

**THE PERCEIVED INFLUENCE OF PAY AND BENEFITS PRACTICES ON  
ORGANIZATIONAL ENTRENCHMENT AMONG MANAGERS IN DAYSTAR  
UNIVERSITY**

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**DECLARATION**

I hereby declare that this research project has not been presented for any examination in any other institution of higher learning and is my original work.

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This project has been submitted with my approval as supervisor.

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## **DEDICATION**

I dedicate this manuscript to my dear family for the sacrifice they made in order for me to complete this project. My family's sincere love, care, prayers, concerns, and support inspired me to achieve this recommendable milestone.

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## ABSTRACT

The study objective was aimed at finding out the perceived relationship which could be existing between employee pay and benefits practises and employee entrenchment. The study looked at the employee perceptions on the pay and benefits offered. The distinguishing factor of pay and benefits is that pay is direct and is monetary based while benefits may be direct or indirect and these benefits may be in monetary or non-monetary form. The research problem was the influence of pay and benefits on employee entrenchment in organization. The objective of this study was to establish the perceived influence of pay and benefits practises on managers at Daystar University. The management of Daystar would greatly benefit from this study; and other researchers, and academicians. Theoretical framework was anchored on various theories. Abraham Maslow's theory of needs, where he looked at how various levels of human needs influence their perceptions on rewards. Equity theory on how people perceive equity in regards to peers rewards, pay and compensations and; Victor Vroom's expectancy theory looked at the how employees expectations influence their decisions in the organizations either to continue working there or their need not to. The survey was descriptive in nature whose population was 50 managers who include deans of school, heads of departments, directorates of institutes and heads of faculties. Primary Data was collected using a questionnaire; the use of a questionnaire has been selected as it is structured and gives accurate information from the respondents. Data was tabulated in graphs, pie charts and tables. The statistical tool of regression was applied to test the variables and their perceived influence on employee perceptions. This study established that employees' perceptions on in an organisation is greatly influenced by the pay and benefits structure available in the organization. This study therefore recommends that employee' perceptions on pay and benefits have an influence in their longevity in the organization. When employees recognize that their pay is consume rate to their efforts they are able to make decisions this has a bearing in ensuring entrenchment in the organization.

## **CHAPTER ONE**

### **INTRODUCTION**

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

Pay and benefits refers is the total compensation that an employee receives as a reward for their efforts in appreciation from the organization. In organizations, reward management is one of the most important areas of human resource function. Pay and benefits management does influence a company's success by enhancing sound performance by attracting and retaining the best of employees. Well managed rewards retain, energize and direct employee behaviour to achieve organization objectives (Popkin, 2005). Heneman and Schwab (1985), benefits as indirect pay or payment for time not worked, or cannot be quantifiable like healthcare, and insurance. Traditionally companies viewed the value of benefits as a separate item from pay. It is therefore concluded that benefits and pay should be viewed together in order to satisfy, employees in terms of total pay.

All over the world, employees expect to be rewarded for their efforts in the organization. Employees render their skills, time, efforts competencies and responsibilities to the organization and work related decisions in ensuring that the desired organizational objectives are met (Armstrong, 2010). In reward management, there are both financial and non-financial rewards; and direct and indirect rewards. All forms of pay refer to monetary compensations to employees arising from their employment. Organizational values, beliefs and goals dictate pay. Employees' rewards are based on beliefs about what they offer in terms of skills and competencies. Values and wants to achieve by rewarding people for the value they create. Reward practices with business goals and employee values re aligned there to (Dessler, 2005).

Well rewarded employees have a non-spoken communication from their employers, which tends to reinforce desirable outcomes and behaviours. Through proper rewards practises, positive messages are conveyed about what is important in terms of individual expected behaviour and outcomes. Pay and benefits, facilitate attraction of and retention of the skilled and competent employees in the organization. Pay and benefits motivate them and gain their commitment and engagement and a culture of performance is

distilled, developed and enhanced by pay systems, through a positive employment relationship and psychological contract, support, communicate and reinforce an organizational culture, values and competitive strategy and comply with government regulation. Pay and benefits motivates personnel in an organization such that it enables retention of employees (Armstrong, 2010).

The study will be guided by two theoretical bodies of knowledge applicable to the design of employee motivation progress; namely the content theories and process theories. These theories have are used in application for employee incentive programs (Armstrong, 2010). The content theories of motivation focus on factors within a person that direct and energize direct behaviour and guide behaviour. These theories will be applied in looking at the specific human needs that motivate persons and how they are applicable in the study. Robbins (1993) in looking at the theory of needs by Abraham Maslow (1943) notes that individual personality development and motivations are based on a hierarchy of human needs. The theory of needs notes that human needs are grouped into the psychological needs which are the basic, safety needs, love or belonging needs, self-esteem needs and self-actualization needs. This theory helps us to understand that pay and benefits enables employees to meet these needs one at a time and as the employees have improved needs they long to fulfil ne next hierarchy of needs Robbins (1993).

The study looked at two process theories of motivation in the study. Equity theory was proposed by Adams (1965). The equity theory will enable the study analyze how behavior is energized, sustained and stopped or directed. Equity theory is one of the major formulations relevant to financial pay. Equity is said to occur when a person perceives that the ration of his or her outputs to his or her inputs is equal to others in a similar effort. The other process theory that is applicable in study is the theory of expectancy pioneered by Victor Vroom (1964). Expectancy theory of was applied in looking at the strength of the relationship of and individual tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and the attractiveness of that outcome to an individual. This theory notes that a worker will exert extra effort in their work if they believe that they will bring additional

value such as it will lead to a good appraisal, which in turn leads to salary increase, promotions, bonuses and that these rewards will satisfy the employer's personal goals (Robbins et al., 2010).

### **1.1.1 Concept of Perception**

The process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment is referred to as perception. Robbins (2010), Different people perceive different issues differently and give very varying results. Employees in an organization view their firm as a great place to work in with favourable working conditions, an interesting job with a good pay, and excellent benefits, understanding and responsive management but in reality such as agreement is hard to only in their perceptions. Robbins et al., (2010), in management perception is important in in determining individual employee behaviours towards organizations and management. Individual behaviours are purely based on individual perceptions and may not exactly be what is real or is there. How an individual may interpret an idea or concept pertaining a statement or stated idea does affect their individual responses to the idea or statement. Thus individual employees perceive differently organizational statements that are a guideline and a policy in his or her engagement with the organization. Individual perceptions are varied and outcomes too are varied according to the individuals.

Perception may be distorted by various factors that operate within or without an individual. These factors could be resident is the person perceiving or the object being perceived and or in the context of the prevailing situation at hand that the individual is exposed to at that particular time. For example an individual perception of a public office may distort how he or she may respond to the person's working in that office at that particular time. If an individual perceives the government officers to be corrupt this may affect the way they may engage with the government on matters. The various factors that influence individual perception of an issue are attitudes, motives, interests, experience on the issue of individual expectations among others, Robbins et al., (2010). Time, work, social setting, motion, sounds closeness to an object and size among others are other situational factors that affect ones perception over an issue or matter under consideration.

Staff in an organization perceive different factors both internally and externally and make decisions based on these perceptions. Perception of the organizations Human Resource (HR) practices greatly influences how the employees will react or decide to the procedures and systems in place in the organization. Perception is crucial in organizational behaviour as to how individuals decide on their daily work schedules. If an employee internally perceives that he or she is being unjustly treated within an organization, that individual will develop a behaviour that will be to counter the way they perceive they are being treated. In HR Function the systems in an organization will either step turnover or ensure employee entrenchment in the organization. The way employees perceive the reward system in the organization; this is the object being perceived, they will develop behaviour to adapt to the rewards or pay and benefits scheme within that organization in question.

### **1.1.2 Employee Pay and Benefits**

This refers to all forms of financial return and tangible benefit that employees receive as part of employment relationship. Pay management is concerned with the formulation and implementation of strategies and policies with the aim of compensating people fairly, equitably and achieving organizational strategies. Pay management deals with all those processes and activities which are done for the purposes of determining and developing the pay which is consistent with organizations human resource strategies and business strategies. Pay refers to direct or indirect rewards such as salaries wages, bonuses, overtime pays, contingency earnings, (Armstrong & Murlis, 2004). Direct payment can be made in two ways namely wages and salaries program; overtime pay or on commissions, bonuses, and in gain sharing. This can be carried out in time like salaries and overtime pays and or performance pay bonuses and commission (Armstrong, 2006). In indirect payments are legally required as medical insurance fund or social security and or by discretion such as private medical cover, study leave, educational benefits and training. Benefits refers to the rewards systems that are non-monetary to employees and these include statutory rewards like NHIF, NSSF, medical covers, education fees pay among others. Pay and benefits form the rewards systems of an organization and may be

used interchangeably with pay and benefits employees receive arising from their employment (Noe et al., 2009).

### **1.1.3 Employee Entrenchment**

Employee rewards create a psychological contract. This ensures employee satisfaction, motivation leading to high employee performance. When employees are appreciated and rewarded well this creates a higher chance of retention within the organization, Armstrong (2006). Employees' views pay with different objectives in mind namely purchasing power; fair, rightful, relativities to others tasks; recognition and the package. If an employee feels that these are not met they may feel the urge to seek other employment thus low retention rate. Entrenchment is all about employee retention and ownership of the organization. Once an employee does not feel the pay is not fair they may seek alternative remedies and even separation from the organization with the hope of a better rewarding employment (Torrington et al., 2005). Pay and benefits psychological contract is created between an employee and employer. This sense of a positive psychological contract is created an employee and the organization owns each other (Armstrong, 2006).

When employees are contented with the organizational policies and procedures therein is created a sense of security and personal development. Noe et al. (2009) notes that employees consider pay as a sign of status and success. A fair organizational process as perceived by employees tends to create a sense of ownership and positive reward. This creates security and thus higher retention rate in an organization. This retention rate translates to employee entrenchment which is through perceived job security, and employee satisfaction.

### **1.1.4 Daystar University**

Daystar was started by an American couple who were missionaries namely Dr Don and Faye Smith in the City of Bulawayo in Southern Zimbabwe and a South African Political refugee, Dr. Matsoko-Pheko. In 1974 they relocated to Nairobi Kenya. The University is accredited and the Charter was granted in 1994. The name of the University being started by Christians was based on the book of 2<sup>nd</sup> Peter 1:19. The name actually refers to Jesus

Christ as per the Bible in the above verse. All Daystar employees are encouraged to emulate Jesus Christ in all aspects of behaviour, lifestyle and speech (Daystar University Calendar, 2009-2014).

Tasked to develop managers, professionals, researchers and scholars to be effective Christian servant leaders through the integration of Christian faith and holistic learning for the transformation of church and society in Africa and the world as enshrined in the University's Mission and Vision, On the wider scale, the ultimate goal of the institution is to produce distinguished Christ-centred, African institution of higher learning for the transformation of church and society, Daystar University Calendar, (2009-2014). There are modern facilities that are impressive and it is focussed on teaching dynamic research and is well known for quality teaching. Personalized training with classes of not more than 30 students per class per lecturer ensure high quality training. There are different training programs offered at the university from Diploma to PhD levels in various Schools and faculties for both day and evening students. In Nairobi it is housed along Ngong Road and Valley Road junction with the main campus being 45km away in Lukenya Hills in Athi River, Machakos County. The main campus is situated in a serene 300 acre compound with over 2000 full time students. The University has over 5000 students in total and is one of the leading private Universities in the Country with students from over 35 nationalities within the region, the continent and beyond, churning many graduates working across the continent and globally.

