wilson, 2003).

Rewards should be used as a way of strengthening good behavior among employees as well as productivity. Hence reward systems should focus on reinforcing

positive behavior. Employees could be rewarded for working overtime, taking initiative, team work, reliability, exceptional attendance, outstanding customer feedback, meeting deadlines or timeliness, productivity etc.

Employers and managers should design a system to measure or quantify all these aspects so that rewards are then given accordingly. A good reward system that focuses on rewarding employees and their teams will serve as a driving force for employees to have higher performance hence end up accomplishing the organizational goals and objectives (Wilson, 2003).

An effective reward program may have three components: immediate, short-term and long term. This means immediate recognition of a good performance, short-term rewards for performance could be offered monthly or quarterly and long-term rewards are given for showing loyalty over the years (Schoeffler, 2005). Immediate rewards are given to employees repetitively in recognition of their outstanding performance. Such rewards include being praised by an immediate supervisor or it could be a tangible reward such as monetary or a gift. Short term rewards are made either monthly or quarterly basis depending on performance. Examples of such rewards include cash benefits or special gifts for exceptional performance. Rewarding should be done to both individual employees within the organization and teams that perform excellently.

Incentives given for good behavior usually improve the relationship between the employees and management because employees feel that they are being appreciated for their efforts and good work. This in turn increases employee morale, better customer care and increased productivity. (Schoeffler, 2005) Long-term rewards are awarded to employees who have been performing well over a period of time. Such an employee is more likely to become loyal to his or her organization and it also reduces employee turnover. Examples of such Long term rewards include being made partner, or cash benefits that mature after many years of service or at retirement. These rewards are very strategic for retaining the best human resources (Yokoyama, 2010).

Employee Commitment

According to Mullins (2009) Employee commitment refers to giving all of one-self while at work. It entails things such as using time constructively, attention to detail, making extra effort, accepting change, cooperation with others, self-development, respecting trust, pride in abilities, seeking improvements and giving loyal support. Employees are aware of their value to employers, and consciously choose to work for those organizations that meet their workplace expectations.

Miller (2003) sees employee commitment as a state in which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization. It is also defined by Cohen (2003) as a force that finds an individual to a

course of action of relevance to one and more targets. Employee commitment is critical to the success of any organization. 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.

Theories on commitment by Beer (2002) define employee commitment as the degree to which an employee identifies with the organization and wants to continue actively participating in it. It is a measure of the employees' willingness to remain with a firm in the future and reflects the employees' belief in the mission and goals of the firm, willingness to expend effort in their accomplishment, and intentions to continue working with the organization. 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)

Madiga (2009) posit that committed employees would work diligently, conscientiously, provide value, promote the organization's services or products and seek continuous improvement. Employees' commitment increases the employees' performance and reduces turnover, and thus loyalty of employees depends on the satisfaction of their wants and desires. Committed employees in organizations have been found to be willing to build and maintain long-lasting relationships with their employer.

Employee commitment has been an important factor to determine the success of an organization (Shahid A. 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. Motivated, committed and proficient people are extensively valuable because they can make things work despite less than perfect systems. The answer to higher productivity in an organization lies in a larger investment in creating committed people.

Gould-William (2003) affirms that committed and motivated workers are less likely to leave the organization. This will assist the organization to achieve organizational effectiveness. Whitener (2001) observes that the organization may adopt a high commitment strategy including employment practices, appraisal, competitiveness, fair compensation and comprehensive training and development in order for employees to have a high commitment and motivation.

According to Chepkorir (2014) 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. He 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 (Brown Mchardy, McNabb & Taylor, 2011)

Committed employees want to enjoy their work, feel they are acknowledged and know they are making a contribution to their company's imperative objectives. (Shahid, 2013). Real commitment often evolves into an exchange relationship in which individuals attach themselves to the organization in return for certain rewards. He noted that employees will remain in an organization because there are constraints against leaving and incentives for staying. Monetary rewards influence the commitment level of employees irrespective of gender, work tenure and educational level. Inadequate monetary reward system is therefore seen as a major disappointment of employees' commitment and this can bring about increase in absenteeism, lateness, low performance and employee turnover.

Employee commitment is an important factor in organizational effectiveness, especially at the time when competition is so intense. Saks (2006) argues that Commitment is a state of being in which an individual becomes bound by his actions and beliefs that sustain his activities and his own involvement. Committed employees are one of the greatest assets any company can have and play a major role in overall business efficiency and profitability (Hurter 2008). He argues that greater levels of employee commitment lead to organization benefits such as continuous flow of improvements, cost and efficiency improvements and active employment participation.

Mowday (2010), defined commitment as 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. Researchers such as (Conway, Edel, Kathy and Monks 2010) and (Owoyemi, Oyelere, Elegbede & Gbajumo-Sheriff 2011) also propose that commitment comprises these three components.

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 Meyer and Allen (1997), cited by 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. According to Coetzee (2005), 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 and as Beck and Wilson (2000) observed 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.

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 (Coyle-Shapiro, 2006) Meyer and Allen (1997), cited by Lee (2010) say normative commitment is a feeling of obligation that an individual has to continue with the employment. Coetzee (2005) emphasizes that 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 (Muncherji and Dhar, 2011). This may be as a result of rewards provided to the employee in advance by an organization. (Price 2011)

Employees therefore feel obliged to reciprocate thereby committing themselves to the organization. Meyer and Allen (1990) cited by Coetzee, (2005) argue that normative commitment arises when employees feel morally right to remain in an organization irrespective of whether they are satisfied with their jobs or not. Therefore, normative commitment arises as a result of employees feelings to repay the organization for investing in them.

