PERCEIVED FACTORS INFLUENCING REWARD STRATEGIES AT KENYA PORTS AUTHORITY

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D64/83886/2016

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTERS OF SCIENCE-HUMAN RESOURCE MANAGEMENT, SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI

DECEMBER, 2018

DECLARATION

This research work is my original work and has not been submitted for a degree in any other University or for any other award.

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This research Project has been submitted with my approval as the University of Nairobi Supervisor.

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DEDICATION

I dedicate this project to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program and on His wings only have I soared. I also dedicate this research to my mum, who taught me that even the largest task can be accomplished if it is done one step at a time.

ACKNOWLEDGEMENT

I thank God Almighty for the sustenance, wisdom and strength He has accorded me to undertake this project proposal. Secondly thanks to my family and friends for their love and moral support throughout the period of my studies.

I would like to sincerely appreciate the work of my supervisor Dr. Margaret Kariuki and my moderator Dr. Mercy Munjuri without whose guidance and incisive comments I would not have undertaken this project successfully, our department coordinator Dr. Florence Muindi, not forgetting the entire fraternity of the University of Nairobi for their assistance in data collection and assisted with relevant information, thank you.

My appreciation also goes to my friends Glory Mugambi and Cecilia Sanguli who have been of tremendous encouragement and creating funny environment which motivated me to work pleasantly throughout my research. I gratefully acknowledge Serah Mutanu for her valuable advices and her extensive discussions around my work.

I convey deepest gratitude to the staff at KPA Nairobi for their contribution to my research work and the cooperation exhibited without whom I could not progress with my research.

I appreciate my brothers Elon Sankan and Alex Lonina for their constant support and encouragement. I love you guys!

I would like to express my sincere warm thanks to my mother who painstakingly laid the foundation for my education giving it all it takes.

At the end of my project, it is a pleasant task to express my thanks to all those who contributed in many ways to the success of this study and made it an unforgettable experience for me.

To all of you, thank you and may God bless you.

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ABSTRACT

The objective of the study was to establish the factors influencing reward strategies at Kenya Ports Authority. The study was anchored on 2 theories; Equity Theory as well as Reinforcement Theory. The factors considered for this study were market analysis, organizational culture and corporate strategies, performance management, trade unions, business performance and financial circumstances and government regulation and policies. The study used case study research design as this method is best suited for studies where an in-depth consideration of the phenomena is being sought. The target population was 350 members in the senior and the middle level management. The sample size was 30 percent of the targeted population leading to a sample size of 105. Data analysis was by use factor analysis, descriptive statistics and qualitative analysis. Presentation was by way of percentages, means and standard deviation. From the findings of this study, Kenya Ports Authority reward systems account for the periods that employees are willing to serve in the firm. That is to say, the better the reward system, the more the firm is able to retain top talent employees. The development, administration and management of rewards vary the organizational culture. The presence of trade unions in Kenya Ports Authority influences the reward strategies. This is because they are sanctioned to offer collective bargaining power for employees by ensuring that they fight for better working condition for the workers and bargain collectively for them. The existing government policies and regulations on the minimum wage have been implemented in Kenya Ports Authority ensuring that the government is able to influence rewards policies through the checks and balances. On performance management, the study recommends that the senior and the middle level managers should scrutinize its policies on dealing with poor performance to enforce them in order to limit others. The study recommends a focus on the financial as well as non-financial rewards and how they influence employee motivation in Kenya Ports Authority. The study was a perception study involving Kenya Ports Authority and thus a study will be required in future where the variables can be tested empirically and not based on perception. The researcher suggests that other studies be carried out in different organizations that deal with different products and services so as to obtain generalizable findings.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

For companies to thrive in the stormy universal business environment, it is a requisite that they adopt strategies to increase their competitive advantage (Chang, 2004). The focus on the need to maintain a competitive advantage by achieving a favorable market position has resulted in great attention towards strategic rewards by most business organizations and thereby a need for effective management of compensation. Torrington (2005) noted that various authors have differing views on what institutes a planned methodology to pay management. He states that most concur that it is basically about supporting an organization's pay plans with its business objectives; developing payment systems that enhance the chances of an organization's employees seeking actively to contribute to the achievement of its goals.

Armstrong (2001) introduces the reward management as a process that deals with the design, implementation as well as maintenance of systems of rewards. He considers reward management as very much an essential part of a human resource management approach to managing people. He highlights that the essential feature of this approach to reward management is it supports the achievement of business strategy as it integrates with other human resource management strategies, especially those related to human resource development.