## **1.2 Research Problem**

Human Resource function of any organization is a vital department that manages the organizations human resources. Human resource management has many functions from process recruitment to separation of an employee from the employer. Employee compensation is a key component of the human resource function of an organization. Compensation refers to both monetary and non-monetary which are otherwise referred to as pay and benefits. Pay and benefits is one of the key human resource tools that organizations use to manage employees. For an organization to be able to meet its objectives and vision it must be able to attract and retain qualified and competent employees. Pay and benefits play a crucial role in ensuring that the organization is able to



attract and retain the best. The Human resource function must be able to design, and integrate a sound policy that's easy to communicate and understand to ensure this. Any organization to be able to receive its values worth should recruit and retain the best and it should not be an island by itself but in tandem with current trends and practises. The policy should be able to link organizational goals and strategies and align its pay system to achieve this objective, Sturman, (2006). It is imperative to compensate an employee with benefits if he/she merits it. This is because of the importance that pay holds for people's lifestyle and self-esteem, individual are very concerned about what they are paid, a fair and competitive wage. Organizations are also concerned about what they pay because it motivates important decisions of employees about job performance taking a job, and leaving a job. Tella, Ayeni and Popoola (2007)

Local studies have been carried out on pay and benefits practices on organizations which include, Gichuru (2014) undertook a study on the influence of pay on job satisfaction among health care workers under the economic stimulus programme and public service commission in Isiolo County, Kenya. The study found out that majority of the health care workers were dissatisfied with pay offered to them with those from the economic stimulus programme being more dissatisfied especially with timely payment of their salaries, take home payment and other aspects of direct, take home payment and other aspects of direct, indirect and non-financial pay and benefits.

Muchai (2012) carried out a study on performance based pay practices among commercial banks in Kenya. The findings concluded that commercial banks practiced performance based pay. It also concluded that stock ownership plans were based on the company's performance as measured by firms' stock prices. The study recommended the organizations must align their pay and reward systems with performance. Dizey (2006) carried out a study on pay practices for management staff in insurance companies in Kenya. The study found out that the current pay scheme offered to management is both fixed and variable and the future pay scheme was a variable salary, which depends on one's performance or output.

All these studies were relevant to the specific fields but none explored the pay and benefits rewards per se used by these respective organizations. Therefore, a knowledge gap exists on pay and benefits rewards in private universities. The purpose of this study is to fill this gap. It is on this basis that this study was conducted to answer the question: what is the impact of pay and benefits rewards to be adopted by Daystar University towards accomplishing its employee's remuneration rewards.

### **1.3 Research Objective**

The objective of the study is to establish the influence of pay and benefits practices on organizational entrenchment in Daystar University.

### **1.4 Value of the Study**

The findings of this study will benefit various groups of people. The management Daystar University will benefit substantially from this study, since it will assist the management in appropriate determination of pay and benefits practices on the organizational entrenchment of Daystar University. It will also serve to inform both current and future human resource managers on appropriate pay and benefit rewards practices on the organizational entrenchment by the institution.

Researchers and academicians will benefit from this study, as it will add to the body of knowledge in pay and benefits rewards and specifically on how private universities respond to human resources pay and benefits practices on the organizational entrenchment. This study will also apply to policy; theory and practice by emphasizing that the institution employs appropriate pay and benefits rewards practices in response to organizational entrenchment for the employees.

Thirdly, this study will also be important to both public and private universities as its documentation and evaluation of daystar university human resources management (HRM) practices, especially as concerns the pay, benefits, remuneration and rewards practices to its employees. It will serve as a reference point for similar or related studies in the higher education sector. In addition other stakeholders such as public universities, tertiary colleges and other government agencies whose interests lie in receiving of quality service will benefit a great deal.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter provides a detailed overview of previous research on pay and benefits; and employee entrenchment in organizations. The chapter will seek to introduce the framework for a study that comprises the main focus of the research described.

#### **2.2 Theoretical Foundation**

The link between rewards system and employees entrenchment can be explained in terms of motivation theories, namely the content theories and process theories. These theories are used in application for employee incentive programs (Armstrong, 2010). The motivational theories to guide this study include Maslow theory of hierarchy of needs. The other theories that the study shall anchor on are the process theories of motivation namely equity theory of motivation (Adams, 1965) and expectancy theory by Victor Vroom (1964).

##### **2.2.1 Abraham Maslow Theory of Needs**

Abraham Maslow (1943) theory of needs notes that human needs can be categorized into five distinct needs. They are in hierarchical order and the lowest level re the basic or psychological needs. These are food shelter clothing among others. The next level is the safety needs that according to Maslow (1943) are include personal safety, financial safety, and health needs safety. Once these are met a person moves to the next level which he referred as belonging needs such as intimacy, family and belonging. After these third levels of needs are met a human being desires to self-esteem and finally self-actualization. He notes that these needs are interrelated and are not mutually exclusive. With good rewards an employee is able to meet his or her needs through better rewards, Armstrong (2006)

### **2.2.2 Equity Theory**

Employee perceptions on the organizations human resource management policies may create a perception that may be of great value or be detrimental to the organization. When employees perceive that their contribution vis a vis their reward is not equitable and in comparison to their colleagues, or peers within the organization or same industry will greatly determine how they will perceive their relationship with the employer. This theory was tested by Adams (1965). The equity theory looks at how employees perceive their worth in comparison with peers within or outside with similar undertakings. Perceived inequity may cause employees to act to ensure parity. This theory forms a basis of fair financial rewards and benefits. Various authors have fronted this theory from, Adams (1965) to, Homans (1961), Andrews (1967), and Pritchard (1969). There is equity is a person perceives and compares that the ratio of his results and efforts match others in similar environment or employee status or level.

This theory notes that either over or under reward creates distress. Inequality in individual rewards creates an experience of lower morale in satisfaction at work in comparison with better equitably enumerated individuals, Adams (1965). Over rewarded employees perceive and rationalize as good fortune the rewards thus creates a higher inequality threshold. The general equity maxim is that the relationship between employee perceptions and equity should have an inverted relationship. Whereas under rewarded individuals reports low satisfaction levels, equitably rewarded individuals' a high satisfaction level and over rewarded exhibit individuals low to moderate satisfaction. Locke (1976).

### **2.2.3 The Expectancy Theory**

Victor Vroom (1964) is the pioneer of this theory of motivation. It notes that there is a tendency of one to act in a certain way a certain way and this is dependent on the expectations' strength that the said act shall be preceded by a given outcome and the attractiveness of that outcome to an individual. This theory notes that a worker will exert extra effort in their work if they believe that they will bring additional value such as it will lead to a good appraisal, which in turn leads to salary increase, promotions, bonuses

and that these rewards will satisfy the employer's personal goals (Robbins et al., 2010). The components of expectancy theory are explored by (Robbins et al.,2010) is divided into three namely; expectancy meaning that exerting effort on the job will lead to increased performance and in better performance reward and lastly after reward leads to personal goals relationship and this is a vital link between perceived employee entrenchment and pay and benefits.

In rewards management rewards tend to enable the employee to satisfy these needs. Salaries and payments employees are compensated with enable the employee to buy food shelter and clothing that are basic needs plus being able to be secure and protected and have a sense of belonging (working class). Rewards enable the employee to socialize and have friends meet social needs and these benefits in NHIF, NSSF enable the employee to secure their old age. The Benefits meet these basic needs thus tie the employer to the organization. Employees who develop and grow are able to have higher rewards and be able to satisfy their drive and be who they have desired to become. They are able to climb the corporate ladder and become satisfied by their drive, leading to entrenchment or retention in an organization.

The policies and philosophies of organizations and how these policies are implemented determine behaviours of employees towards work, tasks fellow colleagues, supervisors, and how employees perceive them they act either positively or negatively to work and the organization at large. Employees behave towards an organization depending on how they perceive they are treated by the organization. This theory helps an understanding on how employees reward system may influence their perception towards the organization that thus how the employees decide in term of their daily work and long term effect on their retention in the organization. Employee's actions are reasoned out in line with how they perceive the rewards systems in an organization.

### **2.3 Employee Pay and Benefits**

Planning by companies creates a satisfactory working environment and lack of planning creates uncertainty and mayhem in the working environment. Williams et al. (2007) notes that employee satisfaction is pegged on how their employer manages and communicates

its pay policies thus creating a relationship that may be long term or otherwise. When employers note equity in pay policies practises it creates an understanding and establishes a benchmark for managing any labour turnover costs. Human resource managers must understand the opportunity cost if there is lack of planning in the human resource management. Pay and benefits or the direct and indirect financial payments are pay systems in organization. They may be based on time or production of product (Dessler, 2005). Direct payments refer to salaries and wages and indirect payments or benefits refer to non-monetary financial pays e.g. medical insurance paid by the employer.

Blue collar jobs are mainly remunerated on product based and white collar jobs are based on time period. Most organizations recognize employee at recruitment. Pay impact on employees' attitudes and behaviours and perceptions. Pay influences employee attraction and retention, Noe et al. (2009). Wages, salaries programs and structures derived from individual job descriptions, and other merit based pay such as bonuses, and commissions stem from employee engagement's at work and benefits are typically other modes of rewards such as health, safety, vacation and are more futuristic, McNamara, (2006).

#### **2.4 Types of pay and benefits**

There are various types of employee rewards that are both monetary and non-monetary. These include plans for employee retirement, healthcare, various types of leaves such as annual, sick, maternity & paternity, sabbatical, study leaves, child care, pensions benefit, sponsorship to conferences and workshops, leave bonuses, and leave allowances (Switzer, 2004). Present day human resource management practitioners should be well versed with the current policies and trends in order to sufficiently informed of these changes such that as they develop their organizational policies they are in tandem with the current scenario, Gomez-Mejia, Balkia and Cardy (2006). Base pay or cash pay is one of the many employee pays that employer's award and is direct in nature over and above other fringe benefits. This is for the work shift performed, others are like performance based, merit emoluments, gain sharing, bonuses both for individual and collective paid time off benefits, pension plans tuition reimbursements, health premium among others. The core of employment contract is pay and its prudent the human resource practitioners

and organizational human resource policies understand this as it impacts on the organization structure, performances and the laid down strategies (Bloom & Milkovich, 1996).

Employees care about reward policies as these affect the employment income and standard of living (Noe et al., 2009). Fairness in the policy affects their perceptions and views this as a sign of status and success. Employees pay can be based on age, gender, or any other legal requirements. However pay can also be based on organizational issues such as job responsibilities or performance, type of work, skills and competencies that an employee has acquired or attained. Dessler (2006) notes that there are several basic factors that influence the design of any pay plan; these could be legal, union, company policy and equity. When employees are contented with the organizational policies and procedures therein is created a sense of security and personal development. Noe et al (2009) notes that employees consider pay as a sign of status and success. A fair organizational process as perceived by employees tends to create a sense of ownership and positive reward. This creates security and thus higher retention rate in an organization. This retention rate translates to employee entrenchment which is through perceived job security, and employee satisfaction.

Pay policies do influence organizational efficiency such as bonuses both for collective and individual performances when applied effectively are an asset to an organization. An individual employee incentive motivates them more thus ensure that employees add extra effort than those whose only mode of compensation is seniority, Schwab and Olson (1990). Quality employee benefits play a key role in ensuring that certain behaviours that are positive in the society in nature are emulated. Employee benefits affect them in their attitudes and behaviours which rhyme well with the theory of social exchange. Employees exhibited these attitudes which positively affect the communities around them, Wayne, Shore and Linden (1997). Perceptions that are positive and exhibited by employees' relates with their families in a balanced way in relation to their work family balance and specific organizational citizenship by the employees such as constructive suggestions in meetings, attendance of the meetings, and full employer employee

cooperation. Creative and innovative employee benefits programs do motivate individual employees and enhances a sense of obligation to the employer.

Godard (2001) noted that pay is considered an essential support mechanism for the success of an empowerment strategy. The shift from a highly hierarchical organizational structure in which managers control most decisions, to a flexible structure characterized by fewer hierarchical levels, work organized in teams and greater versatility has led many organizations question the adequacy of their pay system (Wright, McCormick, Sherman & McMahan, 1999). Sherman and McMahan (1999) demonstrated that the most efficient oil companies have put in place participatory management programs combined with innovative pay programs. Conversely the least efficient organizations were those that had invested in either one of these practices exclusively. They also examined these practices exclusively. The influence of several potential relationships between pay and benefits and employees entrenchment when well administered jointly in regard to the employee skills and productivity creates a synergy that ultimately brings about positive influence in the organization in terms of retention and longevity in service and employee ownership of the organizations. Self-managed teams at work and employee empowerment in decision making and delegation and authority is a benefit that develops employees to take charge and hone their skills and competencies in handling matters pertaining to their individual tasks and even more. Thus decision making and delegation and empowering are benefits that strengthen the employee in owning the organization.