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 (Rhoades 2001). 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)

Beck and Wilson (2000) noted that organizational members who have an affective level of commitment have a longing to remain in the organization because they view their values and goals to be congruent with those of the organization

Methodology

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 rural and urban setup respondents.

The study used descriptive survey design. This design was intended to produce statistical information about aspects of the reward management of the employees in all the four selected sub-counties in Kakamega County. Descriptive survey design also allowed the researcher to describe characteristics of subject opinions, attitudes and perception of people of interest to the researcher.

The population of the study consisted of nurses in the 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. The researcher also captured both rural and urban respondents in these sub-counties. Simple random sampling was used to draw respondents from the population. A total of 234 respondents were randomly selected from a population framework of 581 employees. Purposive sampling was used to draw respondents for interviews. Interview schedules were prepared for the in-charge nurses (matrons) in order to solicit more information that was not captured by the questionnaire.

Results and Discussions

The study 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 health sector. These findings concur with Mbindyo (2009).

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.

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, O’level and primary level education. It also shows that the study respondents were highly educated individuals capable of understanding the study constructs and appropriately responding to the research questions.

Employee Commitment

Table 4.9: Employee Commitment

Employee Commitment	N	Mean	Std. Deviation
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)	205		

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).

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.

Inferential Statistical Analysis

Table 4.10 Reward Policy and Employee Commitment

		Employee commitment
Reward policy	Pearson Correlation	.647**
	Sig. (2-tailed)	.000
	N	206
Employee commitment	Pearson Correlation	1
	Sig. (2-tailed)	
	N	206

The results above show that, 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 has positive and significant effect on employee commitment (r=0.647, p=0.000).

Regression Analysis for Testing the Study Hypothesis

To show the test of hypothesis 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).

Regression Analysis on Reward Policies and Employee Commitment

Table 4.11: Reward Policies and Employee Commitment

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.647^a	.418	.415	.57357	1.628	
a. Predictors: (Constant), Reward policy						
b. Dependent Variable: Employee commitment						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	48.214	1	48.214	146.554	.000^b
	Residual	67.113	204	.329		
	Total	115.326	205			
a. Dependent Variable: Employee Commitment						
b. Predictors: (Constant), Reward Policy						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.802	.126		6.374	.000
	Reward policy	.452	.037	.647	12.106	.000
a. Dependent Variable: Employee Commitment						
Source: Research Data (2019)						

From the Table 4.11, 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 satisfactorily 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 -value=0.05). Since the t-statistic was significant, the study rejects 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. These study results are in agreement with past research findings which highlighted that reward policy result in employee commitment as noted by Wilson (2003). He observed that a good reward system serves as a driving force for employees higher performance hence accomplish the organizational goals and objectives.

Summary of the Findings

The study findings on correlation showed that there is a high positive and significant relationship between reward policies on employee commitment at 95% confidence. The results on model summary R-Square indicated that reward policy accounts for 41.8% of the variability in employee commitment. The ANOVA results depicted that the overall regression model was significant in determining the applicability of the model to measure the study variables. Beta coefficient results revealed that for every 0.452 units of use of reward policy, there is a corresponding 1 unit increase in employee commitment. The results also showed that reward policy is a statistically significant measure of employee commitment. 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.

Conclusion

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.

Recommendations of the Study

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 develop and implement reward policy so as to gain their employee commitment.

References

- [1]. Armstrong, M. (2009). *Armstrong's Handbook of Human Resource Management Practice*.
- [2]. Bratton, J. & Jeffrey, G. (1988). *Human resource management: Theory and practice* (2nd ed).. Avon: Bath Press
- [3]. Cohen A. (1993) Organizational commitment and Turnover: A meta- analysis, *Academy of Management Journal*, October 1993 pp 1140-57
- [4]. Gould- Williams J. (2003) The importance of HR Practices and work place trust in achieving Superior performance: A study of public sector organizations, *International journal of HRM* 14, 1, 28-54
- [5]. Loi, R, Foley, H. Y. (2008), Linking Employee justice perceptions to organizational Commitment and intention to leave; the mediating role of perceived Organizational support. *Journal of occupational and organizational Psychology*, vol. 79, pp 101-120
- [6]. Mbindyo P. & Gilson L. (2009), Contextual Influences on Health Worker motivation in District hospitals in Kenyas
- [7]. Malhotra, N. Budhwar, P. and Prowse P. (2007). Linking rewards to commitment: Empirical Investigations of four UK call centres: *International Journal of Human Resources Management*, 18(12): 2095 -2127.
- [8]. Mullins, L.J. (2002). *Management and Organizational Behaviour*. London: Pitman.
- [9]. Owoyemi O. A, Oyelere M. Elegbede, T & Gbajumo-sheriff M. (2011), Enhancing employees committment to organizations through training, *International Journal of Business and management* vol.9 pp 10-15
- [10]. Wang I. (2010) Affective and continuance commitment in public private partnership, *Employee Relations Journal of Human Resource Management* vol. 32.4, 396- 417
- [11]. Whitener E. M. (2001) Do high commitment Human Resource Practices affect employee Commitment? A cross level Analysis of using Hierarchical Linear Modeling *Journal of management* 27/5, 515-35