

**INFLUENCE OF NON FINANCIAL REWARDS ON EMPLOYEE
COMMITMENT AT KENYA TEA DEVELOPMENT AGENCY**

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DECLARATION

I declare that this project is my original work and has not been presented in any other university or institute of higher learning for examination or academic purposes.

Signature

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Date

Declaration by Supervisor

This project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

To my mother Winnie, who unconditionally believed in me. You encouraged me constantly and urged me to enroll for my Masters degree. Though gone, you will forever remain in my heart. Thank you for the confidence you instilled in me.

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LIST OF ABBREVIATIONS AND ACRONYMS

CBAs:	Collective Bargaining Agreements
KTDA:	Kenya Tea Development Agency
SCDA:	Special Crops Development Authority

ABSTRACT

The study aimed to investigate the influence of non financial rewards on employee commitment at Kenya Tea Development Agency. The research design adopted was descriptive survey design. This consisted of all the employees of Kenya Tea Development Agency who were based at the agency headquarters. The population of interest was 294. The researcher used stratified sampling because of ease of classifying the population into strata's. The sample comprised of 30% from each strata of the target population hence sampled to 90. The study used primary data that is collected through self-administered questionnaires containing both open ended and closed questions. The data collected was analyzed using descriptive statistics. Data was analyzed using statistical package for social sciences based on the questionnaires. Results were presented in tables and charts. The study found that the employees agreed that they were provided with medical treatment to a moderate extent. The study found that, career advancement would improve their job to a great extent. The study also found that, the organization released employees from regular work to attend training and even sponsored employees where possible to a great extent .The study also found that, they were being praised and recognized in public for good work to a great extent. The study concludes that career development, development opportunities offered and employee recognition are the tools that management can use to motivate employees in order for them to perform effectively and efficiently. The study also concludes that employees of KTDA place great value on different rewards given to them and this promoted their level of commitment. It is therefore concluded that workers place great value on the different non- financial rewards given to them by their employers. The results of this investigation could be of benefit to managers and policy makers. The study recommends that since career development influenced employees' commitment, organizations would be interested in providing opportunities for career development. Institutions such as KTDA have an increasingly competitive operating environment, so by revising their non-monetary reward policies it may lead to a positive influence on employee commitment; this will in turn improve retention and performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The people who make up an organization are considered to be one of the most important resources of today's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management (Dyer and Reeves, 1995). An organization's success or failure is highly determined by effective and efficient utilization of resources at its disposal, such as human, material, financial, and information resources. Among these four resources, the human resource is the most important part and crucial of all resources for the survival of an organization or business firms. According to Ivancevich (2009, p.62), "It is important to remember that people do the work and create ideas that show the organizational service". Therefore, it is agreed that resources remain unutilized unless the human element is involved. The degree of human resource contribution should be evaluated in the development of the organization or business firm.

In an organization, committed employees are regarded as being willing to build and maintain long-lasting relationships with their employer. Osterman (2000) posit that employees may be highly skeptical of the management initiatives and both actively and passively resist to the changes, resulting in unsuccessful change efforts, decrease in morale or productivity, and increases in turnover or subsequent organizational failures. Effective management teams need to recognize that positive employee attitudes are often vital to achieving organizational goals. When employees believe that they have the ability to participate in decisions, research suggests there will be a positive impact on the work environment (Lawler, 2008). Employee participation in decision making changes their perceptions and as a result leads to additional interactions with management and provides new opportunities for employees to develop trust in management. Involved employees

may also be more likely to believe they can impact or initiate changes in the organization and to perceive the organization as adaptive to change.

Organizational reward system has been found to play a critical role in enhancing employee satisfaction. Mondy (2008) claims that non financial rewards can predict employee performance as the more challenging a goal is, the higher the performance level becomes and the higher the perceived satisfaction. Mondy (2008) argues that an employee's performance is determined by the degree to which available non financial rewards are attractive, so as efforts lead to higher levels of performance (first-level outcomes) which in turn, leads to second level outcomes (praise, friendship, wages). People need non financial rewards to ensure that they are always at their optimum working condition. In turn, this will absolutely lead to optimum productivity. According to Dems (2010) the value of human resource performance is a managerial concern. Employee motivation is the classic response on this matter. This has been utilized for ages by many different entities, small- and large-scale businesses alike. It fosters mutual growth in an employer-employee relationship. Indeed, non financial rewards increase performance.

1.1.1 Non-Financial Rewards

A reward is defined as all of the monetary, non-monetary, and psychological payments that an organization provides for its employees (Bartol and Locke, 2000). A reward is presented after the occurrence of an action with the intent to cause the behaviour to occur again. This is done by associating positive meaning to the behaviour and it represents what the individuals want to obtain from work or what they perceive. A job reward has been found to be a strong determinant of job satisfaction and also rewards are significantly related to professionalism. Non-financial rewards are the non-monetary gains that influence people through non-material rewards like; giving more responsibility, promotion, praise and recognition in public (Musaazi, 2002). Maicibi (2007) in his definition of the same includes indirect financial rewards arising from work itself, such as; achievement and autonomy. Such non-monetary rewards are believed in one way or

the other to affect job commitment either negatively or positively. Non-financial rewards tend to attract highly qualified and competent people who are likely to be highly committed to the achievement of organizational goals. According to Armstrong (2009) talking on the role of non-financial rewards in enhancing employees' commitment and performance on the job observed that "essentially the notion of total reward says that there is more to rewarding people than throwing money at them". Non-financial rewards can make workers more comfortable on the job. It encourages them to contribute extra effort by developing a deal that addresses a broad of issues.

Armstrong (2009) adds that creating a fun, challenging and empowered work environment in which individuals are able to use their abilities to do meaningful jobs for which they are shown appreciation is likely to be a more certain way to enhance motivation, commitment and performance. Maicibi (2003) identified three main types of non monetary rewards that is, the need for power, need for affiliation and need for achievement. If an organization is to make its employees committed on the job the need to give them power in form of promotions and too they should be accepted on the job through recognition, Musaazi (2002) observes that absence of effective reward strategy that considers the needs of employees and their aspirations demoralizes them leading to low job commitment.

1.1.2 Employee Commitment

Newstrom and Davies (2002) define employee commitment as the degree to which an employee identifies with the organization and wants to continue actively participating in it. Like a strong magnetic force attracting one metallic object to another, it is a measure of the employees' willingness to remain with a firm in the future. It often reflects the employees' belief in the mission and goals of the firm, willingness to expend effort in their accomplishment, and intentions to continue working there. Commitment is usually stronger among longer-term employees, those who have experienced personal success in the organization, and those working with a committed employee group.