At the work environment, perception is vital both to the employer and the employee as it depicts the realities both parties face, be they good or bad. The perceptions of the leaders, managers and the employees are key in shaping the climate through which conducive work environment in the organization is attainable through the single objective of improving on performance. According to Burack (1985), individuals perceive things differently and even upon presentation of a single thing to them, they may also see it differently. Intelligence, personality expectation as well as interests are considered to influence perception. Various empirical studies suggest that employee' perceptions of the significance given to HR management practices considerably differ with organization.

This study was anchored on two theories; equity theory and reinforcement theory. Equity theory is crucial for this study since it advocates for fairness and justice in how employees are rewarded and treated. Reinforcement theory is equally important for this study since it uses incentives to reward good behavior while punishment on the other hand discourages undesired behavior.

Kenya Ports Authority is mandated to ensure smooth facilitation of the international trade and also ensures that the port acts as an interface between water, land and air transport (Pomeroy, 2004). To enhance effective port management, it is crucial to ensure that the reward strategies and compensation motivate the workers to deliver their best. When good reward strategies are adopted, effectiveness and efficiency is guaranteed in the operations. Malchow and Kanifani (2011) opine that effective port services minimizes most of the traffic snarl ups and hurdles that a source of delay. Song and Yeo, (2014) noted that port development has positive effects on both employment and revenue. The positive effects of balance of trade as well as payment cannot be denied. The beehive of seaport activities within the whole world clearly indicates that ports significantly influence the economy both locally, regionally as well as nationally.

1.1.1 Concept of Perception

Otara (2011) opines that perception is the way in which humans construe their activities and understand them while in ones surrounding. Perception too can be defined as a process of selecting, organizing and interpreting information to make it meaningful (Stevan 1980). Perception that is accurate permits workers freedom to offer an account of the observations and hearings of what happens in the work environment. This gives them an allowance to make a choice on how to plan their duties and finish them up without interferences. However, perceptions that are inaccurate are a source of conflicts and general assumptions that may not necessarily be a true reflection of a given situation happening around them (Ramtake, 2008). Perceptions are mere points of view that differ from person to person and may not reflect the real picture of a given situation. Perceptions at work are crucial to both workers and the management since they depict the issues faced, whether noble or wicked.

Factors such as intelligence, personality, expectation and interest can affect perception. Perception refers to the way through which people sift order and interpret sensory information. Byars (1997) denoted that the perception of employees as well as their acknowledgements informs their work behaviour and the attitudes and changes in perceptions that individuals develop over time as a result of the experiences gained. Burack (1985) stated that people perceive things differently even when the same items are presented before them, they tend to see it different from each other.

1.1.2 The Reward Strategies

Reward, according to Kibera (1996), is compensation given to employees for work done or services rendered. He notes that it involves determining adequate and equitable remuneration of the employees. It takes into consideration the basic employee human needs, job requirements, legal provisions regarding minimum salary and wage levels offered in other organizations and especially those of the same industry. Martocchio (1998) looks at rewards as a depiction o1f both intrinsic as well as the extrinsic rewards which employees receive after they have performed at their work. Intrinsic rewards reflect the psychological mind of the employees as they set it towards performing their jobs whereas extrinsic rewards are a reflection of both the financial as well as non-financial rewards. Malkovich (1999) defines it as all forms of financial proceeds, the tangible services as well as the benefits which employees are capable of receiving as part of their relationship with the employer. Armstrong (2001) discusses reward more as compensation that employees receive in accordance with their value to the organization which is concerned with both financial and non-financial. He affirms that the American term ‘compensation’ is sometimes used as alternative to reward but it seems to imply that work is an unpleasant necessity that employees have to be compensated for doing.

Reward, according to Dessler (2003) is all forms of payment received by employees from their employer and goes ahead to broadly categorize them into: direct financial payments (wages, salaries, incentives, commissions and bonuses); and psychological or non-financial or indirect payments (employer-paid insurance, vacations). Brown (2001) views pay as just one part of a bigger package of rewards that employees derive from their work. This makes the non-financial rewards such as recognition, career development opportunities and work-life balance to be seen in good light as they play a critical role just as financial rewards do in achieving the set organizational goals and objectives.

1.1.3 Kenya Ports Authority (KPA)

Kenya Ports Authority (KPA) is a statutory body under the Ministry of Transport. It operates in Mombasa, Inland Container Depots (ICD) in Nairobi and Kisumu, and runs a liaison office in Kampala and recently opened another office in Kigali, Rwanda. KPAs mandate is to operate, improve and regulate all the scheduled seaports along the Kenyan coastline. Being a state corporation, Kenya Ports Authority (KPA) is mainly concerned with the sole mandate of managing the Port of Mombasa, as well as all the other ports at the coastline of Kenya. Kenya Ports Authority is among the leading parastatals in Kenya and is also a major implementer of trade activities along the sea within the region of East and Central Africa. The strategic direction is steered by her vision “world class seaports of choice”, and the mission which is to “facilitate and promote global maritime trade through provision of competitive port services”. Wide range of cargo is handled by this port which is fully equipped. The cargos include but are not limited to dry bulks such as grain, fertilizers, cement and soda ash. Liquid bulks such as crude oil and oil products are also transported. Bagged products like coffee, tea, sugar, form part of the cargo as well as breaking bulk to iron as well as steel, motor vehicles, machineries as well as cargo in containers. The authority is mandated to ensure that maintenance, operations, improvements and regulations are in place on all sea port along the coastal line.