## **2.5 Relationship between pay and benefits, and entrenchment**

Any running and sound organization must have a human resource management (HRM) department. Benefits or rewards are one of the critical aspects of the human resource function in an organization. Benefits to employees are crucial and of paramount importance to employees. Organizational benefits play a crucial role in ensuring staff turnover in checked especially the exits and ensuring that employee retention is attained. Benefits lure qualified, and skilled personnel to an organization and ensure productivity and employee performance (Noe, Hollenbeck & Wright, 2004). Employee benefits form a part of the employee total rewards over and above the normal remuneration that caters for the time an employee gives to the organization as agreed upon recruitment as salary.



The benefits an employer rewards his or her employees can be divided into money based or non-monetary based rewards. Those that are monetary are tangible in value and those that are non-monetary include career and social rewards such as job security, flexible working hours, growth opportunities availed to employees, recognition, enjoyment of ones tasks and mutual appreciation amongst peers, these are intangible; Milkovich and Newman (2008). Employee security is provided through benefits. Those often offered to employees vary from one organization to another depending on their policies. However in almost all organizations these are standard benefits offered to employees and may include health and life insurance covers, annual leave, paternity leave, benevolence leave; retirement and or termination plans, disability insurance, vacation, employee stock ownership plans among others; How, 2001).

Armstrong (2006) noted that pay creates a contract that is psychological thus ensuring employee satisfaction and high performance thus higher retention rates. Dessler (2004) notes that benefits refer to both not direct financial and those that are not in monetary payments employers award to their employees for their continued engagement with the organization, Torrington et al (2005) notes that employees view pay with different objectives in mind namely purchasing power; fair, rightful, relativities to others tasks; recognition and the package. If an employee feels that these are not met they may feel the urge to seek other employment thus low retention rate.

Entrenchment is all about employee retention and ownership of the organization if an employee does not feel the pay is not fair they may seek alternative employment (Torrington et al., 2005). Pay and benefits creates a sense of a psychological contract with the employee and the employer (Armstrong, 2006). Once this sense of a positive psychological contract is created an employee owns the organization and the organization owns the employee. When employees are contented with the organizational policies and procedures therein is created a sense of security and personal development. Noe et al. (2009) notes that employees consider pay as a sign of status and success. A fair organizational process as perceived by employees tends to create a sense of ownership and positive reward. This creates security and thus higher retention rate in an

organization. This retention rate translates to employee entrenchment which is through perceived job security, and employee satisfaction.

Investigations carried out on the effects of human resource management practises on recruitment, selection, training, rewards and compensation and productivity in various countries brought to light the link with employee turnover resignations, separations. Organizations that have invested well in sound human resource practises that are employee friendly, exhibit a minimal or a non-significant employee turnovers. They tend to have higher productivity, sound higher service delivery and financial performance, Huselid (1995). Other notable studies in the past and current have brought to light challenges human resource practises which demonstrated that a majority of employees regards pay as one of the highest functions of human resource function that ensures organizations are able meet their organizational objectives, Huang (2001). Other studies have shown that senior employees pay is determined by the education levels and performance.

High percentages of employees almost more than half are ready and willing to change jobs due to the pay factors if perceived not to be meeting their expectations. With consumerate pay and benefits employees are able to stay in an organization Zingheim and Schuster (2008). Employees perceive that organizations with total pay practises and rewards they are inclined to working there much longer than employers who only focus on pay. Organizations are encouraged to have systems in place that attract high performers thus this creates a competitive advantage in ensuring retention of such employees, lower job turnovers, more engaged staff and higher revenues financially. Other studies on the relationship between pay and compensation and employee longevity is organizations show that various compensations packages effect employees differently as there are determinants of benefits and rewards equity within the organization, perceived justice, individual and organizational results both at international and managerial levels, Ward and Werber(2004).

Diverse environmental conditions, strategies laid by organizations, and organizational characteristics require different policies of compensation and practices. Effective policies and practices affect organizations differently thus as organization must adapt practices that will enable them meet their objectives and ensure high performance and retention of staff who are critical to the growth and survival of the firm. The contingency approach is ideal in designing policies and practices that suit the organization and environment they are operating in, Balkin and Gomez-Mejia (1992)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

A research methodology sets out a blueprint used by the researcher in answering research questions. This chapter looked at the design of the research, the population targeted, collection of data and analysis.

#### **3.2 Research Design**

This refers to a framework or a guideline on how to conduct a study detailing the necessary procedures in obtaining the desired information to structure and solve a research problem (Mugenda and Mugenda 2003). Questions and techniques used to gather the desired data, kinds of sampling strategies and used tools, the time and cost utilized form a research design, (Cooper and Schindler 2003)

#### **3.3 Target Population**

The population targeted under this study was the managers, deans, heads of departments, and heads of faculties of Daystar University who number fifty (50) on their perceptions on pay and benefits on employee entrenchment. This was a census study.

#### **3.4 Data Collection**

The study used the primary to obtain information required. Primary data was obtained using a well-structured questionnaire with closed ended questions and some open ended questions to elicit qualitative and quantitative data. Closed ended questions were presented on the points Likert scale. The questionnaire consisted of two sections. Section A solicited data on demographic factors while section B focused on pay and benefits in relations to entrenchment.

#### **3.5 Data Analysis**

Data analysis is be on how data was collected, tabulated and analysed using statistical methods of descriptive standard deviation and regression analysis in determining if there exist a relationship between the dependent variables and independent variables. The findings are be presented in tables, and pie charts in frequencies, and in percentages; in explaining the relationship between these variables.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

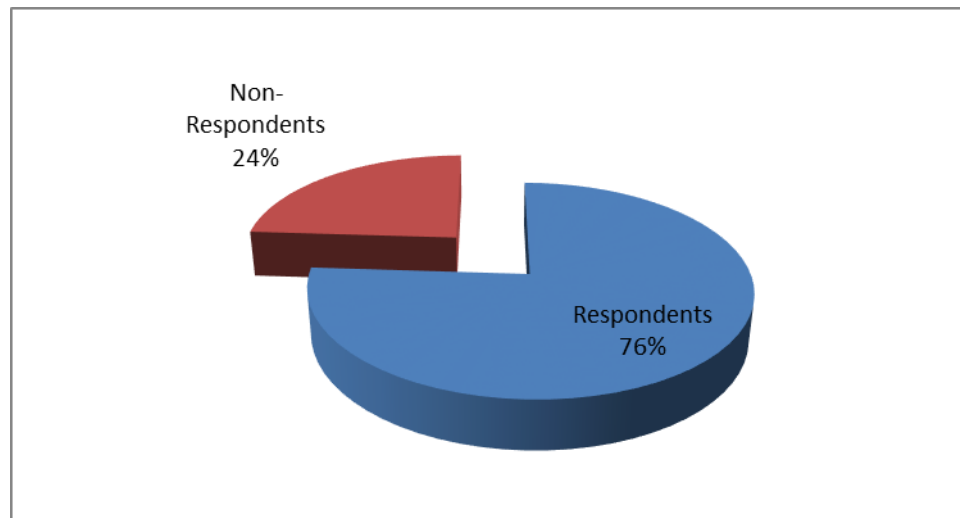
#### 4.1 Introduction

The Chapter has presented the response rate, the demographics, characteristics of the respondents, employee pay and benefits, levels of satisfaction and employee entrenchment and the study findings.

#### 4.2 Response Rate

A total of total of 50 questionnaires were successfully administered to the respondents with a response of 38, which is 76% of the target population. A response rate of 60% of the target population of a study is deemed sufficiently representative of the population (Mugenda and Mugenda 1999).

**Figure 1: Target Population**



#### 4.3 Demographic Characteristics

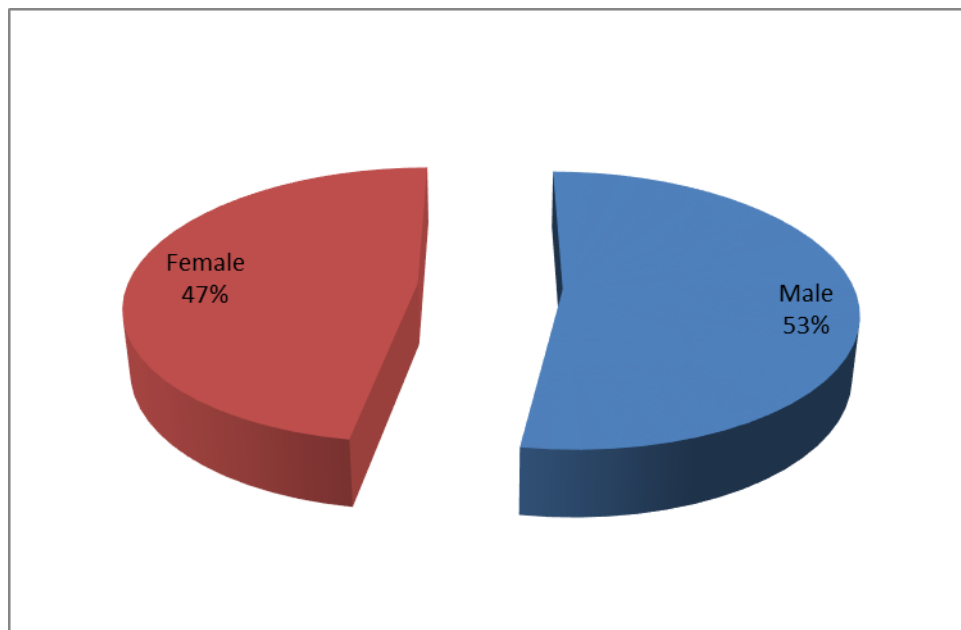
Table 1 below represents the male and female respondents.

**Table 1: Gender Distribution**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	20	52.6%
Female	18	47.4%
<b>Total</b>	<b>38</b>	<b>100%</b>

A total of 52.6% were males while 47.4% were females. This therefore means that males who responded on proportion were higher than females.

**Figure 2: Gender Distribution**



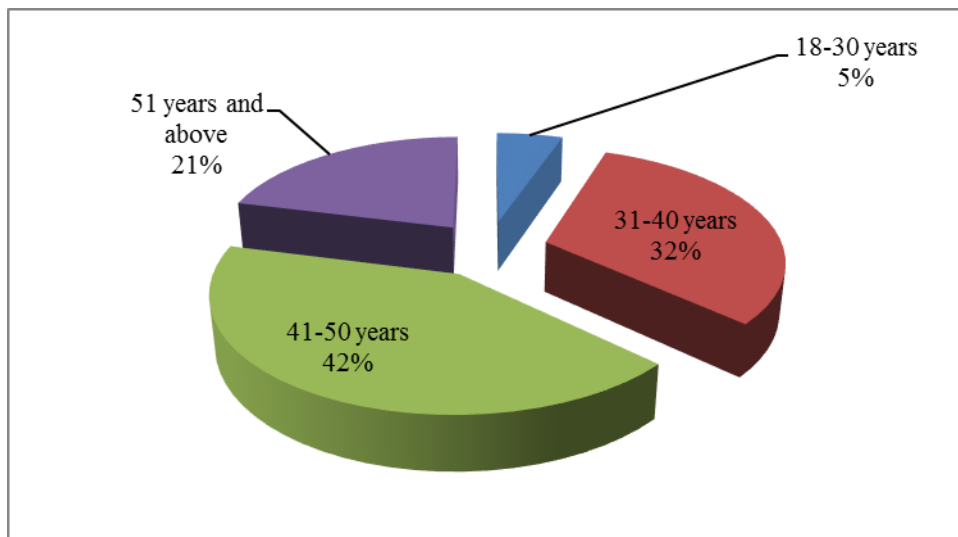
**Table 2: Age Distribution**

Table 2 below represents the age distribution of the respondents.

