

**EVALUATING THE EFFECTS OF TOTAL REWARD ON JOB SATISFACTION  
AMONG BANK EMPLOYEES IN NAKURU MUNICIPALITY, KENYA**

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**A Research Project submitted to the School of Business in partial fulfillment for the degree  
of Master of Business Administration (Human Resource Management) of Kabarak  
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**Declaration**

This research project is my original work and has not been presented for a degree in any other university or academic institution for the purposes of examination or academic award.

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## **Dedication**

This project is dedicated to my mother Grace my sister Irene to whom I owe so much.

## **Acknowledgement**

The process of working on this research project has been a worthy experience and I would like to acknowledge the following for their invaluable contributions and support. Above all, I am most grateful to God Almighty for His graciousness throughout the times of my study. This would not have been possible without His will. Special thanks to my family for their interest, encouragement, support and prayer.

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May God reward you all for the work you have done to make this project complete.

## **Abstract**

Kenyan banking sector has experienced rapid growth in profits, deposits and revenues in the recent years and this has triggered a lot of competition among banks. In response, banks have developed new strategies to weather down the competition and thrive in business, the major one being rewarding of employees. This strategy has been hampered by economic pressure on banks to cut down on cost and particularly labour costs while maintaining employee job satisfaction and retention in order to remain competitive in the business environment. Various banks have therefore opted for various favourable reward strategies in order to enhance job satisfaction and retention of its employees. This research sought to evaluate the rewards used in banks and the influence they have on job satisfaction of employees. In order to achieve this objective, the researcher carried out a survey to gather opinions of employees working in the banking sector within Nakuru Municipality on total reward. The researcher collected data through self-administered questionnaires from a sample of 108, obtained through stratified random sampling technique. The results were analyzed in terms of descriptive statistics (mode) followed by inferential statistics (correlation, regression) on the variables, and presented in tables, pie charts and graphs. The outcome of the study shows that there is a significant relationship between job satisfaction of employees in the banking sector and benefits, and learning and development. Correlation between rewards and absenteeism, lateness, turnover intention is significant and negative whilst relationship with job performance is positive. Biographical factors were found to significantly influence the preference of rewards and thus difference in job satisfaction among different groups of employees in the banking sector. The study concludes that rewards can motivate, energize and direct behavior, attract and retain qualified, high performance workers and, can greatly influence an organization's success especially if perceived to be of value. Payment is an important element in job satisfaction, employees expect an all round and well balanced package comprising of both financial and non-financial rewards. Equality of needs and expectations should not be assumed for all categories of employees as well as individuals. The study recommends that organizations should assess the needs of employees and identify weaknesses in the present reward system in order to formulate an effective reward strategy that bears the greatest value to the organization and employees alike. Biographical factors, intrinsic value, extrinsic and internal and external relativities, inflation and market movement, business performance and trade union proposals should be factored in the design of reward strategies. The study recommends further research on subjects including effects of one's maladjustment to the workplace, personal attributes emotions, and work ethics on job satisfaction; inter-bank difference between the most successful banks and those which are less successful in terms of reward strategies.

**Key Words:** Total Reward, Job Satisfaction, Reward Management, Banking Industry.

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## **List of Abbreviations and Acronyms**

CBK Central Bank of Kenya

HR Human Resources

IES Institute of Employment Studies

KBA Kenya Bankers Association

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter introduces the research topic by presenting background of the study and demonstrating the need for this research. An explanation as to why this research was conducted within the banking sector is given. The research objectives and questions are presented in the context of the conceptual framework and the scope. Limitation, delimitations, justification and definition of terms are also presented in this chapter.

### **1.1 Background of the Study**

Total reward refers to everything the employee perceives to be of value resulting from the employment relationship and includes all types of rewards, direct and indirect, as well as intrinsic and extrinsic. The typical components of total reward which make up the levers employers can resort to in order to motivate, engage and retain staff are, pay, benefits, learning and developments, and working environment (Armstrong, 2006). Total reward is born as a means to help businesses to satisfy their most important needs which are to attract, retain, motivate and engage staff, not just by means of salary increases, golden handcuffs and the like, but in a more effective way capable of producing long-lasting results (Longo, 2011). The aim of total reward therefore, is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement, organizational commitments and job satisfaction (Manus and Graham, 2003).

Reward is clearly central to the employment relationship since most people work in a large part because it is their only means of earning money needed to take care of their needs leading to job satisfaction. For commercial organizations, the money spent on salaries, benefits and other forms of rewards typically accounts for well over half an organization's total cost, thus it is a major determinant of both profitability and competitiveness (Torrington, Hall and Taylor, 2008). Such costs can be saved, especially for service firms, including banks if reward programmes are targeted at employee's positive attitude and by extension behavior.

The Banking sector of Kenya is made up of 45 licensed institutions to carry out the business of financial intermediation, 33 of which are locally owned while 12 are foreign owned. Bank

operations in Kenya are guided by prudential guidelines issued by the Central Bank of Kenya (CBK) and Kenya Bankers Association (KBA) ([www.centralbank.go.ke](http://www.centralbank.go.ke)). These regulatory bodies also are involved in setting of terms and conditions of service for employees within the sector. The banking sector was liberalized in 1995 and exchange controls lifted. The banking sector has continued to experience growth in assets, deposits, profitability, and offering of products. This growth has been reinforced branch network expansion strategy in East Africa and the neighbouring regions, automation of majority of services all aimed to meet complex customer needs (Banking Survey, 2010).

Nakuru Municipality which was the focus of the study hosts a total of 25 banks, ranging from the largest players in the market like Barclays Bank, Standard Chartered Bank and Equity Bank to the smallest like Dubai Bank (Ndungu, 2010). Commercial banks offer various services to their individual and corporate customers such as accepting of deposits; granting loans and advances; undertaking safe custody of valuables, important documents, and securities; providing foreign exchange facilities; transferring money among others. According to CBK Supervision Report (2007), the banking sector was ranked among the most successful sectors in the Kenya based on the level of customer satisfaction, use of technology, product innovation and marketing. Players in this sector are experiencing an ever growing competition owing to increased innovations among players (Kinusi, 2010). To fight the stiff competition, banks engage in intense recruitment processes, aligning of work to business objectives, training and development, good communication, information sharing, and offer special reward packages. It is notable that the industry is fast changing providing room for continual improvement of human resource practices.

According to Bohnstedt (2008), banks put high value on sales and service and for this reason performance-based management systems are used, increasingly tying remuneration to performance, with a differentiated reward system. However, the stability of reward systems of banks has been affected by the economic crisis such that even the largest banks in the country have embarked on cost reduction measures, mainly targeting employee payrolls, benefits and development if not retrenching staff. Barclays Bank for example, let go of around 200 middle level managers slashing its labour costs which had risen to \$98.8 million from \$85.7 million in 2009. Comparatively, KCB's wage bill grew by 31 per cent in 2008 to stand at \$110.7 million

from \$84.5 million in 2009. Equity Bank too reorganized its executive suites, merging some departments and abolishing others while Co-operative Bank, Kenya's third largest lender by assets, parted ways with 34 of its managers in a bid to cut its top-heavy structure (Kimani, 2011). Due to this crisis, organizations that initially saw employees as assets to be nurtured and developed have begun to see them as costs to be cut. Maintaining job satisfaction under such circumstances while realizing that after the economy improves top talent may leave for other opportunities results in problems with employee engagement. This is a challenge in the wave of competition among players where effective performance of employees does not appear to be sufficient to achieve customer satisfaction.

Cascio (2010) reports that there are three major changes in company philosophies concerning pay and benefits including increased willingness to reduce the size of workforce; to outsource jobs and to restrict pay to control costs of wages/salaries and benefits, less concern with pay position relative to competitors but rather with what the company can afford, and implementation of programs to encourage and reward performance, thereby making pay more variable. Employees need to be encouraged to "go above and beyond" standard job-task descriptions by showing support, distributing fair and consistent reward that take into account the changing needs of employees, and ensuring that they understand that the incentive system can be to their advantage if they engage in discretionary service behaviours (Payne and Weber, 2006).

The employees of commercial banks are the best sources of delivering goods and services to their customers. Thus, excellent services provided and offered by employees can create a positive perception and ever lasting image in the eyes of banks' customers. Individual motivation plays a major role in achieving high level satisfaction among customers (Khan, Farooq, and Ullah, 2010). Keeping employees highly motivated is important because service quality is related to customer satisfaction and retention, while customer satisfaction is positively correlated with companies' higher profits. It is common to see managers remove dissatisfying factors expecting that the employees would then be satisfied, but unfortunately this does not always happen. It is therefore, worthwhile for managers to be aware of the most economical and effective rewards to employee behaviour in favour of organizational objectives. Leaders/managers/supervisors who understand how to maximize rewards to obtain positive attitudes and resultant behaviour, can stimulate the exact functioning of the organization to maintain and exceed the levels of customer

satisfaction necessary to obtain positive organizational outcomes (Bowen and Ford, 2002). In modern world of globalization, the workplace realities of the past no longer exist and therefore it is important for organizations to meet and introduce new motivational needs (Roberts, 2005). As Armstrong and Murlis (2007) point out, reward strategies will be characterized by diversity conditioned by legacy of the past realities of the present and the future. Banks, like many other organizations, face the difficulty of determining the best benefit offering to staff, which include reward programme that staff buy-in too, are satisfied with and which is linked with the bank's strategy.

