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Influence of Reward Policy on Employee Job Satisfaction in Kenya: A Case Study of Pathologists Lancet Kenya

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Abstract:

Background

Employee motivation is very critical for business success. Some of the policies that impact on job satisfaction include reward management, employee relations and employee well-being. In Kenya, a developing country where the need for formation of capital is pressing, employee satisfaction is very important field of enquiry and research. Globally, organizations transform rapidly in response to changes in the business environment and technological advancements leaving behind human resource policy. The objective of this study was to ascertain the association between reward policies and employee job satisfaction in a medical institution.

Methodology

The study used descriptive survey design Sampling was done by a multistage stratified random sampling technique. Data was collected using structured questionnaires. With the aid of Statistical Package for Social Sciences version 21 (SPSS 21), data was analyzed using descriptive statistics in form of frequencies, percentages and means. Further analysis employed chi square statistic for assessing association and finally, multiple logistic regression was used to determine the relationship between reward policy and employee job satisfaction.

Results

A total of 131 respondents were interviewed from PLK branches. Out of the six factors which were used in measuring association between reward policies and job satisfaction, only two were found to be statistically significantly associated with job satisfaction. These were rewarding employees based on performance at work ($\chi^2 = 17.203, p = 0.028$) and supporting employees to achieve more at work ($\chi^2 = 21.880, p = 0.005$).

On multivariate analysis, the following factors showed statistically significant association with employee job satisfaction; rewarding employees based on their work experience (OR=2.23, $p = 0.026$), rewarding employees based on their performance at work (OR=2.29, $p = 0.022$) and clear definition of reward policy. (OR=3.14, $p = 0.002$)

Conclusions and recommendations

These findings provide sufficient scientific evidence for us to conclude that the aspects of reward policy that employees of PLK consider most important in improving employees' job satisfaction are rewarding employees based on their work experience, rewarding employees based on their performance at work and clear definition of reward policy. It is important for employers to reward their employees based on their experience at work as well as their performance. Generally, the reward policy should be clearly defined and all employees made aware of it.

Keywords: Reward, employee satisfaction, Pathologists lancet (K) Ltd

1. Introduction

In the contemporary business environment, employee motivation is very critical for success. Employees with high job satisfaction are likely to exert more effort in their assigned tasks and pursue the organization's interests. An organization that fosters high employee job satisfaction is also more capable of retaining and attracting employees with the skills that it needs (Rad & Yarmohammadian, 2006).

HRM Policies that impact on job satisfaction include reward management, employee relations and employee well-being (Armstrong, 2010).

In the context of a developing economy like Kenya where the need for formation of capital is pressing, human resource management, and specifically employee satisfaction, becomes a very relevant field of enquiry and research (Hossain, 2012). Namusonge *et al.*, (2012) have examined the relationship between reward policies and firms' performance.

Globally, organizations transform rapidly in response to changes in the business environment and technological advancements. Unfortunately, human resource systems often lag behind in organizational transformation despite the fact that they should be the underpinning factor in the process of business strategy and not the other way around (Lee, Lee & Wu, 2010).

Balozi (2011) established that six dimensions HR Policies, namely, career development, staffing, training and development, performance appraisal, incentives and employee relations, were positively related to employee satisfaction.

At Pathologists Lancet Kenya Ltd, there has been an increase in the numbers of employees on contract who are paid relatively lower salaries as compared to employees on permanent employment (Pathologist Lancet payroll statistics 2017). This has led such employees to focus more on job hunting rather than performance thereby hurting the worsening employee turnover of the company (Pathologists Lancet employee's turnover report 2018).

Despite several scholarly findings on employee job satisfaction in general, literature on the influence of reward on employee job satisfaction in medical organizations is still scanty. This study aims to establish employee perceptions on the influence of reward policies on employee job satisfaction at Pathologists Lancet Kenya Ltd which is a medical organization focusing on diagnostic services.

2. Methodology

2.1. Research Design

The study adopted the survey design.

2.1.1. Target Population

In this study target population was all employees of Pathologists Lancet Kenya (229). Out of these employees, 131 were sampled for the study by use of population proportion for size sampling method as outlined in table 1.