Today's ports are no longer viewed as stand-alone entities or even start/end points in the transport chain. Ports nowadays play a pivotal role in the overall transport industry and are thus viewed as crucial nodes along the logistics chain. Ports worldwide are also coming under intense pressure to deliver and are increasing facing both intra and inter port/terminal competition. The port of Mombasa is the only one that is fully equipped with modern technology and equipment to ensure it has the capacity to handle all types of cargo, thus making it the principal port in East and Central Region. The KPA core obligation at the Mombasa Port is to ensure smooth navigation, proper pilotage docking, anchorage and the storage of services. KPA envisages itself as a world class seaport of choice with a mission to expanding as well as encouraging global marine trade by providing modest port services. KPA will be used for this study since it offers effective reward management strategies to its employees.

1.2 Research Problem

Reward strategies, according to Miner (1995), must distinguish the relationships among the business objectives of the organization, the strategies that will achieve these goals, and the cultures that sustain strategy and reward systems that elicit and sustain necessary supporting behaviours. West (2008) identifies that reward is not always the central issue for attracting and retaining employees, but is still a significant aspect to be considered along with other issues in employment contract. Torrington (2008) on the other hand notes that reward is central to employment relationship. He further states that some people like working and may assert that they would not stop working even if they won a lottery; he recognizes that other individuals work since it is their means of earning the money, they need to sustain them. Research has confirmed that personnel who get compensated and acknowledged tend to have higher self-image, are confident and more willing to take on new challenges and more enthusiasm to be innovators (Mason 2001).

Kenya Ports Authority (KPA) despite launching a compensation system to improve its workforce, its employees have been criticized of being lazy, unethical and lack professional ethics in their work (Sarvadi, 2005). In addition, the performance of the organization has not matched the demand of the growing economy. Being a parastatal too, KPA has been seen to be a bit laid back in terms of how they deliver services to both their staff and public. The extent through which a firm is able to combine both financial as well as non-financial rewards in its strategy is a clear indication of its value in position. Employers' recognition on non-financial rewards plays a key part in ensuring that employees are attracted and retained in the organization. Employees propose a view on humankind which is able to recognize the need of individuals in their desire for more effort rather than rewards in monetary form (Burke and Hutchins, 2007).

In an organization, employees that are committed are regarded as those that are ready to engage in building and maintaining an eternal relationship between themselves and their employers, La Belle (2005) posit that various persons possess different kinds of perceptions on rewarding and normally tend to believe that these factors are the key forces behind satisfaction and that they are able to assist on boosting the employees ability to work harder and more efficiently, as a result of the prevailing motivation that comes along with it. Thus, in order for managers to successfully motivate their employees, there is a need for them to determine the appropriate and the sufficient motivation factors to apply. Osterman (2000) denotes that employees that are more skeptical of the initiatives taken by the management and those that resist changes either actively or passively make it challenging to embrace change, reduces morale or even the productivity, as well as increasing the rate of turnover or even eventual failure.

It is therefore critical to ensure that the employees are remunerated fairly and also given other non-cash benefits to ensure they are fully motivated to carry out their duties effectively and efficiently. Reward is a key function in human resource management systems in modern enterprises, as it plays an important role in attracting, retaining and motivating employees and is influenced by global competition, nature of the labor market, performance management, trade unions, government and organizational culture. Therefore, the aim of this study is to investigate the factors influencing reward strategies at KPA.

Several studies have been carried out regarding rewards. Chang (2004) compares and analyzes companies in the banking industry using a reward strategy that is high, and those that make use of strategies that are low in order to establish performance relations in the banking industry. Empirical results from this study showed that the profitability of the bank is affected significantly by salary levels as well as the effective utilization of assets. Mutuku (2012) studied employee perception on the competitiveness of the performance-based rewards in Kenya Electricity Generating Company Ltd Kenya and established that the organization used performance-based rewards to ensure their employees are satisfied with their work and hence motivate them to aim at attaining the objectives of the organization. This consequently changed the perception of the organization and created more interaction between the management and the employees which was able to provide opportunities that were not initially there, aimed at deriving the managements trust.