## **1.2 Statement of the Problem**

Banks have been keen on growth and expansion and this has led to continuous war for talent to operate in subsidiaries in the regional market and to steer innovation. In top demand are people who are technologically literate, globally astute and capable of not only developing but also executing strategy, setting off a scramble for staff among the top firms. However, in as much as banks worked to get people with the greatest potentials to occupy positions, employee maintenance has become a challenge for many of them due to the high labour costs involved, constituting up to 60 per cent of the total costs. In attempts to remain competitive and profitable, banks have resorted to cost reduction, the first casualty being the human capital investment like cutting back benefits and recruitment, freezing or cutting salary increases, promotion and development programmes like training. With profitability in 2011 being under threat due to heavy labour costs, banking heads foresaw an increasing cutting on staff costs as the rate of inflation grew (Kimani, 2011). Statistics from the Central Bank of Kenya indicated the number of new employees in the sector had grown more than four times in 2008 to stand at 2,714 pushing total employment in the sector to 28,846. In 2009, total employment stood at 26,132, compared to 25,491 the previous year. Unfortunately, focus is on payrolls to reduce the cost to income ratio with most banks aiming below 50 per cent level. Employees interpret the labour cost cutting measures as a breach of trust, making it more difficult for firms to retain key talent (Ritchner, 2006). The outcomes of such an event are reduced staff motivation and satisfaction leading to low output levels, loss of morale, lowered organizational commitment, work withdrawal behaviours such as absenteeism and lateness, increased turnover, mistrust, uncertainty and insecurity. From an organizational perspective, the overall aim of rewarding

employees is to increase employee job satisfaction with a view of achieving organizational goals such as productivity and profitability. This study therefore sought to identify the role of total reward in improving job satisfaction in the banking sector.

### **1.3 Research Objectives**

#### **General Objective**

The general objective of the study was to establish the extent to which total rewards influence employees' job satisfaction in commercial banks within Nakuru Municipality.

#### **Specific Objectives:**

- i. To find out the effects of total rewards (financial, benefits, learning and development, work environment) on job satisfaction among bank employees.
- ii. To establish the perception of bank employees on the existing rewards.
- iii. To investigate the extent to which rewards influence job performance, lateness, absenteeism and turnover among bank employees.
- iv. To determine the extent to which biographical factors (age, gender and job category) influence perception of rewards among bank employees.

### **1.4 Research Questions**

- i. What are the effects of total reward on job satisfaction among bank employees?
- ii. What is the perception of bank employees on the existing rewards?
- iii. To what extent do rewards influence job performance, lateness, absenteeism and turnover intention among bank employees?
- iv. What is the extent to which biographical factors (age, gender and job category) influence perception of rewards among bank employees?

## **1.5 Justification of the Study**

The findings from this study provide a framework for development of effective reward systems that will lead to improved job satisfaction leading to higher performance, profitability and ultimately success of the banking sector. Other organizations that operate in different contexts could also use the findings to develop better approaches to acknowledge the efforts of employees. The government may benefit from the findings in its quest to attain economic stability and development goals through the efficiency and effectiveness of commercial banks in distributing capital among its citizens. Policy makers such as the CBK and KBA will be supplied with current information on bank employees to enable them to review relevant sections of their policy and regulation documents. The findings will also be useful in guiding other researchers into further study of the subjects of importance of reward and job satisfaction and thus increase the depth of knowledge in this area.

## **1.6 Scope of the Study**

The study was conducted in selected banks within Nakuru Municipality which has a total of 25 banks. However, study covered only a selection of them representing the large, medium and small size banks based on the categorization of asset value. Nakuru Municipality was chosen for the study since it provided a representation more than 50% of the banks in the country meaning that the findings could be generalized. The study involved all cadres of employees including, branch managers, sales, mortgages, loan and marketing officers, tellers, accounts clerks, auditors, computer specialists, receptionists, sales representatives, and marketers of banks and their products. This study was limited to the effects of total reward on job satisfaction among banking employees.

## **1.7 Limitations of the Study**

Various challenges were encountered during the study. First, the study was conducted just after retrenchment of about 2,000 middle level employees in the banks therefore the conclusions have been affected by this change, especially results touching on biographical variables.

Secondly, the researcher did not have the desired control of the sample leading to an unproportionate and lower response rate than expected. This was attributed to restricted contact



with the targeted employees. Relevant records such as turnover were not made available, thus the researcher basically relied on employees' opinions regarding the conceptual framework. Some of the respondents were quite reluctant to participate in the study thus participation errors. The problem that was noted with self-report measures included failure of respondents to report their true feelings or opinions.

## **1.8 Definition of Terms**

**Bank** – An organization, usually a corporation, licensed by the government which does most or all of the following: receives demand deposits and time deposits, honors instruments drawn on them, and pays interest on them; discounts notes, makes loans, and invests in securities; collects checks, drafts, and notes; certifies depositor's checks; and issues drafts and cashier's checks.

**Compensation** – Mondy (2010) suggest that compensation comprises all types of reward provided to employees in return for their services such as: direct, indirect and non-financial rewards. For this study, compensation is referred to as a human resource management function that deals with every type of reward that individuals receive in return for performing work.

**Incentive** – An element of payment linked to the working performance of an individual or working group as a result of prior arrangements and mostly includes pay-by-results as well as commission (Torrington et al., 2008). This study considers an incentive as one-time supplements, tied to levels of job performances and to the base pay of employees, including non-exempt and unionized employees.

**Job satisfaction** –Armstrong (2006) defines job satisfaction as a pleasant feeling resulting from the perception that one's job fulfils or allows for the fulfillment of one's important job values. The definition of Armstrong has been adopted for the study.

**Motivation** – According to Torrington et al., (2008) motivation refers to drive or force that an individual puts into an activity. In the study, motivation refers to the inner force that drives individuals to achieve personal and organizational goals.

**Reward** – Leopold (2002) defines reward as the desired outcome of a task. The definition of reward as used in the study is a fixed period salary, incentives and employee benefits such as retirement plans, medical payments and payments for periods not worked.

**Total reward** - According to Armstrong and Baron (2006), total reward approach is holistic, and does not depend on one or two reward mechanisms operating in isolation. It takes into account every way in which people can be rewarded and obtain satisfaction through their work with the aim of a combined impact of a wide range of reward initiatives on motivation, commitment, and job engagement. Thompson (2002) defines total reward typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization. This study refers to total reward as everything the employee perceives to be of value resulting from the employment relationship as defined by Armstrong and Baron (2006).

**Work withdrawal** - Short-term means of escaping from unpleasant working conditions by arriving late or leaving work early, absenteeism, or minimizing time spent on task.

## 2.4 Empirical Literature Review

The subjects of job satisfaction and rewards have been studied by various researchers, some of whose findings are confirmed by the current study.

Tumwet (2011) in her study on effects of employees incentive on performance in Private Universities in Kenya: A Case Study of Kabarak University found that both financial and non-financial rewards are used and perceived to be of equal importance in influencing job satisfaction. The study also found that use of social recognition such as complements contribute to enhanced performance and recommended that employee incentive scheme should comprise of both financial and non-financial rewards. Incentive would be more effective if implementation is done consistently and equitably. Gender balance is an important aspect to consider in recruitment.

Karanja (2009) in his study on effects of reward system on employee performance a case of Cooperative Bank Headquarters Nairobi, Kenya found that motivation, creativity, job satisfaction and team work had a positive and significant effect on employee performance. These findings are supported by the following statistics: Motivation  $\beta = .131$ ,  $t = 2.729$ ,  $p < .001$ : Creativity  $\beta = .170$ ,  $t = 3.778$ ,  $p < .002$ : Job Satisfaction  $\beta = .251$ ,  $t = 2.217$ ,  $p < .002$ : Team Work  $\beta = .575$ ,  $t = 2.444$ ,  $p < .000$  and recommended that Cooperative Bank should enhance its reward system since it enhances motivation, creativity, job satisfaction and team work affect employee performance to a great extent.

A study carried out by Muhammed, Muhammad, and Javed. (2010) on the effect of job rewards on job satisfaction with age as the moderating factor shows that job satisfaction is positively and significantly related with extrinsic rewards but less than intrinsic rewards and is also significantly related with age. The study further indicates that job satisfaction increases with

increase in age differences. Therefore, old workers reported high level of satisfaction from extrinsic rewards but the intrinsic rewards almost remain the same for all age groups.

Reward practices logically serve as motivators in shaping the behavior of employees and motivating them to perform at higher levels, and the use of proper rewards can culminate in improved firm performance at the organizational level (Armstrong, 2006). To support this argument, a statistical analysis of more than 140 experiments concerning the effects of rewards on performance and interest was conducted (Cameron, Banko, and Pierce, 2001). The authors concluded that a positive effect indicates that rewards increased the measure of intrinsic motivation relative to a non-rewarded control group and a negative effect indicates that rewards decreased intrinsic motivation. When the tasks used in the studies are of low initial interest, rewards increase performance (effect size = 0.28), but do not affect interest. The study concludes that rewards can be used to enhance time and performance on tasks that initially hold little satisfaction. In another correlational study on Job motivation, satisfaction and performance among bank employees, the results showed a positive correlation between job motivation and job performance,  $r(68) = .43$ ,  $p < .01$ , and a positive correlation between job satisfaction and job performance in bank employees,  $r(68) = .29$ ,  $p < .05$ . Additionally, the combination of job motivation and job satisfaction was found to significantly predict job performance in bank employees,  $R^2 = .18$ ,  $F(2, 67) = 7.62$ ,  $p < .01$ . Other factors tested did not have a significant relationship to job performance, including gender  $r(68) = -.28$ ,  $p > .05$ , age  $r(68) = -.01$ ,  $p > .05$ , salary  $r(68) = .26$ ,  $p > .05$ , and stress  $r(68) = -.03$ ,  $p > .05$ . This study recommended that by applying managerial strategies to increase job motivation and job satisfaction, job performance can be potentially improved in bank employees.