Study Units	Target Population (Sampled)
Nairobi	102(58)
Kisumu	24(14)
Mombasa	21(12)
Eldoret	16(9)
Garissa	14(8)
Voi	12(7)
Kisii	14(8)
Nakuru	26(15)
Totals	229 (131)

Table 1: Target Population and Number Sampled

2.2. Sample Size determination

Lancet has 229 employee and 131 was sampled for the study using stratified random sampling technique.

The Fisher *et al* (1998) formulae was used for studies as follows;

$$n = Z^2 pq / e^2$$

Where

n=desired sample size

Z=standard normal deviate which 1.96 at 95% confidence level

P=percentage of employees retained in the previous year of the research

q= (1-p)

e=level of error allowed

Therefore, $n = (1.96)^2 \times 0.2 \times 0.8 / (0.05)^2 = 246$. Correcting for finite populations using the formula;

$$n = (n_0 N / n_0 + N)$$

Where n is the corrected sample size

$$n_0 = 246$$

N= Total population size which is 229 for PLK

Therefore; corrected sample size (n) = $229 \times 246 / (229 + 246) = 118.6$ which is approximately= 119

A 10% overage is added to this sample size to cater for non-response

Therefore, the final sample size= $119 + 12 = 131$

2.3. Data Collection

After a pilot study in another medical institution in Nairobi, data was collected by use of respondent filled structured questionnaires upon permission from the management of the company. This was done over a period of two weeks with the help of eight data collection assistants who had prior training on the study procedures

2.4. Data Analysis

After collection, data was entered into an excel spreadsheet, cleaned and coded to facilitate analysis. Summary descriptive statistics were then generated by use of Statistical Package for Social Sciences version 21 (SPSS 21.0). This was followed by chi squared analysis to assess association between dependent and independent variables. Multiple logistic regression analysis was then used to determine the direction and strength of association between the reward policy and employee job satisfaction.

3. Results

3.1. Socio-Demographic Characteristics of Respondents

A total of 131 respondents were interviewed from PLK branches and their sociodemographic characteristics were as summarised in table 2.

	Frequency	Percentage
Age 20-30	107	81.6
31-40	11	8.3
41-50	11	8.7
>50	2	1.5
Gender Male	74	57.4
Female	57	42.2
Education Certificate	12	11.2
Diploma	73	53.5
First degree	39	30.4
Master's degree	3	1.3
Doctorate degree	2	1.9
Others	2	1.6
Experience 0-4 years	64	49.8
5-10 years	65	48.6
>10 years	2	.9
Designation Manager	28	21.4
Supervisor	19	13.1
Others	84	65.6

Table 2: Socio-Demographic Characteristics of Respondents

3.2. Descriptive Statistics

This section provides simple summaries about the influence of reward policy on employee job satisfaction at Pathologists Lancet Kenya Limited. The study assessed how reward policy influences employee satisfaction. Employees were subjected to some statements where they were supposed to indicate their level of agreement or disagreement with each of the statements in relation to the association between reward policies on employee job satisfaction. Table 3 gives a summary of findings.

Statement	Chi Squared	95% CI	p-value
Reward policy can attract, retain and motivate employees.	7.926	(-.111, 0.284)	0.441
Reward policy is such that employees are rewarded based on their qualifications.	6.834	(-.001, 0.259)	0.555
The reward of employees is on the basis of their work experience and level of contribution to company goals.	8.081	(.022, 0.342)	0.426
Employees are rewarded based on their performance at work.	17.203	(.028, -0.367)	0.028
The reward policy at PLK is clearly defined with respect to compensation and benefits employees are entitled to.	9.18	(-.327, - 0.075)	0.327
PLK supports its employees to achieve more at work thus causing intrinsic rewards to the employees.	21.88	(-.082, 0.176)	0.005

Table 3: The Influence of Reward Policy on Employee Job Satisfaction

Out of the six factors which were used in measuring association between reward policies and job satisfaction, only two were found to be statistically significantly associated with job satisfaction. These were rewarding employees based on performance at work ($\chi^2 = 17.203$, $p = 0.028$) and supporting employees to achieve more at work ($\chi^2 = 21.880$, $p = 0.005$).