Madigan, Norton and Testa (2009) posit that committed employees would work diligently, conscientiously, provide value, promote the organization's services or products and seek continuous improvement. In exchange, they expect a work environment that fosters growth and empowerment, allows for a better balance of personal and work life, provides the necessary resources to satisfy the needs of customers and provides for their education and training. Employee's commitment increases the employee's performance and reduces turnover, and thus loyalty of employees depends on the satisfaction of their wants and desires. In organizations, committed employees have been found to be willing to build and maintain long-lasting relationships with their employer. Osterman (2000) posit that employees may be highly skeptical of the management initiatives and both actively and passively resist to the changes, resulting in unsuccessful change efforts, decrease in morale or productivity, and increases in turnover or subsequent organizational failures. Effective management teams need to recognize that positive employee attitudes are often vital to achieving organizational goals. When employees believe that they have the ability to participate in decisions, research suggests there will be a positive impact on the work environment (Lawler, 2008).

1.1.3 Kenya Tea Development Agency

Before Kenya attained independence, indigenous Kenyans were barred by law from growing tea. When it approached independence, the legislation was repealed to allow the indigenous people to commence tea growing. Following this development in 1960, the colonial government created the Special Crops Development Authority (SCDA) to promote growing of tea by Africans under the auspices of the ministry of Agriculture. After independence, Kenya Tea Development Authority was formed through legal notice No.42 of 1964 and took over the liabilities and functions of the SCDA to promote and foster the growing of tea in small farms, which were previously said to be unviable in view of the expertise and costs required, as witnessed in the plantation sector. Due to privatization, Kenya Tea Development Authority was converted to Kenya Tea Development Agency Limited and was incorporated on 15th June 2000 as a private

company under (CAP 486) of the laws of Kenya, becoming one of the largest private tea management agencies (KTDA, 2013).

KTDA offers management services to the small scale tea Subsector in Kenya. The company is managed by a board of directors from the twelve zones that represent the tea growing regions of Kenya. Each zone has a collection of Factories. A factory has six directors that are elected by farmers. The elected directors meet at the zonal level to elect a board member to KTDA. There are sixty five factories under the management of KTDA. All factories are managed in a similar business model. The company has a responsibility of buying tea leaves from small scale farmers, processing of the tea and ensuring the same is market appropriately.

Some of the non-financial rewards that staff at the agency enjoy include paid vacations, sincere praise and recognition, increase in the scope of tasks and assignments, provision of newspapers at some levels of management, parking spaces, club membership, staff parties.

These non-financial rewards are given to recognize staff for work well done, to motivate them and also to take care of them even outside the office.

1.2 Research Problem

Organizations in both the public and the private sector consider their employees as a critical asset towards the attainment of organizational goals. However, the same objectives can only be attained from a satisfied and committed workforce. According to Samad (2007) if workforce is satisfied with their job as well as the organizational environment including its relationship with colleagues, compensation, and leadership they will be more committed to their organization as compared to when they are not satisfied. The importance of commitment can not be overlooked because it is a key factor influencing employee turnover, employee's performance, and productivity. A committed workforce is usually a contributor towards enhancing organizational productivity. Deeprose (2004) noted that effective non financial reward system improves employee

motivation and increases employee productivity which contributes to better enhanced commitment.

The tea industry has remained as the largest earner of foreign exchange and employer in the country with about one million people working in the industry. The Kenya Tea Development Agency is tasked with the mandate of buying tea leaves, processing and marketing and thus in order to ensure that the sector continue to play a key role in the country's economy the management of the agency has to ensure that its employees are well remunerated both financially and non-financially. The use of non financial rewards by the agency will motivate the employees as they will view the organization as caring for their wellbeing and thus resulting in high performance and commitment. Kenya's ideal tropical and temperate climatic condition makes it favorable for production of wide range of tea. The industry has witnessed several human resource issues including; automation of labour, push for better wages and working conditions leading to several Collective Bargaining Agreements (CBAs). The company has high standards on performance and expects employees to follow the rules and regulations, work according to the standards set for them; the employees expect good working conditions, fair pay, fair treatment, secure career, power and involvement in decisions. These expectations of both parties vary from organization to organization. For the agency to address these expectations, an understanding of employees' rewards is required. This research draws its relevance from these turbulent situations as solutions are sought to build a strong and highly motivated labour force that is willing and able to champion the development drive of the country.

Local studies that have been undertaken on the influence on non financial rewards on employee commitment includes Wambugu (2010) who undertook a study on the relationship between employee commitment and job performance at Kenya Institute of Surveying and Mapping. The findings of the study were that most of the employees are highly committed and value their career, job and organization. A high coefficient of correlation between employees' commitment and job performance indicated a positive

correlation between employees' job performance and organization, career, job and commitment to the supervisor. Kamau (2012) studied the factors that influence organizational commitment of employees at Kenya plant health inspectorate Service Corporation and established that the factors influencing organizational commitment were education, duration of service and job category. Ondimu (2013) undertook a study on the managers' perception of the influence of employee career development programs on employee commitment at OXFAM international and found out that Oxfam International in Kenya does have and actually implements career development initiatives aimed at building the careers of its employees and that employees are committed to Oxfam and are willing to work and stay with Oxfam as an employer. Kowido (2013) undertook a study on cross-sectional survey on perceived factors contributing to employee commitment in small medium furniture companies along Mombasa road, Nairobi County. The findings of the study were that training and development, promotion factors, working conditions, employee benefits and job security contribute to employee commitment.

Other studies that have been undertaken on the influence of non financial rewards, however, international studies that have been undertaken include Andrew's (2004) study on the impact of perceived leadership behaviors on satisfaction, commitment, and motivation and established that commitment of employees is based on rewards and recognition. Chiang & Birtch (2009) rewards that are non-financial in nature, such as the provision of an increase in holidays, and increases in family benefits, contribute towards the employee perceiving his/her workplace as a 'supporting and caring' organization. Gouldner (1960) mentions the norm of reciprocity, which focuses on the ability of organization to accommodate the needs of their employees, and reward them for their efforts. In exchange for the rewards provided to them, employees do reciprocate by increasing their commitment towards their organization and their work, in addition to increasing their 'socio emotional bonds' with their company and their colleagues. Rizwan and Ali, (2010) are of the view that when effective rewards and recognition are implemented within an organization, a favorable working environment is produced which motivates employees to excel in their performance. The studies that have been

undertaken are mostly on employee commitment and rewards and therefore a study that specifies the kind of rewards needs to be undertaken in order to determine the extent to which it influences commitment. It is as a result of failure by the previous studies to capture this section that the study aimed to address. It therefore aimed to answer the question: What influence do non financial rewards have on employee commitment at Kenya Tea Development Agency?