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
18-30 years	02	5.3%
31-40 years	12	31.6%
41-50 years	16	42.1%
51 years and above	8	21.1%
<b>Total</b>	<b>38</b>	<b>100%</b>

A total of 5.3% of the respondents were between aged 18-30. A percentage of 31.6% were of 31-40 years age bracket; whereas 42.1% were aged between 41-50years; and 21.1% were aged above 51years. It can be concluded that a majority of those who successfully participated in the study were between 41-50 years followed by those between 31 to 40 years. Those aged 30 years and those above 50 years responded least.

**Figure 3: Age Distribution**



#### 4.3.1 Respondent's Education Level

Table 3 below represents the education level.

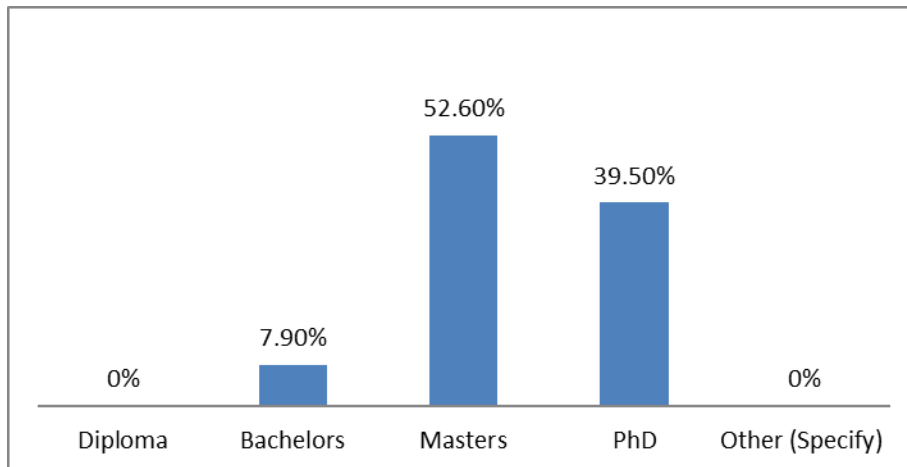
**Table 3: Respondents Education Level**

Levels of Education	Frequency	Percentage
Diploma	0	0%
Bachelors	3	7.9
Masters	20	52.6
PhD	15	39.5
Other (Specify)	0	0%
<b>Total</b>	<b>38</b>	<b>100</b>

A total of 7.9% have Bachelor's, 52.6% hold masters while 39.5% are PhD holders. This shows majority hold a master's degree followed by those who have attained PhD. These

are deans of schools, heads of departments and faculties and managers informs the high levels of academic qualifications.

**Figure 4: Respondents' Education Level**



*Source: Author (2016)*

#### 4.3.2 Respondents Period of Service.

Table 4 below represents the employees' length of service at Daystar University.

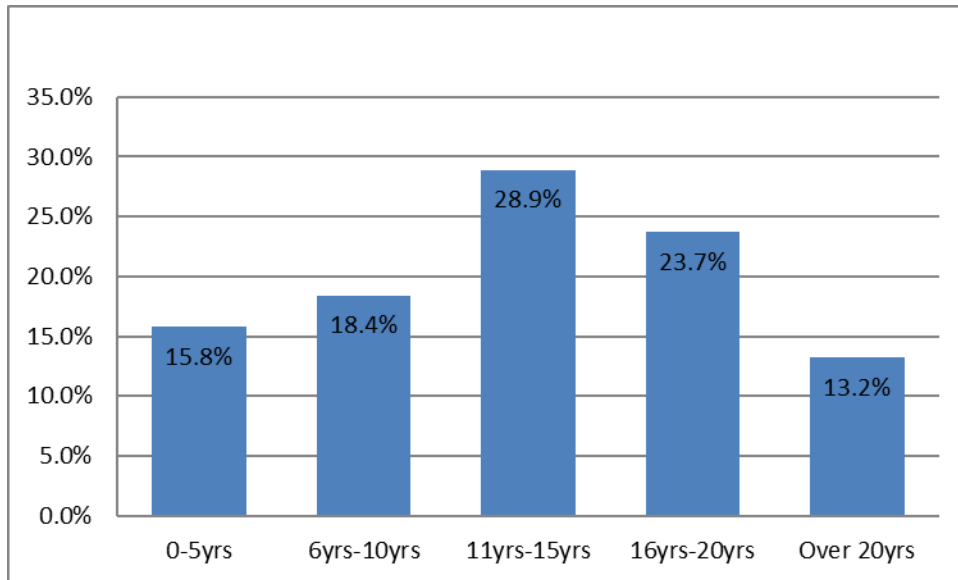
**Table 4. Period of service at Daystar University**

Number of years Worked at Daystar University	Frequency	Percentage
0-5yrs	6	15.8
6yrs to 10yrs	7	18.4
11yrs to 15yrs	11	28.9
16yrs to 20yrs	9	23.7
Over 20yrs	5	13.2
<b>Total</b>	<b>38</b>	<b>100</b>

A total of 15% of respondents noted that they have been working for less than five years, 18.4% have worked between 6years and 10years; 28.9% have worked for 11years to 15years and who have worked for between 16years to 20years are 23.7% and less that 5% have worked for over 20years.



**Figure 5: Respondents Length of Service**



Source: Author (2016)

#### **4.4 Employees Satisfaction with Pay and Benefits**

The study looked at various areas of rewards both pay and benefits that are offered at Daystar University and their perceived influence on employee entrenchment based on the following factors.

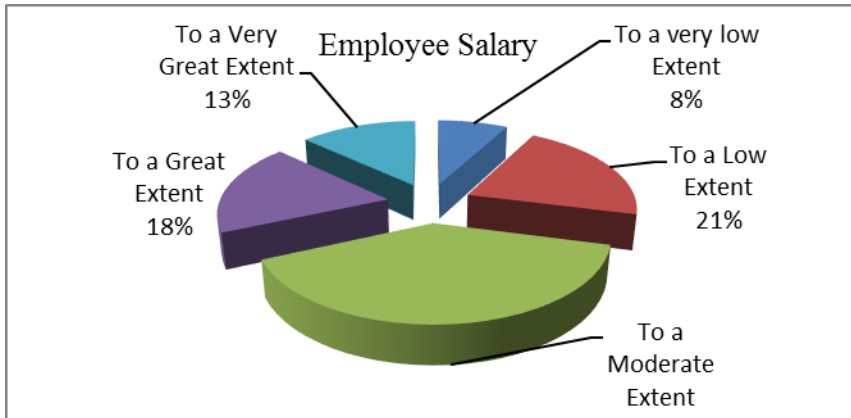
##### **4.4.1 Employee Salary**

Table 5 below represents the perceived levels of satisfaction on the salary.

**Table 5: Employee Salary**

<b>Employee Salary</b>	<b>Frequency</b>	<b>Percent</b>
To a very low Extent	3	7.9
To a Low Extent	8	21.1
To a Moderate Extent	15	39.5
To a Great Extent	7	18.4
To a Very Great Extent	5	13.2
<b>Totals</b>	<b>38</b>	<b>100</b>

A total of 7.9% were satisfied to a very low extent, 21.1% satisfied to a very low extent, 39.5% were moderately satisfied, 18.4% were satisfied to a great extent whereas 13.2% were satisfied to a very great extent. This could suggest that high proportions of employees in Daystar University are moderately satisfied by the employer’s salary.



**Figure 6: Employee Salary**

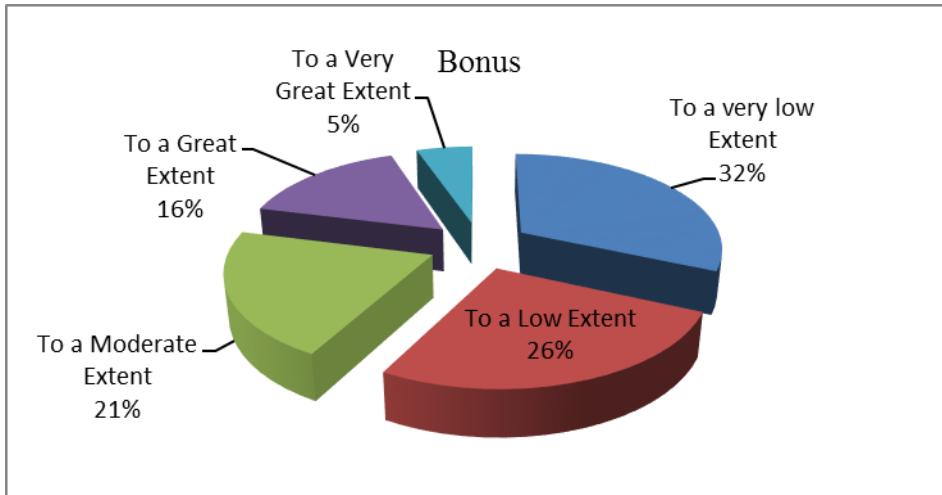
#### 4.4.2 Bonus

Table 6 below represents the perceived influence of bonus on employees’ satisfaction.

**Table 6: Bonus**

Bonus	Frequency	Percentage
To a very low extent	12	31.6
To a low extent	10	26.3
To a moderate extent	8	21.0
To a great extent	6	15.8
To a very great extent	2	5.3
<b>Total</b>	<b>38</b>	<b>100</b>

A total of 31.6% indicated they were satisfied to a very low extent; 26.3% to a low extent level, 21% were moderately satisfied, whereas there were 15.8% who were satisfied to great extent whereas 5.3% of the respondents were satisfied to very great extents. This therefore indicated that the bonus benefit employees are rewarded with were unsatisfying as indicated by a majority.



**Figure 7: Bonus**

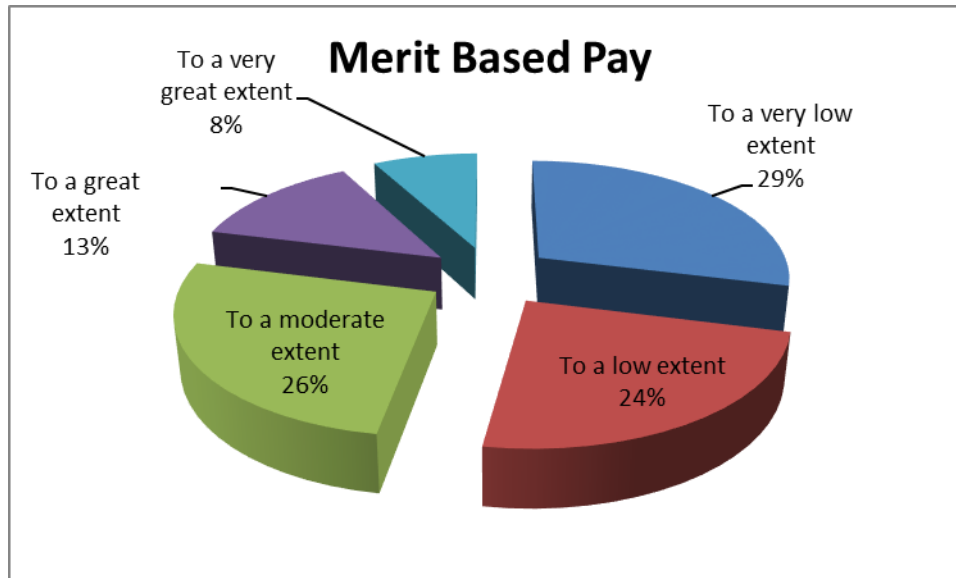
#### 4.4.3 Merit Based Pay

Table 7 below represents merit based pay to employees' on their levels of satisfaction.

**Table 7: Merit based pay**

Merit based pay level of satisfaction	Frequency	Percent
To a very low extent	11	28.95
To a low extent	9	23.68
To a moderate extent	10	26.32
To a great extent	5	13.16
To a very great extent	3	7.89
<b>Total</b>	<b>38</b>	<b>100</b>

A total of 11% indicated very low extent levels, 9% low extent levels, 10% levels of moderate extent, 5% showed levels to great extent, and 3% indicated to very great extent. This therefore suggest that a majority of the respondents do not consider merit based pay as a reason as to why they continue working at Daystar.