A study that was carried out in 2001 and published in Personnel Psychology examined whether positive employee behaviours and attitudes influence business outcomes. The findings from the study support the idea that employee satisfaction, behavior, and turnover predict the following year's profitability, and that these aspects have an even stronger correlation on customer satisfaction (Daniel, 2001). Sears using an "employee-customer -profit chain" found that a five percent increase in employee satisfaction drives a 1.3% in customer satisfaction, which results in 0.5% increase in revenue growth (Rucci, Kirn and Quinn, 1998).

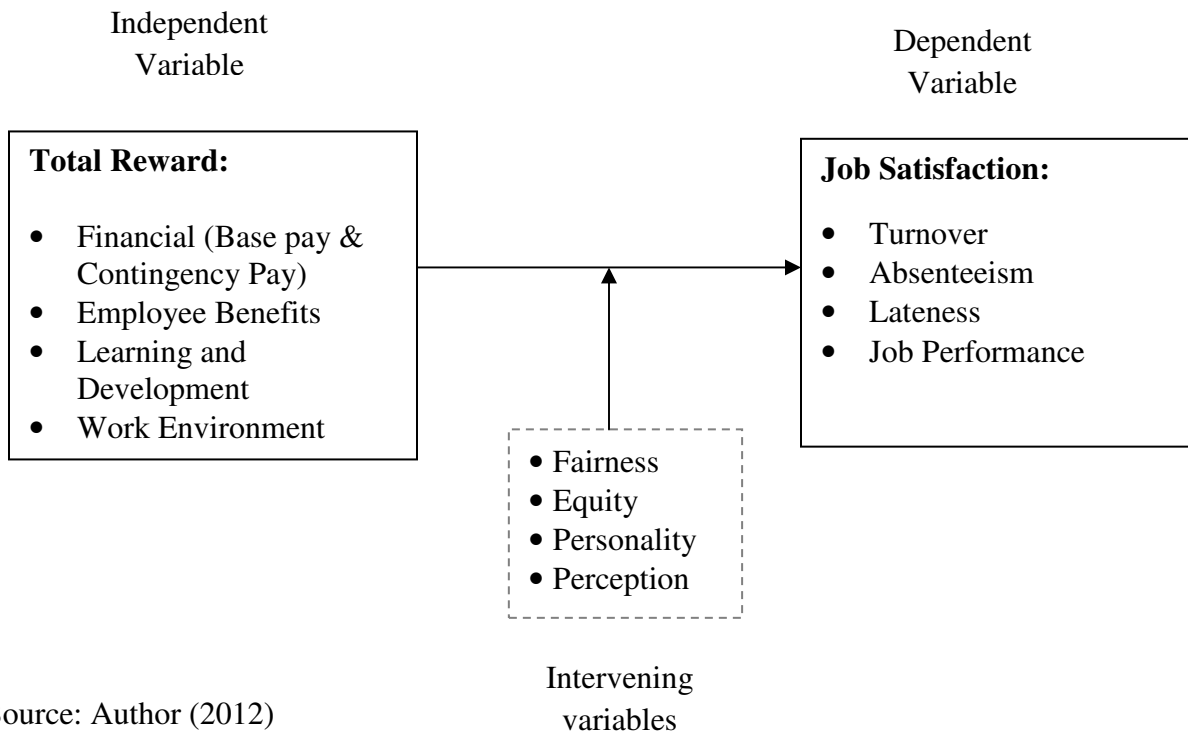
## **2.5 Research Gap**

After reviewing the literature, the importance of total reward in maintaining job satisfaction and motivation is realized. A number of researchers have established the effects of rewards on job satisfaction and motivation of employees with focus on organizations across the world including India, South Africa and America. Locally, similar studies have been done on Cooperative Bank during the period when retrenchment was taking place and the results featured in empirical review. It is not sufficient to rely on these findings needs of employees are not static and will vary from time to time and from one organization to another. The effects established from these researches may not be directly presumed to apply in the current situation, considering the hard economic times which have affected employees and banks alike. This presents the need to carry out further research to find effects of total reward in-depth among employees who were left retrenchment in the banking sector. The outcome of this study is expected to provide a lead to ways of improving job satisfaction in this sector despite the difficulties brought about by economic challenges.

## **2.6 Conceptual Framework**

The conceptual framework in Figure 2.3 shows the relationship between the dependent and independent variables. The independent variables are factors which influence the dependent variable in this study. Broadly, these are base pay, contingency pay, employee benefits, learning and development and work experiences. These factors affect the level of satisfaction among employees and consequently job performance, absenteeism, lateness and turnover.

Figure 2.3: Conceptual Framework 1



Source: Author (2012)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was used to carry out this study. It includes the research design, population studied and sampling strategy, the data collection process, the instruments used for gathering data, and how data was analyzed and presented.

#### **3.2 Research Design**

The study was conducted using a descriptive survey design. Descriptive research portrays an accurate profile of a person, event, or situations. It allows researchers to collect qualitative data which can be analyzed quantitatively using descriptive and inferential statistics, and is the best method available for collecting original data for the purpose of describing a population which is too large to observe directly (Mugenda and Mugenda, 2003). The aim of the study was to evaluate the rewards used by different banks in Nakuru Municipality and how they have affected employee job satisfaction.

#### **3.3 Target Population**

The target population of the study was made up of employees working in commercial banks within Nakuru Municipality. The population included all levels of employees working with selected commercial banks within Nakuru town. The target population was 800 employees, comprising 60 top level managers, 252 middle managers and 488 lower level employees.

#### **3.4 Sampling Design and Procedures**

In total, there are 25 banks in Nakuru Municipality, but the study covered only 13 banks. The researcher stratified the banks in terms of value of assets from which representatives of large, medium and small size banks were chosen purposively. The formula below was used to determine the sample size for the study of 232 employees making up 29% of the target population:

$$n = \frac{N}{1 + (N \times e^2)}$$

Where N - Population, n: Sample size and, e: Level of precision (normal level is + or – 0.05).

According to Mugenda and Mugenda (2003), at least 10% - 20% of the target population would provide adequate sample for any meaningful study. The researcher used stratified random sampling technique in selecting respondents. The population was categorized into top level management (branch managers and their assistants), middle managers (loan/mortgage/risk officers, marketing managers, auditors, accountants) and lower level employees (tellers, sales people, accounts clerks, computer specialists). The sample of 108 comprised of 17 top level management, 33 middle level and 58 lower level employees was finally used for the study. This technique gave the study a representative sample without biasness.

### **3.5 Data Collection Procedures and Instrument**

The researcher conducted a pilot test with 10 respondents after which the necessary amendments were made and finally the questionnaires were administered to the respondents. The questionnaire contained both open and closed ended questions aimed at obtaining responses from employees about job satisfaction and attitudes towards the organization. Employees were asked to mark responses on a scale ranging from 1 to 5 based on how strongly they agreed or disagreed with the sets of statements. A score of 1 indicated ‘strongly disagree’ and 5 ‘strongly agree.’ Employees’ job satisfaction was measured by rating their opinion with the various work dimensions that impact employee satisfaction and motivation including job itself, present salary, fringe benefits, amount of authority to run activities, level of challenge and opportunity for growth provided by the job, work-life balance, co-workers, interaction, recognition, responsibility, workload, professional support, prospects, training and the general questions. The level of job satisfaction was further determined by assessing the outcomes of employees such as job performance.

### **3.6 Validity and Reliability of Research Instrument**

Validity is the accuracy and meaningfulness of inferences which are based on the research results. To establish validity, the instrument was discussed with banking employees and peers.



The questions and response options was checked for vocabulary, language appropriateness and consistency with the constructs of the theoretical framework and check whether the items reflect the specific objectives. The questionnaire was tested for readability, relevance, language, comprehension, and appropriateness. Reliability is a measure of the degree to which a research instrument yields consistent result or data after repeated trials. The instrument was also piloted with employees in Equity Bank, Molo and it was found to be reliable.

### **3.7 Data Analysis Methods**

The data collected was both quantitative and qualitative. After the data collection, questionnaires were checked for completeness and data coded for easy input. Percentages, means and standard deviation and frequencies were used to facilitate easy understanding. Quantitative data was presented using tables, pie charts and histograms. Qualitative data from open ended questions were analyzed through narrative analysis. Correlation was employed to show the relationship between job satisfaction and rewards while regression was used to determine whether the independent variables (pay, benefits, work environment and learning and development) predict the dependent variable (job satisfaction). Regression analysis was also used to test whether there are significant differences in job satisfaction depending on biographical characteristics of the respondents. The data was analyzed using of Statistical Package for Social Sciences (SPSS).