1.3 Research Objective

To determine the influence of non financial rewards on employee commitment at Kenya Tea Development Agency.

1.4 Value of the Study

The study findings will benefit management of Kenya Tea Development Agency who will gain insight into how their institutions can effectively manage their non financial rewards to be in line with their employees' perception. This study will offer an understanding on the importance of maintaining an effective reward system that will provide the desired results and competitive advantage in the present day competitive business environment. For the human resource managers, non-monetary rewards according to this study, will try to prove to be effective on employee motivation, therefore there is a cheap way of keeping the workforce highly motivated. In order to achieve this, non-monetary rewards must be used to create a sincere focus of appreciation and on the other hand, money should be used as a reward linked directly to compensation not necessarily motivation. This study is also aimed at helping employees to identify the motivational factors that will drive them towards being more committed and loyal to the organization. The employees will feel contented which is the factor that will make them stay longer in the organization. The longer employee stays with an organization, the more valuable they will be in terms of seniority, skill and knowledge.

The findings of the study can also be used by Government and other organizations to design future staff reward system strategies. Conceptually, this study will empirically

verify the influence of non financial rewards on employee commitment. The study would also help employers draw up proper performance rewards systems or mechanisms to increase on the employee performance.

This study will also create a monograph which could be replicated in other sectors of the economy. Most importantly, this research will contribute to the literature on the non performance rewards especially in developing countries like Kenya. It is hoped that the findings will be valuable to the academicians, who may find useful research gaps that may stimulate interest in further research in future. It would also help policy makers to come up with informed policies/decisions on how rewards should be awarded.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers literature review related to the study. It included a review of the various studies conducted by researchers on theoretical foundation, the non financial rewards and the influence of non financial rewards on employee commitment.

2.2 Theoretical Foundation

Kilbourn (2006) posits that the theoretical perspective in a research reflects the researcher's theoretical orientation, which is crucial to interpreting the data in a qualitative study, irrespective of whether it is explicitly or implicitly stated. Several theories are considered to be underpinning the study and include the expectancy theory and the equity theory.

2.2.1 Expectancy Theory

The expectancy theory, suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive (Mendonca, 2002). According to Robbins (2003), expectancy theory refers to the strength and attractiveness of individual's expectation of the outcome produced by performance. The attractiveness of expected reward for given input will determine one's motivational soundness according to this theory and whether that reward responds to individual's personal goals. Robbins (2003) explained that there are three relationships; effort – performance, performance – reward and rewards – personal goals which will direct one's behavior. Expectancy Theory predicts one's level of motivation depends on the attractiveness of the rewards sought and the probability of obtaining those rewards (Bohlander & Snell, 2004). If employees perceive that they may get valued rewards from the organization, they tend to put greater effort into work. Expectancy Theory includes three dimensions, say, expectancy, instrumentality and valence, the level of all of which must be high if desired behaviors are looked forward to in employees' work.

Expectancy theory of motivation explains the link between motivation and performance. The theory proposes that performance at individual level depends on high motivation, possession of the necessary skills and abilities and an appropriate role and understanding of that role (Savaneviciene & Stankeviciute, 2010). It is a short step to specify the human resource management practices that encourage high skills and abilities, for example careful selection and high investment in training; high motivation, for example employee involvement and performance-related pay; and an appropriate role structure and role perception, for example job design and extensive communication and feedback. According to Vroom (1964) “the effects of motivation on performance are dependent on the level of ability of the worker, and the relationship of ability to performance is dependent on the motivation of the worker.” The effects of ability and motivation on performance are not additive but interactive.

In an organizational context employees are often evaluated by their performance. If an employee believes that the effort given will lead to performance which is acknowledged by the management they will try to put their best efforts into practice. This leads to the expectancy that great effort will lead to performance which is noticed and rewarded. Instrumentality is used to explain the suitability of the rewards to performance. If the outcome (rewards) is corresponding to individual’s personal goals a positive emotional attitude towards the outcomes (rewards) will be developed. Ramlall (2004) explained that an individual estimates an outcome to be positively valence once the outcome is considered wanted in other words once the reward matches one’s personal goals. Robbins (2003) said that the expectancy theory gives good explanation why employees are not motivated; they might feel that the excellent performance is not acknowledged in the organization due to several reasons. If the organization’s performance appraisal system is created to evaluate non-performance related factors such as tenure, an individual may feel that no matter how much they work they will not be rewarded. Employees may also feel that the supervisor doesn’t like them and therefore they are not given fair appraisals. Employees may think that they don’t have the needed competencies to gain high

performance levels which will be rewarded. The most pessimistic view is that the great performance will never be acknowledged in the organizational context.

2.2.2 Equity Theory

Equity theory deals strongly with the aspects of organizational justice, whether the individuals feel that they are treated fairly at work or not. The felt equity or inequity will impact their level of effort given in the work environment (Arnold *et al.*, 2010). Ramlall (2004) posits that an individual on employee – employer relationship evaluates not only the benefits and rewards he or she receives and whether the input given to the organization is in balance with the output but also the relevance of inputs given and outputs received by other employees inside or outside the employing organization. Individual inputs can be education, effort, experience, and competence in comparison to outputs such as salary, recognition and salary increases. If an individual notices an imbalance on the input - outcome ratio according to his or her own experiences and in comparison to the others, tension is accumulated.

Arnold *et al.*, (2010) noted that individuals who feel under rewarded will have stronger, negative feelings than the ones who are over rewarded. If inequity is met in the employee-employer relationship individuals are likely to change their inputs to correspond the outcomes i.e lower the work effort to equal the outcomes, change the referent to which they are comparing the felt inequity or distort perceptions of self or others.

2.3 Non-Financial Rewards

La Belle (2005) posit that different individuals have different perceptions of rewards and believes that such factors are the main driving force of satisfaction and that they help boost the employee to work harder and better, due to the motivation that it brings about. Some specific non-financial rewards are reviewed below.