**Figure 8: Merit Based Pay**

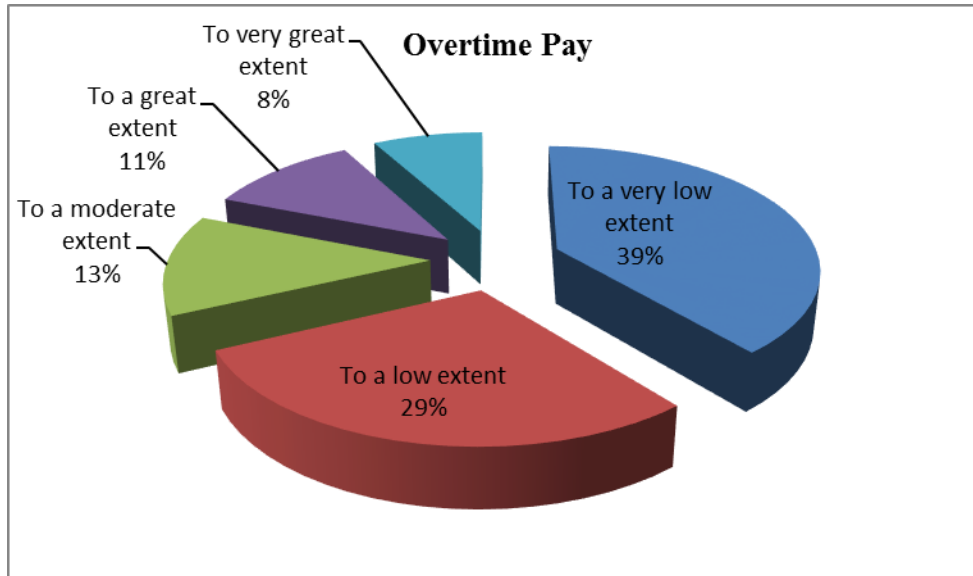
#### 4.4.4 Overtime Pay

Table 8 below represents the employee levels of perceptions on overtime pay.

**Table 8: Overtime Pay**

Overtime pay	Frequency	Percent
To a very low extent	15	39
To a low extent	11	29
To a moderate extent	5	13
To a great extent	4	11
To very great extent	3	8
<b>Total</b>	<b>38</b>	<b>100</b>

A total of 39% perceived it as very low, 29% perceived it as low, 13% moderate, while 11% indicated great extent of satisfaction and 8% very great satisfaction levels. This therefore suggest that high proportions of the respondents were not contented with the level of the overtime pay availed to the employees.



**Figure 9: Overtime Pay**

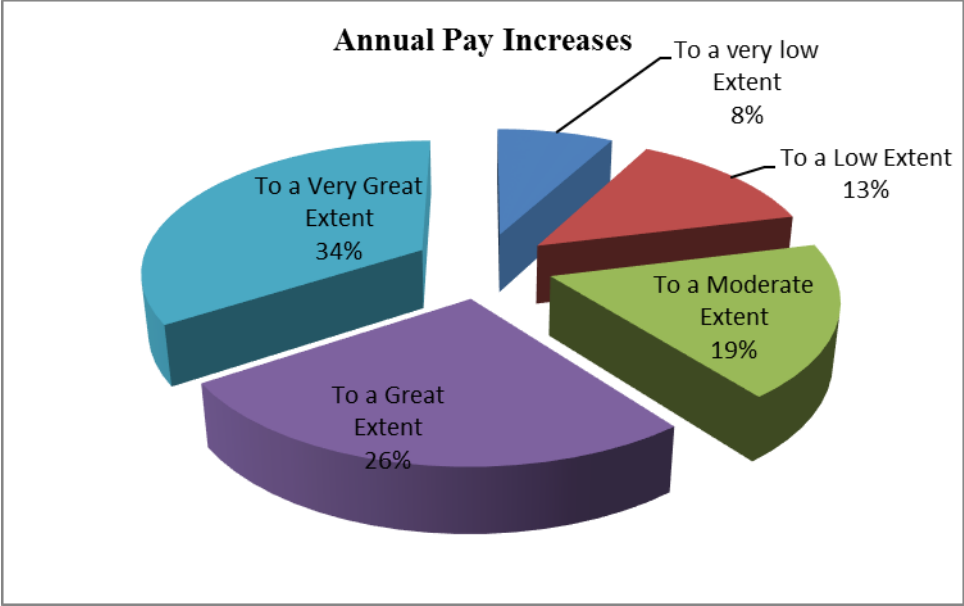
#### 4.4.5 Annual Pay Increase

Table 9 below represents the levels of employee perceptions on annual pay increase.

**Table 9: Annual Pay Increase**

<b>Annual Pay</b>	<b>Frequency</b>	<b>Percent</b>
A very low extent	3	7.9
To a low extent	5	13.2
A moderate extent	7	18.4
To a great extent	10	26.3
To a very great extent	13	34.2
<b>Total</b>	<b>38</b>	<b>100</b>

A percentage rate of 7.9% perceive very low extent, 13.2% low extent, 18.4% moderate extent and 26.3% great extent and 34.2 very great extent. This therefore shows that high proportions of over 60% in total perceptions levels of satisfaction higher on annual pay increases. This shows that the respondents identify the sure and understood mode of benefit that is long term and more permanent and protected by law as a real factor that influence their perceptions on entrenchment.



**Figure 10: Annual Pay Increases**

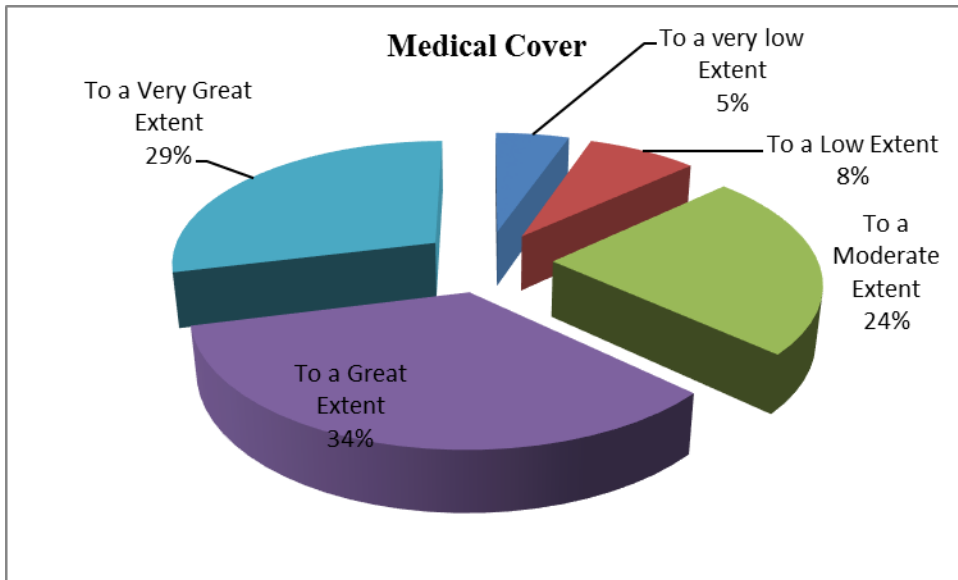
**4.4.6 Medical Cover**

Table 10 below shows the respondents’ satisfaction levels medical cover.

**Table 10: Medical Cover**

Medical Cover	Frequency	Percent
To a very low Extent	2	5.3
To a Low Extent	3	7.9
To a Moderate Extent	9	23.7
To a Great Extent	13	34.2
To a Very Great Extent	11	28.9
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 5.3% levels of satisfaction extent levels of very low; 7.9% low extent, 23.7% moderate extent, 34.2% great extent while 28.9% a very great extent. This shows a high satisfaction levels in most of those who responded to the survey in the area of employee medical cover.



**Figure 11: Medical Cover**

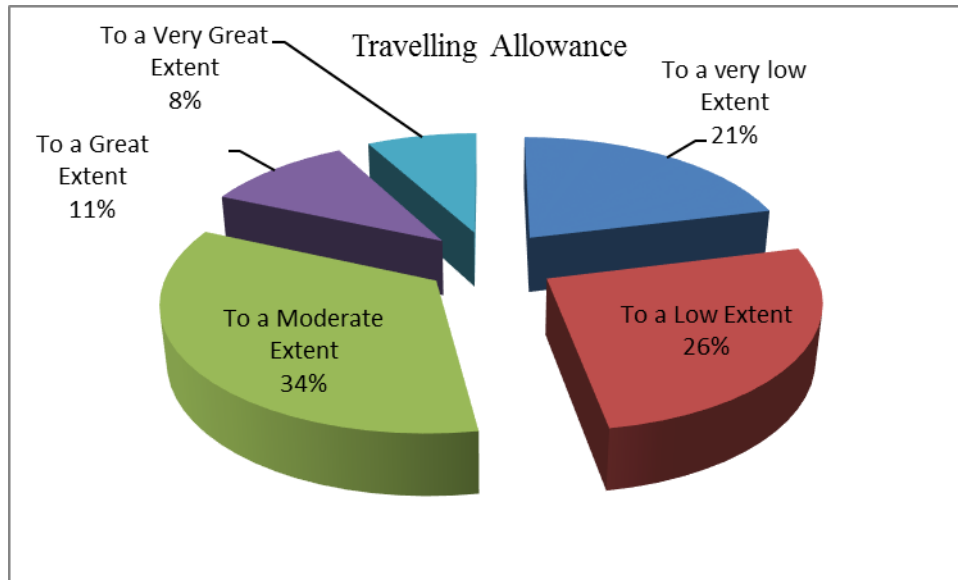
#### 4.4.7 Travelling Allowances

Table 11 below represents the perceived satisfaction levels on travelling allowances.

**Table 11: Travelling Allowances**

<b>Travelling Allowances</b>	<b>Frequency</b>	<b>Percent</b>
To a very low Extent	8	21.1
To a Low Extent	10	26.3
To a Moderate Extent	13	34.2
To a Great Extent	4	10.5
To a Very Great Extent	3	7.9
<b>Totals</b>	<b>38</b>	<b>100</b>

A total of 21.1% noted that they are influenced by travelling allowances to a very low extent, 26.3% to a low extent, 34.2 are moderately influenced, 10.5% to a great extent and 7.9% to a great extent. Therefore this means that either not all are entitled to the benefit or its not availed to most of the respondents.



**Figure 12: Travelling Allowances**

Figure 4.12 above shows respondents travelling allowance satisfaction level.

#### 4.4.8 Education Study

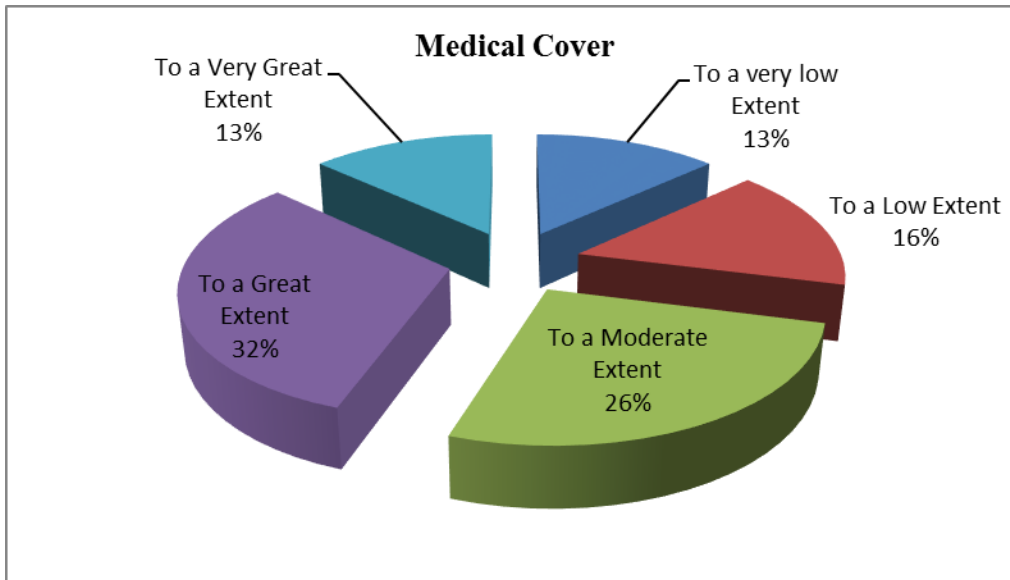
Table 12 below represents education study levels of satisfaction.