3.3. Influence of Reward Policy on Employee Job Satisfaction

The findings were subjected to multiple logistic regression analysis to ascertain the strength and direction of association between reward policy and employee job satisfaction and the outcomes were as summarised in table 4.

Statement	Coefficient	OR	95% CI	p-value
Reward policy can attract, retain and motivate employees.	0.087	0.86	(-.111, 0.284)	0.39
Reward policy is such that employees are rewarded based on their qualifications.	0.129	1.95	(-.001, 0.259)	0.052
The reward of employees is on the basis of their work experience and level of contribution to company goals.	0.182	2.23	(.022, 0.342)	0.026
Employees are rewarded based on their performance at work.	0.197	2.29	(.028, 0.367)	0.022
The reward policy at PLK is clearly defined with respect to compensation and benefits employees are entitled to.	0.201	3.14	(-.327, 0.075)	0.002
PLK supports its employees to achieve more at work thus causing intrinsic rewards to the employees.	0.047	0.72	(-.082, 0.176)	0.474

Table 4: Multiple logistic regression of the influence of Reward Policy on Employee Job Satisfaction

On multivariate analysis, the following factors showed statistically significant association with employee job satisfaction; rewarding employees based on their work experience (OR=2.23, p=0.026), rewarding employees based on their performance at work (OR=2.29, p=0.022) and clear definition of reward policy. (OR=3.14, p=0.002)

4. Discussion

According to Terera 2014, reward influences employee retention but not satisfaction. However, from our findings, employees agreed that a clear statement of reward policy, rewarding employees based on their experience and work performance influences their job satisfaction.

Our findings are in agreement with those of Gohari *et al.*, (2013) who maintain that when employees are rewarded on the basis of merit they get motivated to work hard so that they can gain from such rewards that are attached to good performance. This is true for scholars like, Scott (2010), Chepkwony (2014), and Agwu (2013) who contended toward similar thought. However, a reward policy can be detrimental to an organization if it is unfairly designed. This is because it will act as a demoralizing tool that affects employee job satisfaction thus lowering organizational productivity (Edirisooriya, 2014).

One of the main findings of this study is that it is important to clearly define the reward policy of an organization. Employee rewards are very important since they have lasting impression on them and continue to substantiate the perception of their value to the organizations they work with, Shoib *et al.* (2009). Moreover, they contend that employees judge the quality of their job in the intrinsic satisfaction and the personal reward they earn from their work. Using intrinsic rewards to increase employee commitment and retention is achievable in all organizations. Sutherland (2004), demonstrates that reward is the basic element which indicates how much employees gain by dedicating their time and effort towards the achievements of company objectives, therefore employers have the responsibility to designing an attractive reward package to attract and retain valuable employees and clearly communicate this policy to them.

In our study, the term reward was used to encompass all forms of appreciation, monetary or otherwise. Previous studies have demonstrated that pay affects job satisfaction (Danish, & Usman, 2010; Saleem, *et al.*, 2013). Employees expect a certain level of monetary rewards for their organizational contribution, and pay constitutes a quantitative measure of an employee's worth. In order to compete for the most talented workers, companies need to provide attractive and equitable pay. It has been argued that pay is a motivator for many employees initially, but it is not a powerful motivator over the long term. The role of pay in attracting and retaining people at work has been recognized for many decades and is increasingly important in today's competitive, economic environment where strategic compensation planning is needed (Jackson & Schuler, 2006).

5. Conclusions

These findings provide sufficient scientific evidence for us to conclude that the aspects of reward policy that employees of PLK consider most important in improving employees' job satisfaction are rewarding employees based on their work experience, rewarding employees based on their performance at work and clear definition of reward policy.

6. Recommendations

The following policy actions are recommended from the study; It is important for employers to reward their employees based on their experience at work as well as their performance. Generally, the reward policy should be clearly defined and all employees made aware of it.

7. Suggestion for further research

The study was limited only to how reward policies influence employee's job satisfaction hence there is need for future research to study other policies at work place that can as well influence employee job satisfaction such as sexual harassment policy, recruitment policy, leave policy, nepotism policy, job evaluation policy among others.

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