### **3.8 Ethical Measures**

An official letter from Kabarak University and an introductory letter from the researcher were given to bank managers who then gave consent to their respective employees to fill the questionnaires. Anonymity of the respondents was maintained with all data obtained being reported as group response and used for academic purposes only.

## **CHAPTER FOUR**

### **ANALYSIS AND PRESENTATION OF RESULTS**

#### **4.1 Introduction**

This Chapter presents and reports results of the study. Summary statistics were used to describe data and inferential statistics used to answer the research questions. Findings are presented in tables, graphs and charts.

Data collected include the demographic information of participants such as job classification, gender, age and length of service and terms of service, which are considered when formulating reward strategies. Data was also collected on satisfaction with job aspects including financial reward, learning and development, work environment and benefits.

The respondents who returned questionnaires were 108 out of the expected sample of 232. The response rate was therefore 47% of the sample and, 14 % of target population. Data was obtained from 13 banks out of 25 in Nakuru town. Complete questionnaires were 39% of the total distributed; invalid questionnaires (partially answered or not answered) were 14.18% whilst 46.55% were not returned. The researcher used the data from 108 respondents in the analysis since the sample was representative enough being above the minimum of 10% percent recommended by Mugenda & Mugenda (2003).

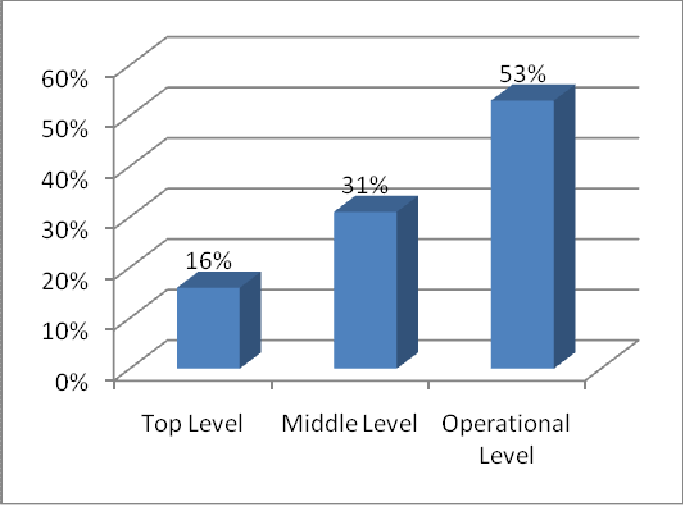
#### **4.2 Demographic Information**

Demographic information entailed getting data on job classification, age, gender length of service and terms of service. Since the one of the objectives of the study was to make recommendations on ways of improving job satisfaction in the banking industry, this categorization enabled the researcher to identify the rewards that were most appropriate for the various groups.

Under job classification, the participants were classified into categories based on the positions held at the time of the study. Figure 4.1 illustrates that majority, 52.8% of participants, were drawn from the operational level of the organization. The other categories were middle level, 31.5%, and top level, 15.7%. Top level employees include those with responsible leadership positions at the banks' branch level such as credit managers, operations managers, customer

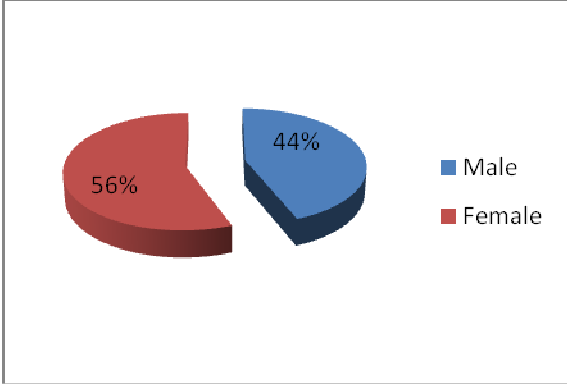
relations managers, and other branch management position occupants. Middle level employees are officers and supervisors at the bank while operational level employees include clerks and cashiers. The distribution of employees in the three levels of management is normal occurrence in most organizations where the majority operatives are managed or supervised by a few individuals.

Figure 4.1: Job Classification



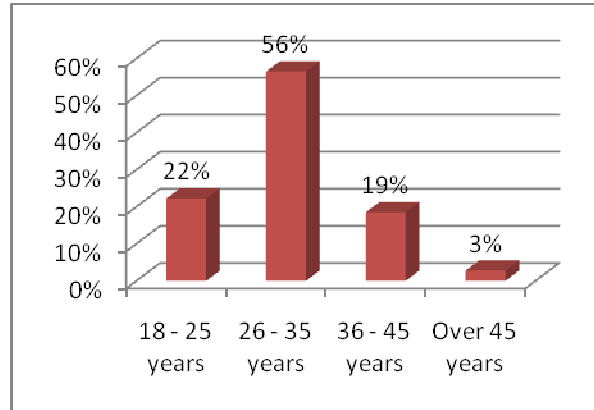
Participants were also categorized by gender to indicate their representation in the banks. The study found that there are 55.6% female and 44.4% male employees in the banking sector as illustrated in Figure 4.2. The proportion of men to women is acceptable as trends show that more women are joining formal employment.

Figure 4.2: Gender Distribution



The ages of respondents was classified as 18 to 25 years, 26 to 35 years, 36 to 45 years and over 45 years. Age distribution is represented in Figure 4.3.

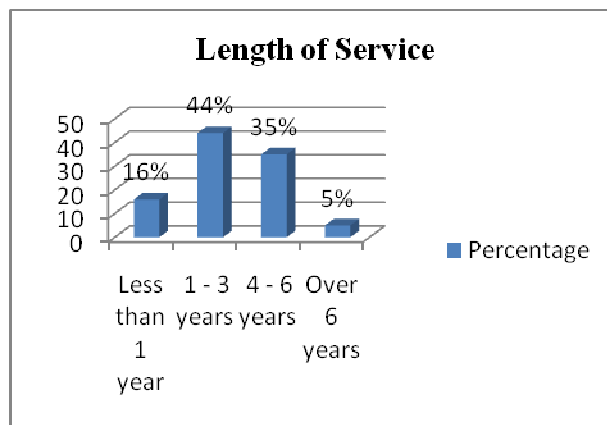
Figure 4.3: Age Distribution



As shown in Figure 4.3, 22% of the respondents are aged between 18 and 25 years, 56% are aged between 26 and 35 years, those in the age bracket 36 and 45 years are 19%, while those aged over 45 years are 3%. Considering that majority of the employees are aged less than 35 years the banking sector has a wide pool of experienced and talented staff thus assurance of continuity of organizational knowledge. This therefore provides for successful succession planning following retrenchment as well as retirement of senior employees in future.

The lengths of service of respondents in years were categorized into 4 groups that is, less than 1 year, 1 - 3 years, 4 - 6 years and over 6 years. Figure 4.4 below shows the distribution of participants per group.

Figure 4.4: Length of Service



Out 108 respondents, 16% had worked with the banking sector for a period of less than 1 year, 44% for a period of between 1 and 3 years, 35% had been employed for 4 to 6 years while a few, 5% had been in service for over 6 years. It may be concluded that majority of the employees had been with the banks for less than 6 years owing to the retrenchment preceding the study where middle level managers who had worked for longer periods were retrenched. All respondents despite the period of service at the bank had useful knowledge required for the study. The researcher also sought to find out some insights about the employee commitment as depicted by the length of service and the employees' age.

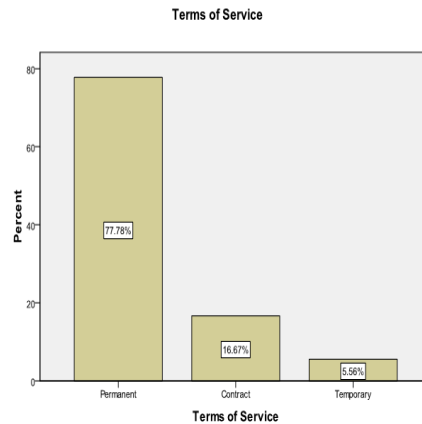
Table 4.1: Employee Retention

		Age				
		18-25 years	26-35 years	36-45 years	46 years and above	Total
Length of Service	Less than 1 year	10	5	2	0	17
	1 - 3 years	14	30	3	1	47
	4 - 6 years	0	25	12	1	38
	Over 6 years	0	1	3	1	5
Total		24	61	20	3	

Table 4.1 shows that people joining employment in the bank are mainly drawn from a younger population aged 18-25 years; while majority of those who stayed with the bank for up to 3 years were aged between 25-35 years. Most of employees aged 36-45 years have been employed in banks for up to 6 years.

The respondents were further classified according to terms of service. The terms of service applicable to the respondents were permanent, contract and temporary terms. The results are presented in Figure 4.5.

Figure 4.5: Terms of Service



As presented in Figure 4.5 majority of respondents, 78% are employed on permanent basis, contract employees made up 17% whilst 6% are temporary staff. The results imply that banks prefer to hire a section of their work force on temporary/contract basis to meet seasonal changes in labour demand, such as direct sales representatives. Those employed on casual terms were mainly subordinate staff while those under permanent employment terms perform major core functions of the bank. This group comprise of clerks, officers, supervisors and managers (operation and branch). Inference can therefore be made that the terms of employment in banks is mainly permanent and thus job security which is an aspect of job satisfaction.