2.3.1 Opportunity for Career Advancement

Lack of opportunity for advancement or growth can cause a high turnover rate for any organization. If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee. The job should be described precisely, without raising false hopes for growth and advancement in the position. Since employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their work. Even the most seasoned employee needs to be told what he or she is doing is right once in a while (Shamsuzzoha, 2007). Lack of opportunity for advancement through seniority or otherwise may result in dissatisfaction that simmers in an employee's mind until he or she finally quits. In the case of jobs having no real future, applicants should receive a full explanation before they are hired. If an organization does not have chances for promotion of their employees, they may quickly lose this resource to others. Promotion chances are the degree of potential occupational mobility within an organization. Promotional chances reduce turnover since an employee can stay on hopefully eyeing a vacancy. Promotion of staff is a motivator in the sense that an employee is satisfied even as he performs his duties. With job satisfaction turnover is highly reduced (Cascio, 2002).

Commitment to the organization is degraded if there is a perception of under handed methods in promotion activities (Mosadeghrad *et al.*,2008) Al-Ahmadi (2002) established that employees demonstrate greater levels of satisfaction and commitment if they are given ample opportunity for personal as well as professional growth in their organization. According to Friday and Friday (2003), satisfaction with promotion determines employees' attitudes toward the organization's promotion policies and practices. Promotion provides employees with opportunities for personal growth, more responsibilities and increased social status. Research indicates that employees who observe that promotion decisions are made in a fair and just manner are most likely to experience job satisfaction.

Growth and development are the integral part of every individual's career. If employees cannot foresee their path of career development in their current organization, there are chances that they will leave the organization as soon as they get an opportunity (Bratton and Gold, 2003). The important factors in employee growth that an employee looks for himself are work profile, personal growth and dreams, and training and development. Career development is vital for both the employees and employers. Career development is mutual beneficial process because it gives imperative outcomes to employer and employees. To gain and maintain competitive advantage organizations required talented and productive employees and these employees need career development to enhance and cultivate their competencies (Prince, 2005).

2.3.2 Development Opportunities

Employee training provides opportunities to employees to widen their knowledge and abilities for more efficient teamwork and achieve individual development (Jun et al., 2006). When workers receive self-development training, the level of their job satisfaction is higher than those without such training. According to Kerka (1998) career development is an organized approach used to achieve employee goals with the business needs of the agency workforce development initiatives. According to the author, the purpose of career development is to; enhance each employee's current job performance, enable individuals to take advantage of future job opportunities and fulfill agencies' goals for a dynamic and effective workforce.

According to Cole (2005), the benefits of employee development to an organization include: increasing the employees' morale since training will improve the employees' confidence and motivation; lowering cost of production through better and economical use of material and equipment thereby reducing and avoiding waste. In addition, he observed that training of employees leads to a low turnover that comes as result of improved security in the workplace. Training helps improve change management by increasing the understanding and involvement of employees in change management process.

2.3.3 Recognition

Recognition is the demonstration of appreciation for a level of performance, an achievement or a contribution to an objective. It can be confidential or public, casual or formal. It is always in addition to pay (Pitts, 2005) In addition to reward, employees also need recognition. Individuals like to share their achievements with others and have it recognized and celebrated. When this need is satisfied, it works as an excellent motivator. If employers rely on reward alone to recognize contribution and achievement it is most possible that the employee's objective will become modified to secure the pay and nothing more and this in turn will lead to a degraded culture of the organization. When used correctly recognition is a cost-effective way of enhancing achievements and enable people to feel involved in the company culture (Pitts, 2005).

Recognition and celebration do not work as an alternative to a base pay, they are only adders, not replacements for pay. However, together with a solid pay approach, recognition and celebration is an effective way to make rewards communicate effectively. Used properly, these two factors give the company opportunity to communicate the role that employees should play in making the organization a success. When traditional pay solutions fail to acknowledge issues such as business opportunities, organization design and competency, recognition can be a great tool to address them (Zingheim and Schuster, 2000).

An intrinsically motivated individual, according to Ajila (1997) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. And an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job. He further suggested that for an individual to be motivated in a work situation there must be a need, which the individual would have to perceive a possibility of satisfying through some reward. According to Shore and Shore (2005), employees who are able to experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for. Thus, there is a need for the employer to really make an effort

in showing the employee that his/her wellbeing is of concern to the organization and the management and that the contribution of the employee towards the organization is highly valued.

2.4 Employee Commitment

Mullins (2009) view employee commitment as encapsulating by giving all of one-self while at work. They also state that employee commitment entails things such as using time constructively, attention to detail, making that extra effort, accepting change, co-operation with others, self-development, respecting trust, pride in abilities, seeking improvements and giving loyal support. Employees today are increasingly self-assured of their value to employers, and would consciously choose to work for those organizations that meet the above workplace expectations.

Employee commitment is important because high levels of commitment lead to several favorable organizational outcomes. It reflects the extent to which employee's identify with and organization and is committed to its goals. According to Tolentino (2004) Sustained productivity improvement depends on the enterprise's human capital (the skills, knowledge, competencies and attitudes that reside in the individual employee of the enterprise) and its social capital (trust and confidence, communication, cooperative working dynamics and interaction, partnership, shared values, teamwork, etc. among these individuals.

2.5 Non-Financial Rewards and Employee Commitment

In many organizations, there's growing commitment gap – a widening split between the expectations of employers and what workers are prepared to do. The most common reason for this is a failure of management in some way or another. Properly managed employees can be motivated to achieve excellence in any area of business. Pickard (2003) observes that increasing business competitiveness demands that organizations have to offer the best quality products or services for the best price. This requires that organizations develop and harness the talents and commitment of all their employees.

Getting the best out of people and attempting to improve job satisfaction demand a spirit of teamwork and cooperation, and allowing people a greater say in decisions that affect them at work. In order to improve business performance, managers will need to relinquish close control in favor of greater empowerment of employees. Genuine commitment requires not just recognition or understanding of what the organization expects but an emotional and behavioral response from staff.

Malhotra *et al.* (2007) established that intrinsic non-monetary rewards are more powerful predictors of affective commitment than monetary rewards. Coetsee (2004) underscores the significance of linking rewards, which are terms the outcomes to good performance and explains that this giving of compensation to deserving employees will encourage the employee to work harder and therefore affect their behaviour by motivating them. Furthermore, social rewards, help employees develop trust and interest in pursuing organizational goals. Employees who perceived their supervisor as supportive were more affectively committed to their employer. Zingheim and Schuster (2000) argues that when supervisors are committed to their subordinates and engage in behaviours that support organizational objectives, employees experience emotional gratification and are more likely to respond by developing trust and modeling their supervisor's behaviors.