**Table 12 Education Study**

<b>Educational Study Benefits(Self)</b>	<b>Frequency</b>	<b>Percent</b>
To a very low Extent	5	<b>13.2</b>
To a Low Extent	6	<b>15.8</b>
To a Moderate Extent	10	<b>26.3</b>
To a Great Extent	12	<b>31.6</b>
To a Very Great Extent	5	<b>13.2</b>
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 13.2% noted that their level of satisfaction is to a very low extent; 15.8% low, 26.3% moderate, 31.6% to a great extent while 13.2% very great extent. From the results above it can be concluded that the respondents are cognizant of the levels of education study, thus suggesting the respondents perceive them as a contributor to their length of service.





**Figure 13: Education study benefit Source: Author (2016)**

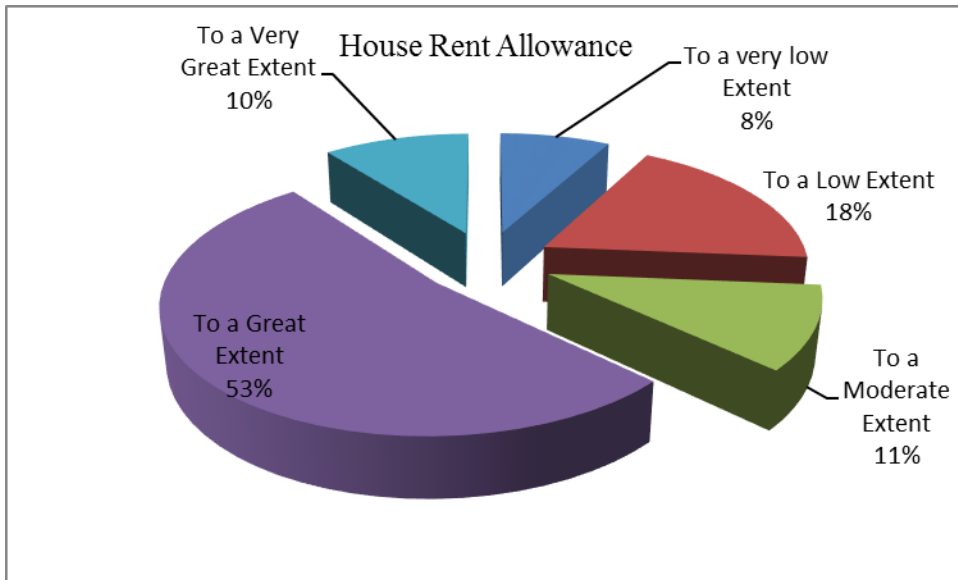
#### 4.4.9 House Rent Allowance

Table 13 below represents the house rent allowance of the respondents.

**Table 13: House Rent Allowance**

House -Rent Allowances	Frequency	Percent
To a very low Extent	3	7.9
To a Low Extent	7	18.5
To a Moderate Extent	4	10.5
To a Great Extent	20	52.6
To a Very Great Extent	4	10.5
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 7.9% perceive rent allowance as an influencer to their perceptions to a very low extent; 18.5% low extent, 10.5% moderate extent, 52.6% indicated great extent while 10.5% indicated a level of very great extent. These therefore mean that a high proportion of the respondents are well satisfied with the house rent allowances provided by the university.



**Figure 14: House Rent Allowance**

Source: Author (2016)

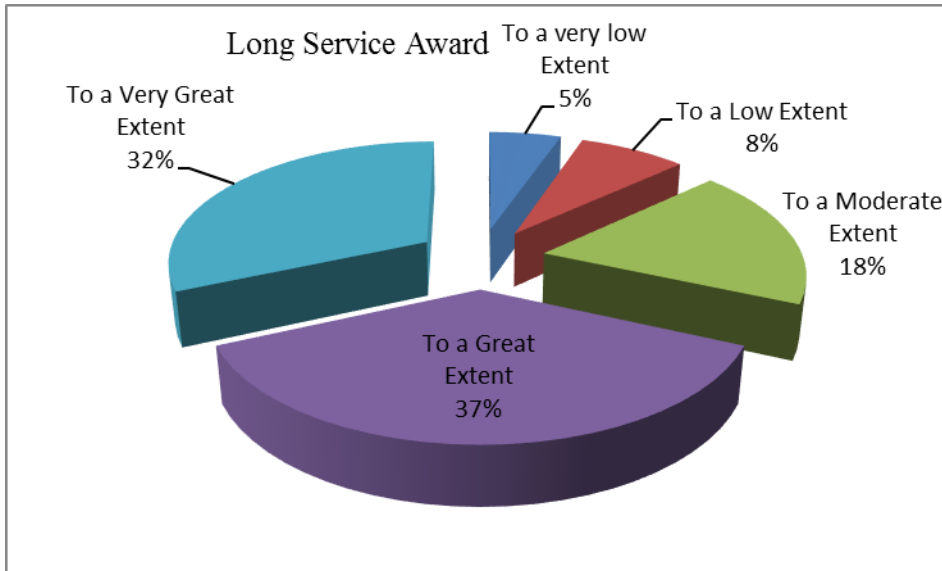
#### 4.4.10 Long Service Awards

Table 14 below represents the long service awards by the respondents.

**Table 14: Long Service Awards**

<b>Long Service Awards</b>	<b>Frequency</b>	<b>Percent</b>
To a very low Extent	2	5.3
To a Low Extent	3	7.9
To a Moderate Extent	7	18.4
To a Great Extent	14	52.6
To a Very Great Extent	12	10.5
Totals	38	100.0

A percentage of 5.3% were satisfied to a very low extent, 7.9% were satisfied to a low extent, 18.5% to a moderate extent, while 52.6% indicated satisfaction levels of great extent and 10.5% very great extent. Therefore this suggests that high proportions of the respondents were satisfied with the long service awards.



**Figure 15: Long Service Award**

Source: Author (2016)

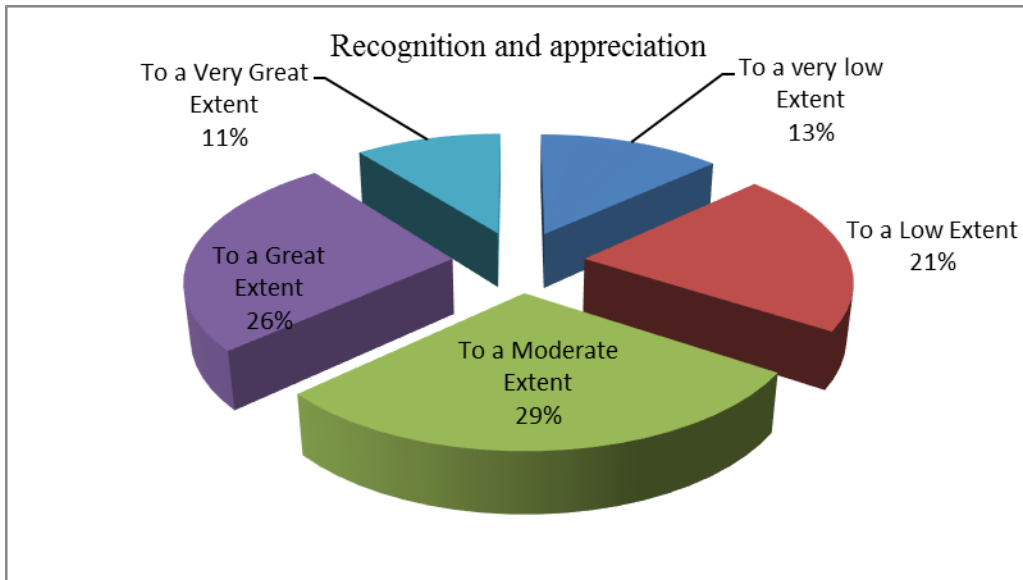
#### 4.4.11 Recognition and Appreciation

Table 15 below represents the respondents' response to recognition and appreciation by the respondents.

**Table 15: Recognition and Appreciation**

Recognition and appreciation	Frequency	Percent
To a very low Extent	5	13
To a Low Extent	8	21
To a Moderate Extent	11	29
To a Great Extent	10	26
To a Very Great Extent	4	11
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 13% indication a satisfaction level of a very low extent, 21% low extent, 29% moderate extent, 26% great extent and 11% a level of very great extent. This therefore can be concluded that recognition and appreciation was a high influencer on the respondents' perceptions.



**Figure 16: Recognition and Appreciation**

Source: Author (2016)

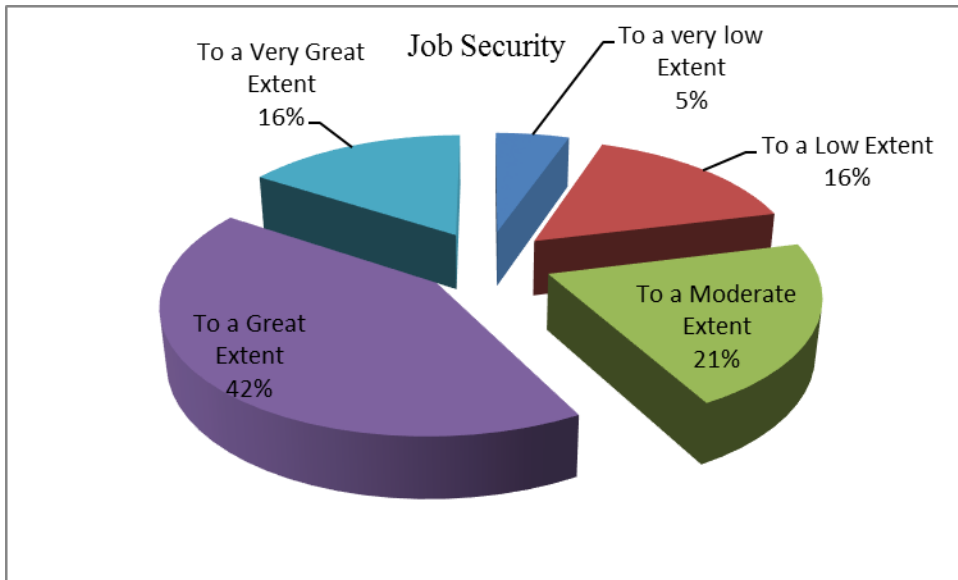
#### 4.4.12 Job Security

Table 16 below represents the respondents' perceptions on employee job security levels.

**Table 16: Job Security**

<b>Job Security</b>	<b>Frequency</b>	<b>Percent</b>
To a very low Extent	2	5.3
To a Low Extent	6	15.8
To a Moderate Extent	8	21
To a Great Extent	16	42.1
To a Very Great Extent	6	15.8
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 5.3% noted to be influenced to a very low extent, 15.8% to a low extent, 21% moderate extent, 42.1% great extent while 15.8% very great extent. It can therefore be concluded that job security influences employee perceptions on long service at the university.