### 4.3 Descriptive Statistics

The major objective of this study was to evaluate the effects of total reward on the level of job satisfaction among bank employees in Nakuru Municipality. This objective was guided by the research question: what are the affects of total reward job satisfaction among bank employees? The dependent variable is job satisfaction while the independent variable is total reward. This section describes rewards used in the banking sectors.

#### 4.3.1 Total Reward

Total reward in this study is made up of four variables mainly financial reward, benefits, work environment and, learning and development. Work environment is further split into 5 sub-elements including work content, enabling environment of work, work conditions, leadership and

recognition. Learning and development comprises of training and promotion while financial reward reflect payment. Benefits is a standalone variable. Respondents selected the items on a scale of 1 to 5 in which 5 represented strongly agree, 4 represented agree, 3 represented neutral, 2 represented disagree and 1 represented strongly disagree.

#### **4.3.1.1 Work Environment**

The first dimension of work environment is the enabling work environment which facilitates efficiency and effectiveness of the employee in accomplishing expected goals.

##### **Enabling Work Environment**

Table 4.2 provides the results for participants’ responses to the enabling environment at work. While it is intuitive to learn that most of these variables had a mode of 4 excepting union operations, it means that participants are largely happy with the work environment. Respondents were neutral to the statement ‘my bank is proud of my achievements’ but disagreed that union activities disrupt operations in the bank.

Table 4.2: Enabling Work Environment

Work Environment	Mode
I am happy to work in this bank	4
The bank offers opportunities for employees to air their views about work freely	4
My bank is proud of my achievements	3
I am supplied with all the necessities for the job	4
My work allows me to interact with my colleagues on a personal level	4
My subordinates work effectively and with high efficiency	4
The space allocated for my work is adequate and comfortable	4
Union activities disrupt operations in the bank	2

##### **Work Conditions**

The study also sought to find out the perception of the respondents on their working conditions. The results are presented in Table 4.3.

Table 4.3: Work Conditions

	Mode
My working hours are reasonable	4
My bank is concerned with my welfare	3
The bank values my contributions to the company success	4
The bank strongly considers my goals and values	3
Employees in this bank work with a few mistakes	3
I am given work in accordance with my qualifications and skills	4

According to the results, respondents agreed that working hours are reasonable, the bank values their contribution and work is given according to qualifications and skills held. They were even so, neutral to questions on bank's concern on their personal welfare, goals and values as well as mistake tolerance.

### Work Content

The item work content has sub-items which are presented in Table 4.4.

Table 4.4: Work Content

	Mode
I am interested in my work	4
My work consists of a variety of tasks	4
I able to perform different tasks from time to time	4
I am never overworked	4
The amount of work is easy to handle	2
I am completely independent of other employees	2
I have the chance to carry out tasks for my fellow employees	4
I have to do something that makes good use of my abilities	4
I perform tasks that do not go against my conscience	4
I know exactly what my mistakes are	4
I am allowed to decide on the method for doing my work	4
My work is the way for future success	4
I will not be dismissed without a good reason	4
I have the opportunity to take part in decision making	4
I feel that my work is of value in my department	4
I have a certain degree of authority in my work	4
My work provides me with an opportunity to tell others what to do	4
I get the feeling of accomplishment from my work	3
I have opportunities to advance my career	4



Work content relates to the position that the employee holds within the organization. As depicted in Table 4.4, most participants recorded very high scores on interest in their work, task variety, finding the methods of working acceptable, awareness of their mistakes, job security, participation in decision making, command of authority in the job, and opportunities to advance in career. However, on questions relating to independence, workload and feeling of accomplishment, the participants were less enthusiastic as indicated by the modes of 2, 2 and 3, respectively. From the results, it is realized that the banking sector has positively challenging jobs which employees appreciate. However, there is an overload of work and operations are under strict procedures allowing little autonomy for employees.

### **Leadership**

The researcher sought to find the contribution of leadership on employee job satisfaction. The results are indicated in Table 4.5.

Table 4.5: Leadership

	Mode
My manager is cooperative	4
Provides clear guidance	4
Is competent in making decisions	4
Handles all workers with fairness and consistency	4
Delegates responsibilities to me from time to time	4
I respect my manager's knowledge of and competence on the job	4
I admire my manager's professional skills	4
I work hard to reach goals set by my supervisor	4
I perform work related tasks that go beyond what is specified in my job description	4

Results in Table 4.5 indicate that management quality as perceived by employees is above average. Respondents agreed that their managers/supervisors delegate responsibilities. This may be construed to mean that the managers have confidence in the capabilities of their subordinates and are willing to help them develop greater competence. Respondents also agreed that they perform work related tasks for their managers that go beyond what is specified in their job description. This is indicative of the extent to which the employees may go in seeking the greater good for the organization through the leader's influence as Heizer and Render (2005) suggest that good leaders enable employees to contribute to continuous improvement and on-going

success of their work organizations. They are team players, decisive, delegators of responsibilities, providers of guidance, professional, competent and are able to inspire employees to reach higher goals. It could also mean that banks under study have fair leadership which has contributed to job satisfaction and employee retention. In general, it can be concluded that leadership in the banking sector is of good quality and employees have a rewarding experience with their leaders.

## Recognition

Employee recognition is an activity that most employers may take for granted due to lack of proper guidelines indicating the right occasion for dispensing it, form and extent. This study could not be concluded without looking at this subject closely from the perspectives of those who are most influenced by recognition and who are consequently expected to show improved job satisfaction once a good recognition process is in place.

Table 4.6: Recognition

	Mode
I understand the types of behaviours that lead to receiving recognition	4
I receive praises from my manager for work well done	4
I receive feedback for the work I perform	4
I receive constructive criticism about my work	4
When I perform 'above and beyond' I am rewarded by management	3
My colleagues have opportunities to recommend me for recognition	3
The branch is engaged in recognition behaviours	4
The headquarters is engaged in recognition behaviours	4
Recognition is often accompanied by tangible rewards	4
I am given the opportunity to choose how to be recognized	1

Under recognition, the latitude that employees have in shaping how they are recognized had the lowest score. This means that employees do not have a chance to recommend to their employers preferred ways of recognition. An indifferent opinion was registered on recognition received especially when they have exceeded targets and on involvement of staff in appointing colleagues for recognition. This means that decisions on recognition are centralized and employees are not satisfied with the procedure. The results are presented in Table 4.6.

### 4.3.1.2 Financial Reward

Financial reward is captured by payment. As essential as payment is to any reward system, employees' views on its importance in achievement of individual and company objectives is very important. Table 4.7 shows results of respondents' opinions on financial reward.

Table 4.7: Payment

	Mode
My salary is satisfactory in relation to what I do	3
The basis of payment, e.g. overtime payment is reasonable	3
Salary increases are predictable	3
The bank shares gains and profits with employees	3
I have benefited from share ownership schemes of the bank	3

Responses to all items under payment were neutral. This is in contrast to other items observed thus far where mode was mostly above 3. It gives some credence to the fact that most of these employees would like to have rewards largely in monetary terms. This could also reflect employees' dissatisfaction with their pay and need to revise salaries. This study confirms Herzberg's idea that pay is a hygiene factor rather than a motivator and can be a cause of dissatisfaction at work, but not of positive job satisfaction. Pay can easily be matched by competitors; therefore firms should look into other ways of keeping employees motivated (Torrington et al., 2008).

### 4.3.1.3 Learning and Development

Learning and development involves training, management development programmes, promotion as well career development but emphasis is on developing intellectual capital and promoting organizational, team and individual learning. It is aimed at providing opportunities for employees to grow and achieve their full potential as a reward for staying in an organization. Responses for promotion and training are presented in Table 4.8.

#### Promotion

The results presented in Table 4.8 suggest that respondents were generally aware of behaviours leading to promotion. Respondents were uncertain about the criteria, and predictability of moving up the ladder. The three questions relating to promotion taken together were very

critical in assessing the presumed fairness of promotions and whether possibility of promotions have the effect of motivating employees to raise their efforts for the prize of promotion. All these scores are above average implying that promotion has a part to play in the worker's general satisfaction since it creates the opportunity for personal growth, increased levels of responsibility and an increase on social standing.

### **Training**

On training, the respondents agreed that they receive regular training to enable them obtain knowledge of new developments in the sector. However, 5 of the respondents held the idea that employees should be trained in more operations of the bank to enable diversification of employees' knowledge and skills.

Table 4.8: Promotion and Training

	Mode
I understand the types of behaviour that lead to receiving promotion	4
Promotion is based on a predetermined criteria	3
I will be promoted within the next two years	3
I receive training regularly	4
The training was relevant to my job	4

#### **4.3.1.4 Benefits**

Given the multiplicity of benefits that an individual may get from employment, the researcher found it insightful to look at the key benefits so as to get a perspective on how the employees value these benefits and hence effects in terms of job satisfaction.

As depicted in Table 4.9, respondents indicated that they are happy with family benefits, health, education and retirement benefits. A few benefits were shown as deserving closer attention and improvement, such as leave arrangement, transportation, lifestyle and recreational benefits and saving options as indicated by the neutral opinions. Benefits take care of employee needs and thus those which are insufficient could be enhanced to encourage employees to stay with a particular bank.