Chiang and Birtch (2009) posit that rewards that are non-financial in nature, such as the provision of an increase in holidays, and increases in family benefits, contribute towards the employee perceiving his/her workplace as a 'supporting and caring' organization. By providing employees with as much rewards as possible (in proportion to their work efforts), employees are able to function more efficiently. This idea is further supported by Luthan et al., (2006) who stresses that when employees are able to see that their company really values and rewards certain service behaviors, then the employees would also want to embrace or welcome such values, and they would be able to exhibit desirable behaviors based on such perceptions and the promise of rewards. According to Chhabra (2010), the perceptions that employees have with regards to their reward climate influences their attitudes towards their employees. In addition, the commitment of

managers towards their organization is also shown by how the manager rewards his/her employees. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work, in addition to increasing their ‘socio-emotional bonds’ with their company and their colleagues.

Jensen et al., (2007) argue that it is the intangible rewards which determine why an employee would choose one company over another when tangible rewards are given the same. This is a way how companies can really stand out of the crowd by the use of the attractive rewards. Luthan et al., (2006) established and found out that there was a positive relationship between non-monetary incentives and employee organizational commitment. When employees were provided non-monetary rewards like housing, flex time, telecommunicating, vacation, learning and development opportunities, recognition of achievements, tasks for or other assignments and sincere praise their organizational commitment increased and the reverse was true. Wright (2002) in a study about the relationship among non-monetary incentives and goal level found out that non-monetary rewards positively relate with goal level commitment of employees. Employees who were praised, recognized, and promoted on the job were committed on the job than their counterparts who were not committed on the job.

The workforce will be better satisfied if management provides them with opportunities to fulfill their physiological and psychological needs. The workers will cooperate voluntarily with management and will contribute their maximum towards the goals of the enterprise. Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization. This will also result in increased productivity as well as the rate of labour turn over and absenteeism among the workforce will be reduced to the barest minimum (Chhabra, 2010). It is true to some extent that when workers are motivated, their ability to increase productivity will be high.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the proposed research design, the target population, sampling design, data collection instruments and the techniques for data analysis.

3.2 Research Design

The research design adopted was descriptive survey design. According to Cooper and Schindler (2000), a descriptive survey research design is concerned with finding out the; who, what, where, when and how much. Furthermore, a research design is structured, has investigative questions and part of formal studies. The design was appropriate because the main interest was to explore the viable relationship and describe how the factors support matters under investigation.

Descriptive survey design method provides quantitative data from cross section of the chosen population. This design provided further insight into research problem by describing the variables of interest. This kind of study was used to determine the influence of non financial rewards on employee commitment at Kenya Tea Development Agency.

3.3 Target Population

This consisted of all the employees of Kenya Tea Development Agency who were based at the agency headquarters. The population of interest is shown below in table 3.1;

Table 3.1: Population size

Category	Population	Percentage
Top management cadre	15	5.1%
Middle level cadre	81	27.6%
Lower level cadre	198	67.3%
TOTAL	294	100%

Source: Human Resource department records, Kenya Tea Development Agency, 2014

3.4 Sampling Design

The researcher used stratified sampling because of ease of classifying the population into strata's. The sample comprised of 30% from each strata of the target population. 30% is considered representative of the population. Respondents were selected randomly based on the category.

Respondents were selected randomly based on their current department. This approach was appropriate since it ensured a representative sample. In order to find the best possible sample, stratified sampling was the best method to use as it provided reach and in-depth information. The sample size was appropriate for the study as it ensured that all the cadres in the organization are represented thus reducing sampling bias and achieving a high level of representation as shown in table 3.2 below.

Table 3.2: Sample size

Category	Population	Respondents
Top management cadre	15	6
Middle level cadre	81	24
Lower level cadre	198	60
TOTAL	294	90

Source: (Researcher, 2014)

3.5 Data Collection

The study used primary data that is collected through self-administered questionnaires containing both open ended and closed questions. A questionnaire, as the data collection instrument of choice is, easy to formulate and administer and also provides a relatively simple and straightforward approach to the study of attitudes, values, beliefs and motives (Robson, 2002). Questionnaires were also adapted to collect generalized information from almost any human population and results to high amounts of data standardization. The questionnaire was divided into three sections; Section A will covered demographic

data, Section B covered non-financial rewards while Section C was on employee commitment.

Questionnaires were preferred because they ensured a high response rate as the questionnaires are distributed to respondents to complete and collected by research assistants. The questionnaires were distributed through ‘drop and pick’ method and in some cases by email. There were follow-up to ensure that questionnaires were collected on time and assistance to the respondents having difficulty in completing the questionnaires was offered.

3.6 Data Analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were coded into numerical form to facilitate statistical analysis. Data was analyzed using statistical package for social sciences based on the questionnaires. In particular mean scores, standard deviations, percentages and frequency distribution was used to summarize the responses and to show the magnitude of similarities and differences. Results were presented in tables and figures.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on the influence of non financial rewards on employee commitment at Kenya Tea Development Agency. The data was gathered exclusively from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, likert type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point likert scale.

4.1.1 Response Rate

The study targeted to sample 90 respondents in collecting data as shown in table 4.1 below. From the study, 61 out of 90 sampled respondents filled in and returned the questionnaire contributing to 68%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondent to fill-in and return the questionnaires.

Table 4.1 Response Rate

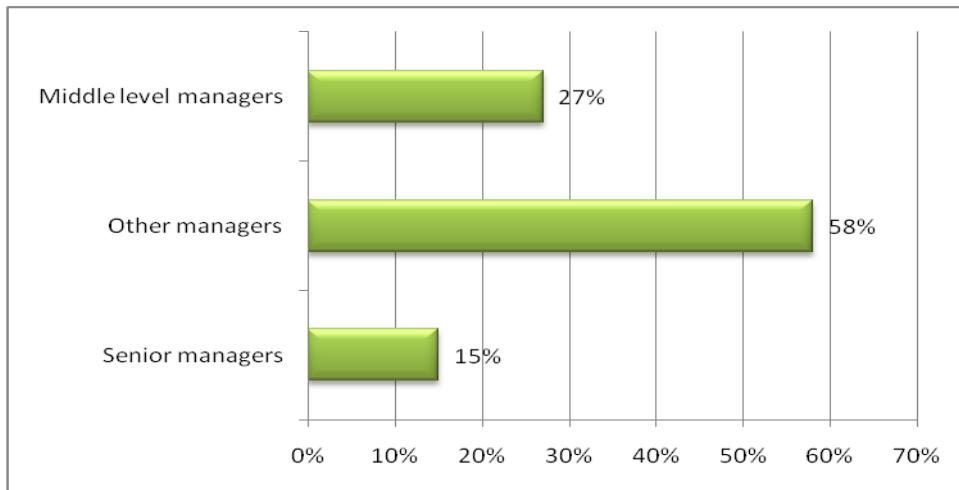
Response	Frequency	Percentage
Responded	61	68
Not responded	29	32
Total	90	100

Source: Survey Data (2014)

4.2 Demographic Profile

4.2.1 Cadre of Staff

Figure 4.1 Composition of Respondents by Cadre



Source: Survey Data (2014)

The study sought to investigate the cadre of staff the respondents were in, 58% who were the majority were other managers, 27% were middle level managers while 15% were senior managers. Figure 4.1 shows that all the targeted categories were well captured by the study.