**Figure 17: Job Security**

Source: Author (2016)

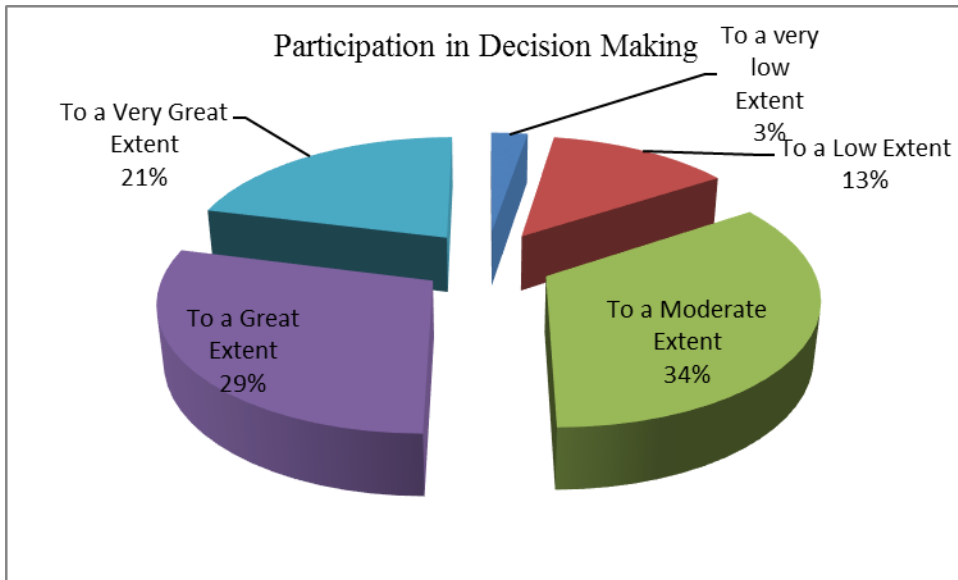
#### 4.4.13 Participation in Decision Making

Table 17 below shows participation in decision making by the respondents’.

**Table 17: Participation in making decisions**

Participation in making decisions	Frequency	Percent
To a very low Extent	1	2.6
To a Low Extent	5	13.2
To a Moderate Extent	13	34.2
To a Great Extent	11	28.9
To a Very Great Extent	8	21.1
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 2.6% were influenced to a very low extent, 13.8% low extent; 34.2% moderately satisfied, 28.9% were to a great extent whereas 21.1% were to a very great greatly. These therefore suggest that a majority were involved in making decisions as they are above moderate on their ratings.



**Figure 18: Participation in Decision Making**

Source: Author (2016)

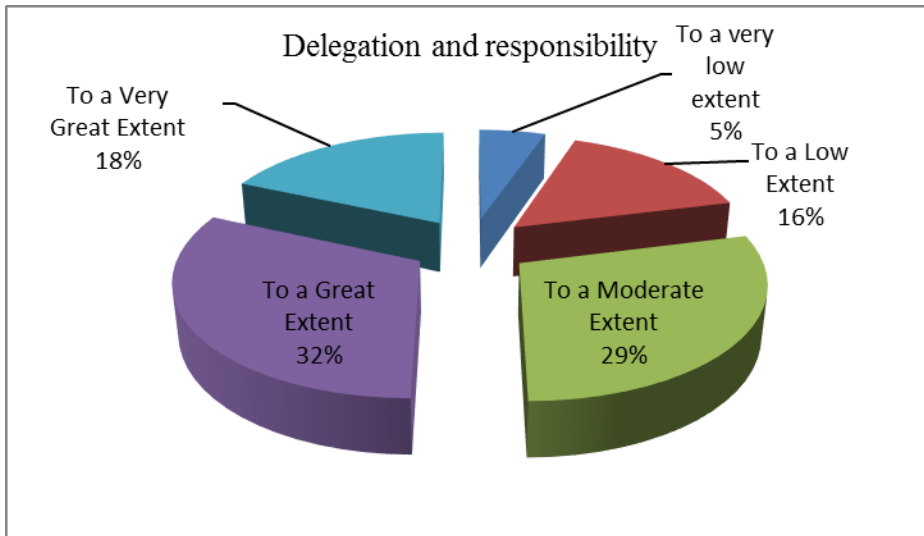
#### 4.4.14 Delegation and Responsibility

Table 18 represents the respondents' delegation and responsibility.

**Table 18: Delegation and Responsibility**

Delegation & Responsibility	Frequency	Percent
To a very low Extent	2	5.3
To a Low Extent	6	15.8
To a Moderate Extent	11	28.9
To a Great Extent	12	31.6
To a Very Great Extent	7	18.4
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 5.3% perceived delegation and responsibility to be very low, 15.8% to a low extent, 28.9% to a moderate extent, 31.6% to a great extent 18.4% to a very great extent. This therefore means that higher proportions of the respondents involved in some kind of decision making in line with their duties.



**Figure 19: Delegation and Responsibility**

Source: Author (2016)

#### 4.5 Employee Entrenchment

The study looked at employee entrenchment as a dependent variable. These are those independent variables outcomes or resultants as perceived by respondents discussed above.

##### 4.5.1 Readiness to Work in Daystar University despite any Situation

Table 19 below represents the respondents' readiness to work at Daystar University despite any situation.

**Table 19: Readiness to Work in Daystar University despite any Situation**

I am ready & willing to work at Daystar despite any situation	Frequency	Percent
Strongly Disagree	1	2.6
Disagree	5	13.2
Neutral	14	36.8
Agree	13	34.2
Strongly Agree	5	13.2
<b>Totals</b>	<b>38</b>	<b>100.0</b>

The study looked at the response on level of agreement on if they are ready and willing to work at Daystar despite any situation. A total of 2.6% strongly disagreed, 13.2% disagreed 36.8%, whereas 34.2% agreed; and 13.2 strongly agreed. This therefore suggests that majority are ready and willing to work at Daystar despite the prevailing circumstances current or expected.

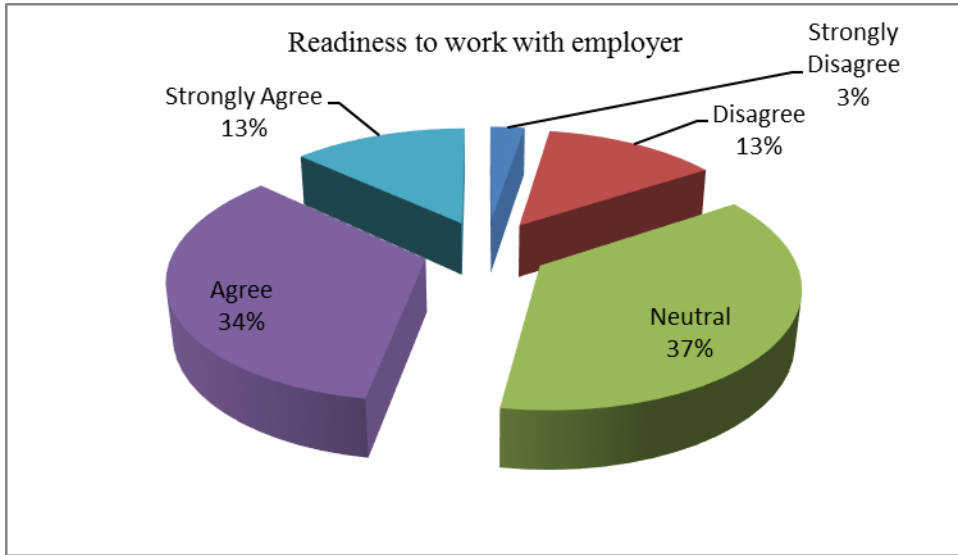


Figure 20: Readiness to Work in Daystar University

#### 4.5.2 Benefits are not the only Factor for Working in Daystar

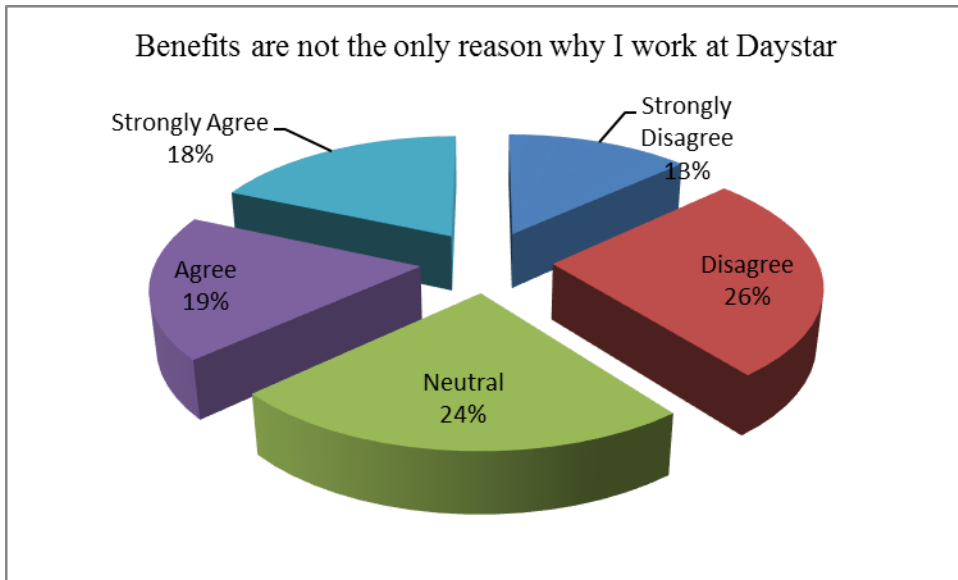
Table 20 below represents the respondents' perception on benefits and their continued working at Daystar

**Table 20: Benefits are not the Only Factor for Working in Daystar**

<b>Benefits are not the only Reason I work at Daystar</b>	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	5	13.2
Disagree	10	26.3
Neutral	9	23.7
Agree	7	18.4
Strongly Agree	7	18.4
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 13.2% strongly disagree, 18.4% disagreed, 23.73% were neutral, 18.4% agreed while another 18.4% agreed strongly. High proportions of those who responded do not agree with the statement; benefits are not the only motivating factor to work at Daystar.





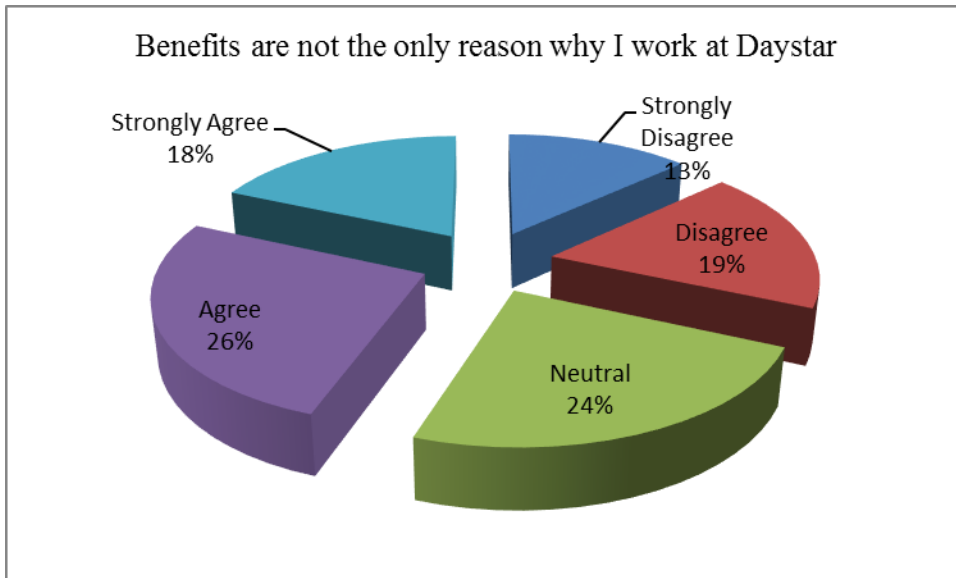
**Figure 21: Benefits are not the Only Factor for Working at Daystar**

Source: Author (2016)

**Table 21: Full Satisfaction with Working Conditions**

<b>I am fully satisfied with working at Daystar University</b>	<b>Frequency</b>	<b>Percent</b>
Strongly Disagree	4	10.5
Disagree	6	15.8
Neutral	9	23.7
Agree	10	26.3
Strongly Agree	9	23.7
<b>Totals</b>	<b>38</b>	<b>100.0</b>

A total of 10.5% showed a strong disagreement; those who disagreed were 15.8% neutral were 23.7%; those who agreed stood at 26.3% whereas 23.7% agreed strongly that they are fully satisfied with working at Daystar University. This could mean that a majority were above neutral on the desire to continue working at Daystar University thus continued working at Daystar.



**Figure 22: Full Satisfaction in Working at Daystar University**

Source: Author (2016)

A number of the respondents noted that there are other factors other than those captured that make them continued working at Daystar University. Some respondents cited faith as one of the components while others cited a desire to work with a Christian institution.