Table 4.9: Benefits

	Mode
I never have problems with my arrangement for leave	3
I receive educational benefits	4
I receive other incentives such as parking, food service	3
Family benefits	4
Health benefits	4
Lifestyle benefits	3
Recreational benefits	3
Retirement benefits	4
Savings	3
Transportation	3

Respondents identified other benefits that they would like included in the benefits package such as risk allowance, vacation allowance and marriage allowance for newly-wed staff.

#### **4.3.2 Importance of Various Job Aspects on Job Satisfaction**

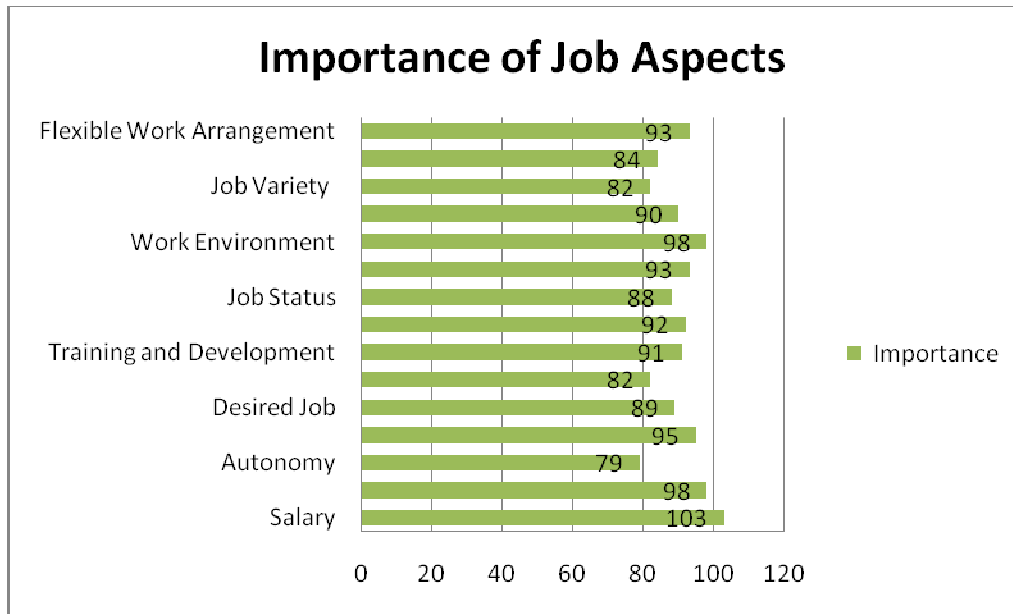
The second objective of the study was to identify the perception of bank employees on the existing rewards. In order to answer the resultant question: what is the perception of bank employees on the existing rewards, respondents were asked to give the relative importance attached to various job aspects on overall job satisfaction. The frequency of respondents' perceived importance is summarized in Table 4.10

Table 4.10: Importance of Job Aspects

	(1) Not Important at all	(2) Less Important	(3) Neutral	(4) Important	(5) Very Important	Frequency
Salary	2	1	2	31	72	103
Benefits	2	0	8	41	57	98
Autonomy	2	2	25	33	46	79
Recognition	2	0	11	37	58	95
Desired Job	2	4	13	49	40	89
Compensatory Time	2	2	22	37	45	82
Training and Development	4	0	13	33	58	91
Open Communication	4	4	8	37	55	92
Job Status	2	1	17	53	35	88
Participatory Decision Making	2	0	13	47	46	93
Enabling Work Environment	0	0	10	39	59	98
Relation with Colleagues	0	2	16	40	50	90
Job Variety	2	5	19	44	38	82
Working Hours	2	6	16	27	57	84
Flexible Work Arrangement	2	2	11	36	57	93

The frequency of response shows that out of the 15 job aspects, the highest ranking job aspects that enhance job satisfaction are salary, work environment, benefits, recognition, flexible work arrangements, participatory decision making, open communication and training and development in descending order. However, autonomy, compensatory time and job variety ranked the lowest in frequency meaning that they have a relatively low impact on job satisfaction in the banks. Notably, salary is very highly regarded by participants while autonomy is featured as the least important. The responses are summarized in Figure 4.6.

Figure 4.6: Importance of Job Aspects



### 4.3.3 Job Satisfaction

The study also sought to find the effect rewards on job satisfaction as guided by the question: To what extent do rewards influence job performance, lateness, absenteeism and turnover intention among bank employees? To answer this question, the study measured job satisfaction by assessing the attitude of the participants towards their jobs and fulfillment of expectations from the job. Such attitudes can be either constructive or destructive and outcomes include job performance, turnover intention, absenteeism, timely maintenance of job schedules, and greater degree of participation.

#### 4.3.3.1 Performance Systems

The study also aimed at finding out whether job satisfaction leads to higher work output or vice versa but instead assumed that workers are likely to perform better when they are happy. As Table 4.11 shows, respondents held the view that individual based performance systems are truly as a result of individual's achievement of strategic objectives. However, they were indifferent to the question that work outcomes such as pay, promotion and bonuses reflect their effort towards work. Performance system is one of the measures of job satisfaction. This may imply that a satisfied worker is a better worker and this can be judged using performance systems.

Table 4.11: Performance System

	Mode
Individual based performance system are based primarily on individual achievement of strategic goals	4
My work outcomes reflect my effort	3

#### 4.3.3.2 Turnover Intention

A low rate of turnover may be good for the organization. However, where it is rampant the adverse effects may outweigh the benefits since different banks compete for services of individuals who have capacity to improve their competitive position. The study found employees were on average considering changing jobs though they gave neutral responses when asked whether they have actually been looking for other jobs. Employees tend to carry out job searches before disengaging completely from the current employer and it is likely that they would not disclose this intention until they are ready to leave. This is indicated by the score below average in Table 4.12. Employee turnover may occur as a result of low satisfaction relating to various aspects of the job as well as lack of equity. As revealed by Khatri and Fern (2001), there is a modest relationship between job satisfaction and turnover intentions and that job satisfaction is a strong predictor of turnover intentions.

Table 4.12: Turnover Intention

	Mode
I have considered changing jobs	4
I have been looking for another job	3
I am thinking of resigning	2

#### Reward System

To further assess turnover intention of employees based on their level of satisfaction, the researcher sought insights on reward systems. The reward system as a whole is important for job satisfaction since it enables the organization to reward employees fairly by establishing measures, methods and linking pay and other incentives to performance. Reward systems can also be used by employees to understand where the organization lays its emphasis based on importance attached.



The job itself can be seen as conveying certain amounts of rewards besides the explicit rewards associated with the job. The idea that individuals would continue working even if the explicit reward system collapsed received an indifferent response. This question asked differently, whether they would continue working for the bank despite absence of rewards, participants strongly agreed; asked how reward system motivates higher performance, the response was indifferent. This means that effectiveness of the system influences motivation and job satisfaction. The results shown in Table 4.13 are in agreement with the findings of Cameron et al., (2001) that rewards increased the level of intrinsic motivation and that they can be used to enhance time and measure performance on tasks that initially hold little satisfaction. In addition, people work partly out of necessity, but actually what is going to determine if they stay in the job are the positive things that come out from the job, company or career (Riggio, 2009).

Table 4.13: Reward System

	Mode
The reward system in the bank encourages me to increase my performance continually	3
If there were no rewards I would still continue working for the bank	5
If there were no reward I would still work hard to meet my targets	3
I would leave if I were offered better rewards by another bank	3
I would choose to stay if the reward system in bank collapsed	3

#### 4.3.3.3 Work Withdrawal Behaviours (Absenteeism and Lateness)

Competency of an individual may be compromised by perpetual lateness and/or absenteeism, eventually affecting work outcomes. The respondents disagreed to the question regarding regular absence and regular lateness. Similarly, they disagreed to the question that they call absent only when faced with emergencies or illness. Results are shown in Table 4.14.

Table 4.14: Work Withdrawal Behaviours (Absenteeism and Lateness)

	Mode
I am usually absent from work for several days in a month	2
I call absent only when I am faced with emergencies or illness	2
I rarely report late for work	3
My lateness has been regular and is considered the norm	2
I have received a warning for lateness	3

#### 4.3.3.4 Job Performance

The study assumed that supervisors are generally happy with employees whose performance is acceptable and will have better working relationship resulting in a greater commitment to work. As shown in Table 4.15, supervisors are generally happy with the performance of their employees since workers are willing and able to reach set goals and even go beyond the targets given. Research conducted by the Institute of Work Psychology at Sheffield University looking at productivity and profitability in manufacturing operations found that, job satisfaction explained 5% of the variation between companies in profitability and 16% of the variation in productivity (Patterson, West, Lawthom and Mickel, 1997). Inference can therefore be made that job satisfaction in the banking sector is above average since employees are productive as indicated by their supervisors. Banko et al., (2001) also found that when the tasks used in the studies are of low initial interest, rewards increase performance ( $r = 0.28$ ), but do not affect interest.