4.2.2 Gender

As shown below on Table 4.2 the study found that there were more males as shown by 64% than females shown by 36%. This shows that both gender were represented in the study, however, there was gender parity.

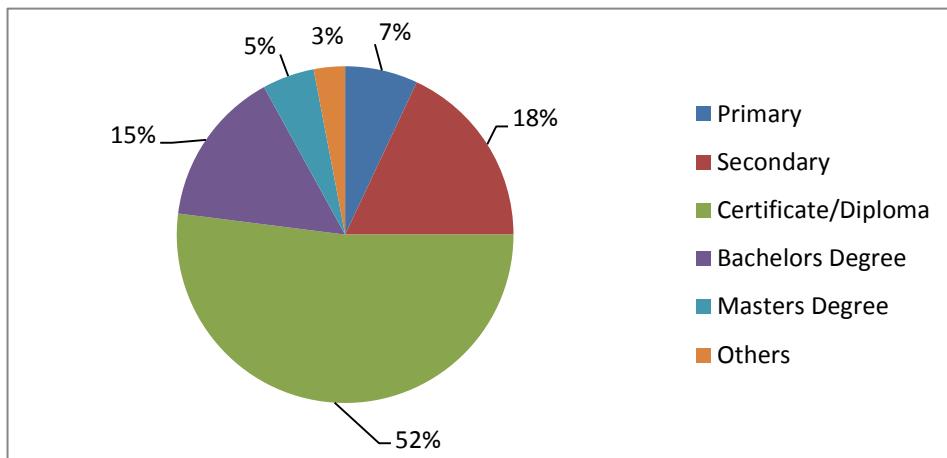
Table 4.2 Composition of Respondents by Gender

Gender	Frequency	Percentage
Male	39	64
Female	22	36
Total	61	100

Source: Survey Data (2014)

4.2.3 Level of Education

Figure 4.2 Level of Education

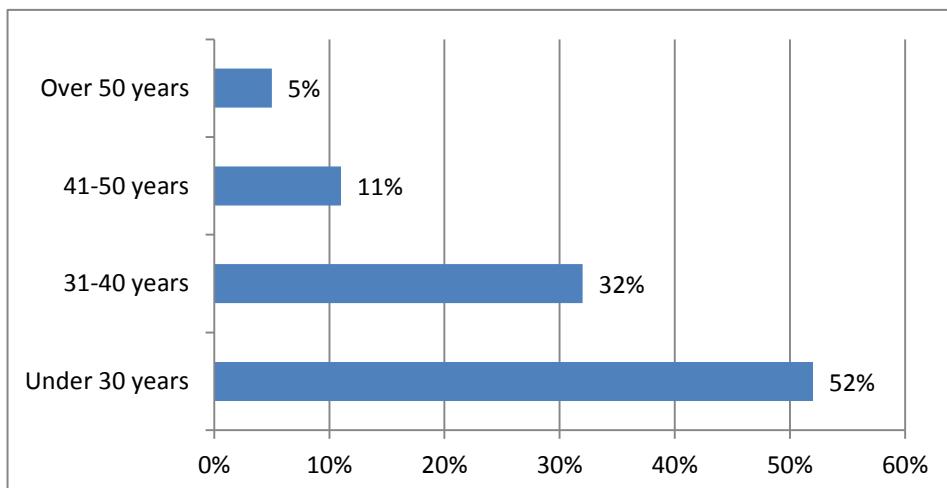


Source: Survey Data (2014)

The study sought to determine the highest level of education of the respondents. Figure 4.2 shows that 52% who were the majority had diploma as well as certificate, 18% had secondary school certificate was their highest level of education, 15% had a bachelors degree, 7% had primary certificate, 5% had masters degree whereas 3% did have other certificates. This infers that the respondents were literate.

4.2.4 Age Bracket

Figure 4.3 Distribution of Respondents by Age Bracket

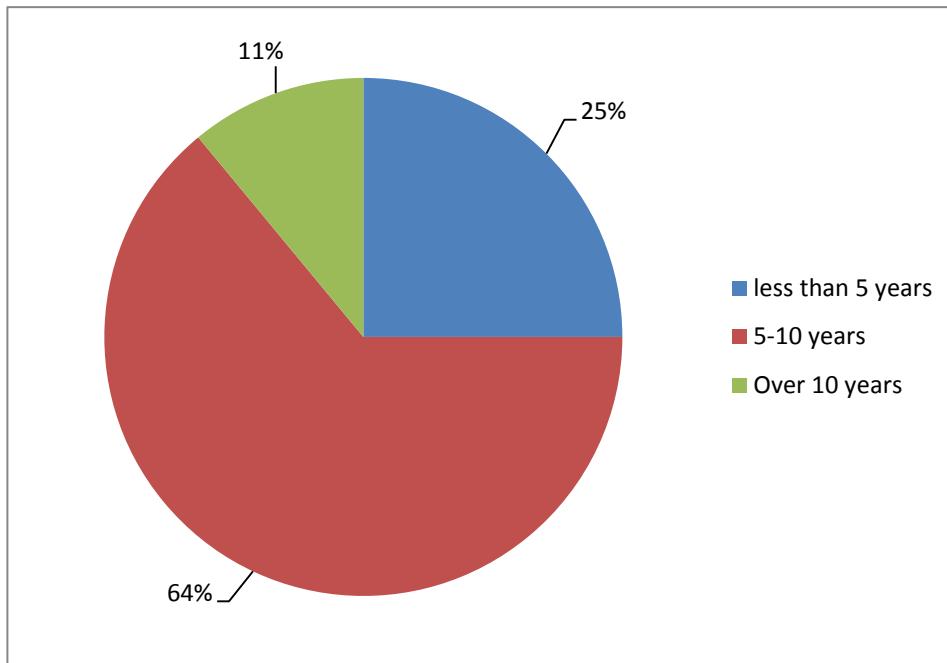


Source: Survey Data (2014)

The study aimed at accessing age of the respondents. According to Figure 4.3 shows that 52% who were the majority indicated that they were under 30 years, 32% indicated that they were between 31 to 40 years, 11% indicated that they were between 41 to 50 years whereas 5% indicated that they were over 50 years. There was a fair representation in all the age brackets.