#### **4.6 Influence of Satisfaction with Pay and Benefits on Organizational Entrenchment**

The influence of employee satisfaction with pay and benefits on organizational entrenchment was established using multiple linear regression analysis. The same was measures of employee entrenchment. The results are presented in table 22, 23 and 24.

##### **4.6.1 Model Summary**

The percentage variation of the independent variables' influence on the dependent variables is explained by the Coefficient of determination (R-Square). The fifteen independent variables studied (that is, salary, bonuses, merit based pay, overtime pay, annual pay increase, medical cover, travelling allowances , educational study benefits(self), educational study benefits (defendant(s)), house rent allowances, long service awards (monetary), recognition and appreciation , job security, participation in decision making, and delegation & responsibility), explain 77.79% of variance in

employee entrenchment as represented by the  $R^2$ . Thus other factors not part of this study contributed 22.21% of variance in the dependent variable.

**Table 22: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.882	0.7779	0.756	0.0221

a. Predictors also known as the(Constant) here are, salary, bonuses, merit based pay, overtime pay, annual pay increase, medical cover, travelling allowances , educational study benefits(self), educational study benefits (defendant(s)), house rent allowances, long service awards (monetary), recognition and appreciation , job security, participation in decision making, and delegation & responsibility.

b. Dependent Variable: Employee entrenchment

**Source: Research Findings**

Information about variability levels within a regression a model of regression thereby forming a basis which is used to test the level of significance is called the Analysis of Variance (ANOVA). Findings from the study in Table 22, show significance influence such that if the value 0.000 significance thereby less than 0.05, this model is statistically significant in predicting the influence of how pay and benefits practices influence the organizational entrenchment in Daystar University. Any statistical test in which the test statistic has an F-Distribution is known as an F-test. This is used when one needs to compare statistical models that have been fitted to a set of data in order to identify the model that suits the best fit from the population where data was sampled. F statistic in this study was significant (as it was =7.06) and thereby indicating that this model was a good fit.

**Table 23: ANOVA (Analysis of Variance)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	436.854	15	29.1236	7.060033	0.000 <sup>a</sup>
	Residual	90.753	22	4.125136		
<b>Total</b>		<b>527.607</b>	<b>37</b>			

a. Predictors: (Constant), salary, bonuses, merit based pay, overtime pay, annual pay increase, medical cover, travelling allowances , educational study benefits(self), educational study benefits (defendant(s)), house rent allowances, long service awards (monetary), recognition and appreciation , job security, participation in decision making, and delegation & responsibility.

b. Dependent Variable: Employee entrenchment

### Source: Research Findings

**Table 24: Coefficient**

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	87.22	4.93		17.68	0.000
Salary	0.81	0.21	0.13	3.88	0.000
Bonuses	0.78	0.28	0.13	2.80	0.008
Merit Based Pay	0.67	0.24	0.05	2.74	0.009
Overtime Pay	0.53	0.17	0.14	3.08	0.004
Annual pay increase	0.46	0.17	0.14	2.73	0.010
Medical Cover	0.76	0.26	0.13	2.94	0.006
Travelling allowances	0.31	0.12	0.15	2.53	0.016
Educational Study Benefits(Self)	0.31	0.12	0.12	2.50	0.017
Educational Study Benefits (dependant(s))	0.43	0.10	0.12	4.52	0.000
House rent allowances	0.35	0.13	0.11	2.72	0.010
Long Service Awards (monetary)	0.48	0.10	0.11	4.91	0.000
Recognition and appreciation	0.39	0.13	0.10	2.96	0.005
Job Security	0.54	0.10	0.10	5.34	0.000
Participation in decision making	0.49	0.14	0.09	3.66	0.001
Delegation & responsibility	0.19	0.10	0.09	1.82	0.077

The overall equation model for employee entrenchment, salary, bonuses, merit based pay, overtime pay, annual pay increase, medical cover, travelling allowances , educational

study benefits(self), educational study benefits (defendant(s)), house rent allowances, long service awards (monetary), recognition and appreciation , job security, participation in decision making, and delegation & responsibility was as follows:

$$Y_i = 87.45 + 0.31 x_1 + 0.78x_2 + 0.67 x_3 + 0.53 x_3 + 0.46x_3 + 0.76x_3 + 0.81x_3 + 0.31 x_3 + 0.43x_3 + 0.35 x_3 + 0.48x_3 + 0.39 x_3 + 0.54 x_3 + 0.49 x_3 + 0.19 x_3 + e$$

From the model, in any given month, the employee entrenchment will be 87.22 when all the predictor values are zero. The model indicates that when the salary changes by one unit the employee entrenchment will increase by 0.81. In addition, when bonuses, merit based pay, overtime pay, annual pay increase, medical cover, travelling allowances , educational study benefits(self), educational study benefits (defendant(s)), house rent allowances, long service awards (monetary), recognition and appreciation , job security, participation in decision making, and delegation & responsibility changes by one unit the employee entrenchment increases by 0.78, 0.67, 0.53, 0.46, 0.76, 0.31, 0.31, 0.43, 0.35, 0.48, 0.39, 0.54, 0.49, and 0.19 respectively. To test the importance of each individual variable which was based at 0.05 the t-test was carried out. The result indicates all the variables have a value of less than 5% against the employee entrenchment in the model. This shows that the relationship between employee entrenchment, salary, bonuses, merit based pay, overtime pay, annual pay increase, medical cover, travelling allowances , educational study benefits(self), educational study benefits (defendant(s)), house rent allowances, long service awards (monetary), recognition and appreciation , job security, participation in decision making, and delegation & responsibility is significant.

#### **4.7 Discussion of Findings**

This shows that the relationship between employee entrenchment, salary, bonuses, merit based pay, overtime pay, annual pay increase, medical cover, travelling allowances , educational study benefits(self), educational study benefits (defendant(s)), house rent allowances, long service awards (monetary), recognition and appreciation , job security, participation in decision making, and delegation & responsibility is significant. Similar to the study findings, Armstrong (2006) noted that pay creates a contract that is psychological thus ensuring employee satisfaction and high performance thus higher retention rates. Dessler (2004) notes that benefits refer are rewards that are both non-

financial and not direct rewards that are enjoyed by employees from their employers. Torrington et al (2005) notes that employees view pay with different objectives in mind namely purchasing power; fair, rightful, relativities to others tasks; recognition and the package. If an employee feels that these are not met they may feel the urge to seek other employment thus low retention rate. Entrenchment is all about employee retention and ownership of the organization if an employee does not feel the pay is not fair they may seek alternative employment (Torrington et al., 2005). Pay and benefits creates a sense of a psychological contract with the employee and the employer (Armstrong, 2006). Once this sense of a positive psychological contract is created an employee owns the organization and the organization owns the employee.

## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter brings into light a brief discussion of the conclusions and suggested recommendations drawn from the highlighted findings made there to in relation to the research objectives.

#### **5.2 Conclusion**

In ensuring entrenchment which stems out of pay and employee benefits at Daystar University. The study concludes that managers at Daystar University are fairly satisfied with the policies currently at the organization. Though a number of employees notes dissatisfaction especially in terms of benefits such as travel allowances, and overtime pay. Medical cover and annual pay increases were much valued as compared to education benefits and bonuses which were not wholesomely accepted. Whereas long service award benefit, was highly agreeable upon. This could be to the fact that it's more understandable and direct as one is paid according to the period an employee has rendered service within that particular organization. The study found out that participation in decision making is a core motivator to their exercising a sense of creativity and dynamist that have led to ensuring longevity in the work.

By considering the theories of Herzberg's (1957) and Maslow's (1943), managers should be able to create a clear workable blend that are able to stimulate thereby contributing in in stimulate, challenge and support an environment that is rewarding at work. Since pay is relatively prominent in the compensation function of human resources, these are to be tied to responsibilities of individual jobs whereas and if an employee is of a higher cadre then performance be the key in reward systems. Employee experiences at their workplaces in terms of performing their jobs; encourages satisfaction at work. Individual satisfaction at work is an end product of individual experiences therein. Fair pay, availability of opportunities for individual growth at work, supportive superiors and colleagues at work; an individual's interesting work this will enable an employee to perceive higher levels of satisfaction at work Brief (1998). These conditions create a

situation that enables an employee to perceive satisfaction, such that its employee work pleasures outweighing his or her strains at work.

### **5.3 Recommendations**

This study recommends a similar study to be done in Daystar University. It recommends a study be done to establish relationship between employees and the organization's performance evaluation methods that encourages bonus payments as this seemed very ambivalent to the managers' perceptions.

### **5.4 Suggestions for Future Studies**

In the light of the current research, it is suggested to undertake in following a methodical way with a much wider approach other studies, in order to bring into focus the variables and areas which neither were nor incorporated in the study. Studies may be taken up to identify the psychological for that contributes for job satisfaction like marital status residence etc. Also studies may be taken up on experimental basis to enhance the job satisfaction of employee



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## APPENDICES

### Appendix I: Research Questionnaire

This questionnaire is for research purposes only. It aims to collect data to investigate perceived influence of pay and benefits practices on organizational entrenchment among employees at Daystar University. Your responses are highly appreciated.

The elements of remuneration given in addition to various forms of cash pay to employees are what herein referred to as employee benefits for the purposes of this study.

### Section I: General Information on the person(s) and organization profile

1. Name of the Department / Section.....

2. Gender (Tick Appropriately) Male  Female

3. What is your age bracket

18-30years  31-40 years  41-50 years  51 years and above

4. Please indicate your highest level of academic qualifications

Diploma  Bachelors  Masters  PhD  Other (Specify)

	Years' Service at Daystar in Number	0- 5	6-10	11-15	16-20	Over 20
5	How long have you worked at Daystar University?					

**Section II: Different types of Reward Management systems on Employee Entrenchment**

6. Using a ranking scale of 1 to 5, rate the extent to which you are satisfied with each of the statements below on the mode of pay and benefits offered to employees by Daystar University.

*Please indicate by circling one number per question line to indicate your level of satisfaction.*

**Key:**

**1** - To a very low extent, **2** - to a low extent, **3** - to a moderate extent, **4** - to a great extent, **5** - to a very great extent

	<b>Ranking</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>a)</b>	Salary	1	2	3	4	5
<b>b)</b>	Bonuses	1	2	3	4	5
<b>c)</b>	Merit Based Pay	1	2	3	4	5
<b>d)</b>	Overtime Pay	1	2	3	4	5
<b>e)</b>	Annual pay increase	1	2	3	4	5
<b>f)</b>	Medical Cover	1	2	3	4	5
<b>g)</b>	Travelling allowances	1	2	3	4	5
<b>h)</b>	Educational Study Benefits(Self)	1	2	3	4	5
<b>i)</b>	Educational Study Benefits (defendant(s))	1	2	3	4	5
<b>j)</b>	House rent allowances	1	2	3	4	5
<b>k)</b>	Long Service Awards (monetary)	1	2	3	4	5
<b>l)</b>	Recognition and appreciation	1	2	3	4	5
<b>m)</b>	Job Security	1	2	3	4	5
<b>n)</b>	Individual participation in decision making	1	2	3	4	5
<b>o)</b>	Delegation & responsibility	1	2	3	4	5
<b>p)</b>	Specify any Other(s)..... .....	1	2	3	4	5

**Section III: Employee Entrenchment**

Indicate the extent to which you may agree or disagree with the following statements using the ranking of one to five below.

*Please indicate by circling one number per question line to indicate the level of agreement or disagreement with the following statements.*

1-Strongly Disagree (SD), 2-Disagree (D), 3-Neutral (N), 4-Agree (A), 5-Strongly Agree (SA)

	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
<b>Employee Entrenchment (Retention)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
I am willing and ready to work at Daystar University despite any situation.	1	2	3	4	5
Benefits are not the only reason why I continue working at Daystar University	1	2	3	4	5
I am satisfied fully with the working conditions existing at Daystar University	1	2	3	4	5
Mention any other factor(s) that influence your continued working at Daystar University. (Specify)..... .....	1	2	3	4	5

7. Do you have any suggestions on what the university may do to enhance the current rewards systems availed to its employees in order to improve employee entrenchment (retention)?

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**Thank you for your time.**