The findings on job satisfaction are in agreement with the ideas of Hackman and Oldham presented in their Job Characteristics Model. They suggest that job characteristics such as skill variety, task identity, task significance, autonomy and feedback contribute to certain psychological states (meaningfulness, responsibility, knowledge of results), which lead to important personal and work outcomes (high internal work motivation and satisfaction, high quality work performance, low absenteeism and turnover)

Table 4.15: Satisfaction with Employee Performance

	Mode
I work hard to reach goals set by my supervisor	4
I perform work related tasks that go beyond what is specified in my job description	4
My supervisor is satisfied with my performance	4

#### 4.4 Inferential Statistics

Regressions, correlation t-tests, were utilized to help answer three research questions further: What are the affects of rewards on job satisfaction among bank employees? To what extent do rewards influence job performance, withdrawal behaviours (absenteeism and lateness) and

turnover intention among bank employees? What is the extent to which biographical factors (age, gender and job category) influence perception of rewards among bank employees?

#### 4.4.1 Effects of Total Reward on Job Satisfaction

Pearson Moment Correlation coefficient was computed to establish the strength of the relationship between total reward and job satisfaction. To explain this relationship, different elements of total reward (learning and development, work environment, financial rewards and benefits) and job satisfaction were correlated using factor analysis and results are presented in Table 4.16.

Table 4.16: Correlation Results of Relationship between Total Reward and Job Satisfaction

	<b>Learning and Development</b>	<b>Work Environment</b>	<b>Financial Rewards</b>	<b>Benefits</b>	<b>Job Satisfaction</b>
<b>Learning and Development</b>	1.0000				
<b>Work Environment</b>	0.0430 (0.6584)	1.0000			
<b>Financial Rewards</b>	.5059* (0.0000)	<b>0.1488</b> <b>(0.1244)</b>	1.0000		
<b>Benefits</b>	0.5446* (0.0000)	-0.0077 (0.9372)	0.5847* (0.0000)	1.0000	
<b>Job Satisfaction</b>	<b>-0.4772*</b> <b>(0.0000)</b>	<b>-0.0280</b> <b>(0.77320)</b>	<b>-0.3009*</b> <b>(0.0016)</b>	<b>-0.3080*</b> <b>(0.0012)</b>	<b>1.0000</b>

\*Significance level at 5%, n = 108. The values in parenthesis are the *P*-Values.

The results in Table 4.18 show the relationship between learning and development, work environment, financial rewards and benefits, and job satisfaction. There is a significant negative relationship between learning and development, and job satisfaction ( $r = -0.4772$ ). The relationship between financial rewards and job satisfaction is negative but insignificant ( $r = -0.3009$ ). The correlation between benefits and job satisfaction was also found to be negative and insignificant ( $r = -0.3080$ ).

It is notable that the relationship between job satisfaction and independent variables is negative. This can be explained by the form of questions used to test job satisfaction, which were in the negative. The results therefore indicate that, high scores of the independent variables (learning and development opportunities to employees, work environment, financial rewards and benefits) will lead to low scores on dissatisfaction at work. This implies that as total reward improves, job

satisfaction also increases at a matching rate. Learning and development exhibited the strongest association with job satisfaction whilst financial rewards and benefits were moderate.

### Regression Analysis

Factor analysis was employed to unearth underlying factors that illustrate relationships among set of interrelated items. Regression analysis was then used to find if there is a relationship between job satisfaction and total reward. The relationship between total reward including learning and development, work environment, financial rewards and benefits and, job satisfaction is negative. This is also a result negative questions seeking opinion on job satisfaction. These results therefore, should not be interpreted literally that an increase in each of the elements of total rewards results in a decrease in job satisfaction but rather, that it leads to a reduction in chances of not being satisfied with work. The results are presented in Table 4.17.

Model 1 represents regression results for all independents variables. Model 2 represents work environment, financial rewards and benefits and 3 represents learning and development, work environment and benefits.

Table 4.17: Regression Results of Relationship between Total Reward and Job Satisfaction

Dependent Variable	Job Satisfaction		
	1	2	3
<b>Learning and Development</b>	<b>-0.469</b> <b>(0.000)***</b>	-	-0.069 (0.598)
<b>Work Environment</b>	-0.0007 (0.993)	-0.002 (0.980)	.0427 (0.642)
<b>Financial Rewards</b>	-0.071 (0.578)	-.208 (0.117)	-
<b>Benefits</b>	-0.041 (0.772)	<b>-.203</b> <b>(0.082)*</b>	<b>.213</b> <b>(0.075)*</b>
<b>R<sup>2</sup></b>	0.2335	0.1171	0.0344

Level of Significance: \* represents 10%, \*\*represents 5%, \*\*\* represents 1%, n = 108.

The values in parenthesis are the P-Values.

Taking Model 1 into consideration, if learning and development is increased by 1% job dissatisfaction will reduce by 0.47%. Financial rewards, work environment and benefits are but insignificant. In Model 2, 1% increase in benefits leads to a 0.20% fall in dissatisfaction.

Model 3 also presents benefits as a strong predictor of job satisfaction. 1% increase in benefits would lead to a reduction of job dissatisfaction by 0.21%.  $R^2 = 0.0344$  meaning that 0.3% variation in dissatisfaction is brought about by benefit while 0.73% is explained by other factors not featured in the model.

Results for Model 1 indicate that learning and development is a strong predictor of the level of job satisfaction whilst Model 2 and Model 3 projects benefits as the next best predictor of employees' attitude to work and rewards. Findings show that if you improve learning and development, dissatisfaction declines. The findings of the present study are in agreement with findings of Muhammed et al., (2010) on the effect of job rewards on job satisfaction with age as the moderating factor which found that, which concludes that satisfaction is positively and significantly related with extrinsic rewards but less than intrinsic rewards.

#### 4.4.2 Extent to which Rewards Influence Absenteeism, Lateness, Job Performance and Turnover Intentions of bank Employees

Correlation analysis was also employed to further assess the effects of reward on absenteeism, lateness and performance as indicators of job satisfaction.

Table 4.18: Correlation Results for Effects of Rewards on Absenteeism, Lateness, Performance

			Performance	Absenteeism and Lateness	Rewards
Spearman's rho	Performance	Correlation Coefficient	1.000	-.401**	.680**
		Sig. (2-tailed)	.000	.000	.000
	Absenteeism and Lateness	Correlation Coefficient	-.401**	1.000	-.419**
		Sig. (2-tailed)	.000	.000	.000
	Rewards	Correlation Coefficient	.680**	-.419**	1.000
		Sig. (2-tailed)	.000	.000	.000

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

\*\* . Significance level at the 0.01 level (2-tailed). n = 108, P = 0.00, rho - Correlation Coefficient

As Table 4.18 shows, respondents who exhibited tendency toward job satisfaction did at the same time show less tendency for absenteeism and lateness, and also less tendency for leaving the company ( $r = -.401$ ), this relationship is significant. On the other hand, the correlation between performance and total rewards was positive and significant ( $r = .680$ ). It is also intuitive

to learn that absenteeism and lateness correlated negatively with the total rewards system ( $r = -.419$ ), this was also significant.

It is concluded that absenteeism and lateness have negative relationship with rewards and performance meaning that respondents who score high in performance and rewards will score lowly in work withdrawal behaviours (absenteeism and lateness). In relation to effects of rewards on turnover intention, results Tables 4. 13 indicate that participants would leave the organization if reward systems were not satisfactory and this is an indicator of the influence reward can have on turnover intention. The results imply that organizations which offer satisfactory rewards are in a position to reduce absenteeism, lateness, turnover intention and at the same time improve job performance.

#### 4.4.3 Differences in the Relationship between Rewards and Job Satisfaction by Gender, Age and Job Category among Banking Employees

The third objective of this study was to find out if there was any difference in job satisfaction and in the perception of rewards by bank employees based on their gender, age and job categories. Results are shown in Table 4.19.

Table 4.19: Regression Results for Difference in Job Satisfaction by Age, Gender and Job Category

	Gender		Age (Years)			Job Category		
	Male (1)	Female (2)	18-25 (1)	26-35 (2)	36 and over (3)	Lower level (1)	Middle Level (2)	Top Level (3)
<b>Learning and Development</b>	-.0309 (.064)	-.627 (.000)***	-.379 (.382)	-.258 (.115)	-.994 (.004)***	.0130 (.973)	-.782 (.002)***	-.336 (.036)**
<b>Work Environment</b>	-0.03 (.802)	-.006 (.953)	-.074 (.716)	.057 (.598)	.0259 (.359)	-.351 (.184)	.112 (.489)	-.094 (.385)
<b>Financial</b>	-.212 (.433)	0.021 (.898)	.191 (.609)	-.107 (.525)	.543 (.248)	0.495 (.278)	-.353 (.308)	.0529 (.724)
<b>Benefits</b>	-.089 (.741)	0.103 (.453)	-.527 (.327)	-.341 (.563)	.268 (.225)	-1.297 (.049)**	.657 (.504)	-.141 (.250)

\*\*\* Indicate significance at 1% whilst \*\* indicate significance a 5%. The values in parenthesis are the P-Values.

From the results differences were found between age groups, gender and job categories on factors contributing to their happiness on the job. The results by gender show that female employee's dissatisfaction declines when learning and development improves. If learning and

development is increased by 1%, dissatisfaction declines by 0.63%. All variables are insignificant for male employees.

When respondents are categorized by age, results show that learning and development only affects employees aged between 36 years and above. To be specific, if learning and development increases by 1%, job dissatisfaction falls by 0.04%.