4.2.5 Number of Working Years

Figure 4.4 Classification by Number of Working Years



Source: Survey Data (2014)

The study also sought to determine the number of years they had worked in the organization. The results in figure 4.4 show that 64% who were the majority indicated that they had worked for a period between 5 to 10 years, 25% indicated that they had worked for less than 5 years whereas 11% indicated that they had worked for over 10 years. The findings show that the respondents had vast knowledge on the organization activities.

4.3 Non-Financial Rewards

4.3.1 Influence of Career Development on Employee Commitment

The study sought to evaluate the influence of career development on employee commitment. The results in Table 4.3 show that career development improved employee job commitment to a great extent as shown by a mean score of 4.26, career advancement improved employee personal growth to a great extent as shown by a mean score of 4.20, career advancement improved employee job performance to a great extent as shown by a mean score of 4.11, career advancement motivated employee to a great extent as shown by a mean score of 3.95, career advancement improved career prospects to a great extent as shown by a mean score of 3.83, career advancement was rated important because of the changing nature of employees work to a great extent as shown by a mean score of 3.78, career advancement benefited employees to a great extent as shown by a mean score of 3.71 while career advancement was important because of the beneficial outcomes to a great extent as shown by a mean score of 3.69.

Table 4.3 Influence of Career Development on Employee Commitment

Career development and commitment	Mean	Std.dev
Career advancement benefits me	3.71	.539
Career advancement will improve my personal growth	4.20	.107
Career advancement will further motivate me	3.95	.973
Career advancement is important because of the beneficial outcomes	3.69	.252
Career advancement will improve my career prospects	3.83	.721
Career advancement will improve my job performance	4.11	.364
Career advancement is important because of the changing nature of my work	3.78	.637
Career advancement will improve my job	4.26	.380
Total	31.53	3.973
Average	3.941	0.497

Source: Survey Data (2014)

4.3.2 Influence of Development Opportunities on Employee Commitment

On evaluating how development opportunities influenced employee commitment. According to Table 4.4; the organization released employees from regular work to attend training and even sponsored them where possible to a great extent as shown by a mean score of 4.23, employees had the opportunity to be involved in activities that promoted their professional development to a great extent as shown by a mean score of 4.16, the organization employees received development opportunities in workplace skills on a regular basis to a great extent as shown by a mean score of 4.08, there was a well-organized training program in the organization to a great extent as shown by a mean score of 3.96, the organization provided them with job specific training to a great extent as shown by a mean score of 3.91, development plans were developed and monitored for all employees to a great extent as shown by a mean score of 3.80, sufficient money was allocated for product and solution training to a great extent as shown by a mean score of 3.74, development programs were consistently evaluated to a great extent as shown by a mean score of 3.68.

Table 4.4 Influence of Development Opportunities on Employee Commitment

Development Opportunities and commitment	Mean	Std.dev
This organization provides me with job specific training	3.91	.193
The organization employees receive development opportunities in workplace skills in regular on a regular basis	4.08	.429
Sufficient money is allocated for product and solution training	3.74	.952
I have the opportunity to be involved in activities that promote my professional development	4.16	.631
Development plans are developed and monitored for all employees	3.80	.374
Development programs are consistently evaluated	3.68	.282
The organization releases employees from regular work to attend training and even sponsor them where possible	4.23	.553
There is a well-organized training program in the organization	3.96	.780
Total	31.56	4.194
Average	3.95	0.524

Source: Survey Data (2014)

4.3.3 Influence of Recognition on Employee Commitment

The study sought to determine the influence of recognition on employee commitment at KTDA. According to the findings as shown in Table 4.5; employees were praised and recognized in public for good work to a great extent as shown by a mean score of 4.20, KTDA administration recognized the good work employees did to a great extent as shown by a mean score of 4.11, recognition for the work enabled employees to have a better perception of their work, workplace and the people they worked for to a great extent as shown by a mean score of 3.93, recognition gave KTDA an opportunity to communicate the role that employees played in making the organization a success to a great extent as shown by a mean score of 3.84, recognition enabled employees to enhance their achievement and they felt involved in the company culture to a great extent as shown by a mean score of 3.79.

Table 4.5 Extent to which Recognition Influences Commitment

Recognition and employee commitment	Mean	Std.dev
I am being praised and recognized in public for good work	4.20	.721
The KTDA administration recognizes the good work I do	4.11	.295
Recognition enables me to enhance my achievement and feel involved in the company culture	3.79	.501
Recognition gives KTDA an opportunity to communicate the role that employees should play in making the organization a success	3.84	.167
Recognition for the work enables me to have a better perception of my work, workplace and the people I work for	3.93	.910
Total	19.87	2.594
Average	3.97	0.5188

Source: Survey Data (2014)

4.4 Discussion

Based on the study, it was found that the employees agreed that they were provided with medical treatment to a moderate extent. These findings correlated with La Belle (2005) who posits that different individuals have different perceptions of rewards and believe that such factors are the main driving force of satisfaction and that they help boost the employee to work harder and better, due to the motivation that it brings about.

The study found that career development improved employee job commitment to a great extent. Also it was found that career advancement improved employee personal growth to a great extent. These findings correlated with Bratton and Gold (2003) and Prince (2005) findings which indicate that growth and development is the integral part of every individual's career. If employees cannot foresee their path of career development in their current organization, there are chances that they will leave the organization as soon as they get an opportunity. The important factors in employee growth that an employee looks for himself are work profile, personal growth and dreams, and training and development. Career development is vital for both the employees and employers. Career development is mutual beneficial process because it gives imperative outcomes to employer and employees. To gain and maintain competitive advantage organizations required talented and productive employees and these employees need career development to enhance and cultivate their competencies.

The study further found that, career advancement would improve their job to a great extent. These findings were in line with Shamsuzzoha (2007) who asserts that lack of opportunity for advancement or growth can cause a high turnover rate for any organization. If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee. The job should be described precisely, without raising false hopes for growth and advancement in the position. Since employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their work. Even the most seasoned employee needs to be told what he or she is doing is right once in a while.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objective of the study. The objective of this study was to determine the influence of non financial rewards on employee commitment at Kenya Tea Development Agency.