When employees are categorized by level of management, results show that lower level employees are affected by benefits whilst middle level and top level employees are affected by learning and development. Specifically, when benefits improve by 1%, job dissatisfaction among lower level employees falls by 0.049%. When banks improve learning and development by 1%, job dissatisfaction falls by 0.782% for middle level employees and 0.336 for top level employees. The results imply that lower- level employees value benefits whilst middle level and top level employees value learning and development. The conclusion that age and job category are important aspects of reward management support the suggestion of (Lynn et al., 1996) that career stage life cycle combined with age describe employees demand for rewards as varying throughout their different stages of careers.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

Summary, conclusion and recommendations were made based on results of the study in relation to the objectives which were: To find out the extent to which rewards (financial rewards, benefits, learning and development, work environment) affect job satisfaction among bank employees. To identify the perception of bank employees on the existing rewards. To investigate the extent to which rewards influence absenteeism, lateness, turnover intention and performance among bank employees. To determine the extent to which biographical factors (age, gender and job category) influence perception of rewards among bank employees.

#### 5.2 Summary

The research questions the study aimed at answering were: What are the affects of total rewards job satisfaction among bank employees? What is the perception of bank employees on the existing rewards? To what extent do rewards influence job performance, absenteeism, lateness and turnover intention among bank employees? What is the extent to which biographical factors (age, gender and job category) influence perception of rewards among bank employees?

##### 5.1.1 Effect of Total Reward on Job Satisfaction

The study evaluated the effects of learning and development, work environment, financial rewards and benefits on job satisfaction among bank employees. It was found that the relationship between total reward (learning and development, and benefits) and job satisfaction was negative and significant. The negative relationship between total reward and job satisfaction can be explained by the framing of questions which was in the negative and thus the negative relationship. Total reward therefore leads to reduction in chances of not being satisfied with work and its outcomes. This implies that an improvement of total reward results in a higher job satisfaction as well as reducing job dissatisfaction.

Learning and development, the strongest predictor of job satisfaction in the banking sector involves training, promotion as well career development. It was found that learning and



development explains 0.47% variation in job satisfaction. It was further established that banks are effective in their training, career development and promotion processes and thus employees were generally satisfied with the programmes. Results imply that banks should focus more on improving learning and development of its employees.

The results from regression show that benefits explain 0.21% variation in job satisfaction. Respondents are specifically happy with family benefits, health, education and retirement benefits. However enhancement of some benefits to better suit employees' needs was required. Such benefits include leave arrangement, transportation, lifestyle and recreational benefits as well as saving options as indicated by their neutral opinions.

Respondents reported general satisfaction with majority of work environment sub-elements including enabling work environment, work content and conditions, recognition and leadership. The descriptive analysis indicated that employees were happy with the work environment at the bank. However, there are areas that require improvement, such as the banks' attention to personal welfare, goals and values and, mistake tolerance. Employees also indicated a need for more work autonomy and fair work load. It was also revealed that managers/leaders in the banking sector possess good leadership qualities. Under recognition, the study found that though banks recognize their employees in various ways, employees are not involved in the process. As a result, there is less satisfaction with the process due to lack of variety and flexibility. The study also established that payment is the most important element of total reward which on the contrary employees were not happy with, indicating need for enhanced salaries, better ownership schemes, profit sharing and compensation for overtime. Job satisfaction in the banking industry has been influenced significantly by benefits, learning and development.

### **5.1.2 Perception of Bank Employees on Existing Job Rewards**

Out of the fifteen (15) job aspects studied, the highest ranking job aspects that enhance job satisfaction are salary, work environment, benefits, recognition, flexible work arrangements and participatory decision making, open communication and training and development, arranged in descending order. The study revealed that autonomy, compensatory time and job variety ranked the lowest in frequency meaning that they had a relatively low impact on job satisfaction in the banks. Salary was perceived as the most important reward whilst autonomy was rated as the

lowest. The ranking provided a view of employees on various job aspects though the range between the highest and the lowest element was marginal.

### **5.1.3 Extent to which Rewards Influence Absenteeism, Lateness and Job Performance and Turnover Intentions of Bank Employees**

Several authors and researchers agree that job satisfaction has an effect on job performance, absenteeism and lateness and turnover intention. Job satisfaction has widely been reported to have a positive relationship with job performance, though this is not a direct relationship as there are many intervening factors such as motivation, skill and knowledge in addition to reward. Appealing rewards boost job satisfaction and thus reducing chances of withdrawal from work in the form of lateness, casual absenteeism and sluggishness. If the problem is not solved, it may result in quitting. Therefore where rewards are the main determining factor, it can be said that appropriate rewards would eventually result in a higher performance. Findings of the study confirmed that rewards and job performance have a strong positive correlation. From the descriptive analysis it is concluded that better rewards may dictate the employees desire to continue working with the organization, aim for higher performance level and follow work schedules depending on the value attached.

### **5.1.4 Differences in the Relationship between Rewards and Job Satisfaction by Gender, Age and Job Category among Banking Employees**

Results of the regression analysis conducted to establish difference in the level of jobs satisfaction by age, gender and job category found that there is a difference in perception of rewards which in essence leads to either satisfaction or dissatisfaction depending on the attached value by individual employees. The difference in perception of reward is exhibited by the significant relationship between the rewards and job satisfaction by different employee categories. Learning and development was found to have the widest influence on dissatisfaction. An improvement in this variable leads to reduction in dissatisfaction among female employees, those aged above 36 years, middle and top level employees. Benefits were also found to significantly reduce dissatisfaction among lower level employees.

### 5.3 Conclusion

Job satisfaction among bank employees is influenced by various elements of total reward. The most significant elements in enhancing job satisfaction in the banking sector are learning and development and benefits. A few aspects of the job in the banking sector are not satisfactory. These include attention to personal welfare, consideration of goals and values, tolerance of a reasonable level of mistake for the sake of learning; work autonomy, excess work load and lack of flexibility in recognition. There are areas of the banks' reward systems requiring improvement such as salaries and benefits such as leave arrangement, transportation, lifestyle and recreational benefits and saving options. This could be the explanation for the level of dissatisfaction in the sector. Salaries have an important role to play in influencing job satisfaction and if unsatisfactory will lead to dissatisfaction while acceptable salaries lead to motivation. For its importance, salaries need to be reviewed from time-to-time in order to match competition and economic situation for the benefit of the organization as well as the employee. It is difficult however, to offer a salary scheme which is acceptable across the board and further more it is challenging to satisfy the purchasing power of individuals.

In general, employees in the banking sector are appreciative of most of the rewards. This is important because in their effort to cut down labour cost, more non-financial rewards for instance recognition could be administered to lower demand for higher salaries. Intrinsic motivation which is concerned with work life balance is likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside like pay and promotion among others.

Rewards are significant in reducing lateness, absenteeism, turnover intention whilst increasing job performance. A well managed reward system will therefore, motivate employees to work beyond their call of duty and this is what is required in a business environment where set targets need not to be the end point of service. An organization that offers rewards that are valued is more assured to earn the benefits of a unique workforce which cannot be easily imitated by rivals in business.

Individual employees have different perceptions of rewards depending on their age, gender or job category. This provides a basis for designing a good reward system where group rewards can be offered. It also provides insight to the fact that needs vary from one group to another and

thus drawing attention of the organization to more specific needs of particular groups of employees.

#### **5.4 Recommendation**

Recommendations towards establishment of an improved reward system were made based on the conclusion. Employees expect return for their contribution while employers expect from their employees return for their pay and this forms the starting point of reward. Therefore, balance should be ensured when designing rewards so that each party attains majority of their expectations in terms of ability to pay and value for money for employers and employees respectively.

The level of job satisfaction of employees will to a great extent determine the position of an organization in the market, since employees who are innovative, creative and productive are a source of competitive advantage. Banks should therefore put in place reward strategies that are capable of attracting the right quality of employees, maintain them by providing their needs and obtain maximum effort towards organizational goals. A good reward strategy is one that is looked at holistically within the company's framework with all pay components aligned so as to complement one another. Suggested ways of advancing payment systems in banks include matching payment with the cost of living, presence of fairness and equity in distribution of pay, basing payment on individual effort and contribution to organizational goals and compensatory pay for overtime worked. This implies combining both financial and non-financial rewards, rewarding employees based on their contribution to organizational goals and encouraging productivity, effectiveness and efficiency through incentive programs. Banks should specifically work to improve reward strategies by considering welfare of employees, goals and values, allowing employees to learn with an acceptable degree of learning errors and allow flexibility in the recognition process and involving employees in recognition process. Banks should also look into ways of enhancing benefits including transportation, lifestyle and recreational benefits and saving options. Biographical factors, extrinsic and intrinsic value, internal and external relativities, inflation and market movement, business performance and trade union proposals should also be factored in the design of reward strategies.

#### **5.4 Areas for Further Research**

- i. Further research should be undertaken to establish the effects of one's maladjustment to the workplace, personal attributes emotions, and work ethics on job satisfaction.
- ii. The study involved a broad analysis to the effects of total reward and did not look at the details of the effects of each element. It is therefore, recommended that individual elements of total reward be selected as subject for further research.
- iii. Since the data utilized in this study were aggregates and therefore no attempt was made to distinguish inter-bank differences, researchers could carry out inter-bank analysis to identify the difference between the most successful banks and those which are less successful in terms of reward strategies. Researchers in future could also select one of the objectives as a topic for study to give an in-depth understanding of the subject.

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