5.2 Summary of the Findings

The study found that, career advancement would improve their job to a great extent (mean score 4.26), career advancement would improve their personal growth influenced commitment to a great extent (mean score 4.20) , career advancement would improve their job performance to a great extent (mean score 4.11), career advancement would further motivate them to a great extent (mean score 3.95), career advancement would improve their career prospects to a great extent (mean score 3.83), career advancement was important because of the changing nature of their work to a great extent (mean score 3.78), career advancement benefited them to a great extent (mean score 3.71) and career advancement was important because of the beneficial outcomes to a great extent (mean score 3.69).

The study also found that, the organization released employees from regular work to attend training and even sponsored them where possible to a great extent (mean score 4.23), they had the opportunity to be involved in activities that promoted their professional development to a great extent (mean score 4.16), the organization employees received development opportunities in workplace skills in regular on a regular basis to a great extent (mean score 4.08), there was a well-organized training program in the organization to a great extent (mean score 3.96), the organization provided them with job specific training to a great extent (mean score 3.91), development plans were developed and monitored for all employees to a great extent(mean score 3.80), sufficient money

was allocated for product and solution training to a great extent (mean score 3.74), development programs were consistently evaluated to a great extent (mean score 3.68).

The study also found that, they were being praised and recognized in public for good work to a great extent (mean score 4.20), the KTDA administration recognized the good work they did to a great extent (mean score 4.11), recognition for the work enabled them to have a better perception of their work, workplace and the people they worked for to a great extent (mean score 3.93), recognition gave KTDA an opportunity to communicate the role that employees should play in making the organization a success to a great extent (mean score 3.84) and recognition enabled employees to enhance their achievement and they felt involved in the company culture to a great extent (mean score 3.79).

5.3 Conclusion

The study concludes that career development, development opportunities offered and employee recognition are the tools that management can use to motivate employees in order for them to perform effectively and efficiently. From this study it can be easily inferred that workers non financial rewards package matters a lot and should be a concern of both the employers and employees.

The study also concludes that employees of KTDA place great value on different rewards given to them and this promoted their level of commitment. It is therefore concluded that workers place great value on the different non- financial rewards given to them by their employers. Hence, when these rewards are not given, workers tend to express displeasure through non-commitment to their jobs.

The findings of this study also concluded that employees' who received non-monetary rewards were committed at KTDA this infers that those who did receive non monitory rewards were not committed in their duties in the institution.

5.4 Recommendations

The results of this investigation could be of benefit to managers and policy makers. The study recommends that since career development influenced employees' commitment, organizations would be interested in providing opportunities for career development to their employees as it has a positive impact on commitment. From the study it was also found that a development opportunity for employees at the work place was rated at 4.23 in terms of influencing commitment. It would be important for managers and policy makers to note to ensure employees are provided such opportunities.

Kenya Tea Development Agency as an organization, continues to operate in an increasingly competitive environment, as a result of the study we have noted that non-financial rewards do have a positive effect on employee commitment. The decision makers at the agency may use these findings to review their reward system and lay emphasis on what influences employee commitment positively.

5.5 Suggestions for Further Research

The study has explored the influence of non financial rewards on employee commitment at Kenya Tea Development Agency to offer an understanding on the importance of maintaining an effective reward system that will provide the desired results and competitive advantage in the present day competitive business environment. The development agency in Kenya however is comprised of various other sectors located in other parts of Kenya which differ in their way of management and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for all the sectors in Kenya and hence pave way for new policies. The study therefore recommends another study be done with an aim to investigate the effects of non financial rewards on employee commitment in in Kenya.

5.6 Limitations

The following are some of the limitations encountered during the study;

First, there is a limitation when measuring the variables of ‘Non financial rewards on employee commitment’ as it is based on respondents’ perception and attitudes through the Questionnaire. Therefore, there might be possible error in the data set.

Secondly, there are more non-financial rewards than were studied in this particular study, other researchers may want to look at them as there is a possibility their findings may be different.

This study was specific to Kenya Tea Development Agency, other organizations were not included, hence the results cannot be generalized as this was purely a case study.

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APPENDICES

Appendix I: Questionnaire

Please give answers in the spaces provided and tick (✓) in the box that matches your response to the questions where applicable.

PART A: Demographic Profile

- 1) Name of the respondent (Optional):

.....

- a) Senior Management ()
 - b) Middle level Management ()
 - c) Other management staff ()

3. Gender: Male () Female ()

4. Highest level of Education attained?

a) Primary () b) Secondary ()
c) Certificate/Diploma () d) Bachelors Degree ()
d) Masters Degree () e) Others ()

5. What is your age bracket? (Tick as applicable)

- a) Under 30 years () b) 31 – 40 years ()
c) 41 – 50 years () d) Over 50 years ()

6. Length of continuous service with the organization?

- a) Less than five years ()
 - b) 5-10 years ()
 - c) Over 10 years ()

Section B: Non-Financial Rewards

7. To what extent do career developments influence your commitment to KTDA? Use 1-
Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great
extent

Career development and commitment	1	2	3	4	5
Career advancement benefits me					
Career advancement will improve my personal growth					
Career advancement will further motivate me					
Career advancement is important because of the beneficial outcomes					
Career advancement will improve my career prospects					
Career advancement will improve my job performance					
Career advancement is important because of the changing nature of my work					
Career advancement will improve my job					

8. To what extent do development opportunities influence your commitment to KTDA?

Use 1-Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent

Development Opportunities and commitment	1	2	3	4	5
This organization provides me with job specific training					
The organization employees receive development opportunities in workplace skills in regular on a regular basis					
Sufficient money is allocated for product and solution training					
I have the opportunity to be involved in activities that promote my professional development					
Development plans are developed and monitored for all employees					
Development programs are consistently evaluated					
The organization releases employees from regular work to attend training and even sponsor them where possible					
There is a well-organized training program in the organization					

9. To what extent does recognition influence your commitment to KTDA? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent

Recognition influence on employee commitment	1	2	3	4	5
I am being praised and recognized in public for good work					
The KTDA administration recognizes the good work I do					
Recognition enables me to enhance my achievement and feel involved in the company culture					
Recognition gives KTDA an opportunity to communicate the role that employees should play in making the organization a success					
Recognition for the work enables me to have a better perception of my work, workplace and the people I work for					