Ndizeye (2006) looked at factor that influence compensation practices for management staff in insurance companies in Kenya. This study established that where compensation scheme offered to management is both fixed and variable and the future compensation scheme was a variable salary which depends on one's performance or output. The metric used in the industry when rewarding management team's performance is the fiscal targets as opposed to cost reduction and productivity gains. The major objective of the compensation scheme is to motivate high potential management employees but the major constraint is cost control.

A study of performance-based compensation schemes in companies at the NSE by Kiarie (2005) advocates that according to the agency theory, an owner of a business must make a trade-off among monitoring costs as well as the forms of compensation that causes the agents to always act in their interest. The study revealed that most companies negotiated with their staff at entry level over salaries. This they believed would both be commensurate with their performance as well as safeguard them from most of the agency conflicts. The conclusion was the extent of use of performance-based compensation scheme is tilted towards salaries. For the few companies that use bonus schemes, this was still combined with salaries a fact that showed that companies were reluctant to apply performance-based schemes on their own. In most companies surveyed any bonuses were given to all staff, irrespective of the work performed or level in the organization.

Mutua (2011), studied the management of reward and employee performance at the NHIF, Kenya. He found that the institution had put in place a strategy whereby the management of employee rewards was well outlined in the tactical plan. This strategy is aimed at enabling the attainment of vision 2030 and it complied with the outlined strategy of improvement for the performance of the public sector. Policies associated with remuneration in the organization require equal pay for works done equally, no discrimination while executing rewards both internal as well as eternal, a competitive structure of these rewards as well as rewards based on performance. Echakara's (2011) research focused on the influence of rewards strategies on the motivation of the employees as well as the performance of tasks in Kenya Commercial Bank, Kisumu. He established that the chosen rewards strategies influence both motivation as well as the performance of tasks of the staff. The telecommunication sector has witnessed high competition which necessitates having an appropriate reward management system. From the above provided studies, it is clear that there exists no study that had been done on the factors those influencing reward strategies. This research study bridged this knowledge gap by answering the question: What factors influence reward strategies at KPA?

1.3 Objective of the Study

The objective of this study was to determine the factors influencing reward strategies at the Kenya Ports Authority.

1.4 Value of the Study

The findings of this study are beneficial to the managers as well as the staff of Kenya Ports Authority who will be able to gain an understanding on the various factors influencing reward strategies. The study contributes to the Transport Industry more so the KPA management in that it helps to reconcile employer and employee values/perception with respect to rewards. It also acts as a reference document to employer/employee Associations, Trade unions, Human Resource consultants and economy at large, should they want to use the findings in negotiating the rewards. Other players in the industry could adopt some of the factors influencing reward strategies used to enhance reward management in their own firms.

Researchers and academicians are bound to benefit from this study in that it may give directions to build on the study or give findings never thought of. But most importantly it assists in identifying gaps in the relevant field of study. This study too enables policy formulation in aspects of the transport industry and other areas of interest to the policy makers.

To scholars, the study made important contribution in the human resource management Practice in building on to existing literature in field. It helps practitioners understand the factors influencing reward strategies and their role in strategic human resource management. More so, the findings are of value to the scholars by providing useful information to them as they try to bridge any existing research gaps in future studies.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is concerned with the literature review on other interrelated studies based on published and unpublished journals. It entails the theoretical foundation, reward strategies, factors influencing reward strategies and empirical review on reward strategies.

2.1 Theoretical Foundation

The study is anchored on 2 theories: Equity Theory as well as Reinforcement Theory.

2.1.1 Equity Theory

Stacy Adams (1965) presented that fairness as well as equity play key factors in ensuring that individuals remain motivated. This theory has its basis on the notion that individuals normally get their motivation from fair treatments, and in cases of inequities in the ratio of their personal inputs or outputs they will always aspire to altering their inputs so as to attain their perceived level of equity. Adams (1965) denoted this as a ration of outcomes per inputs. He claimed that people determine fairness by establishing a comparison in their ratio to ratio of a particular comparison other, a scenario which permits someone to see if a reasonable amount was obtainable. The equity theory concerns more with the people’s perception on how they are treated with comparison to their counterparts.

Equity theory may be used mainly in every exchange situation, and hence there exists numerous components that can be considered as either inputs or outputs. Kent and Ken (2008) suggest that companies tend to focus on external equity especially when coming up with compensation structures and programs that are competitive in the labor markets. Adam's equity theory advocates that people will strive to reinstate equity if they feel a state of imbalance exists. In some inequity situations, some people may feel under-rewarded; they will thus only do minimum, but not allowing themselves to go to the level where they would feel threatened and risk getting sacked. The other situation is where people who are under rewarded would strive to work harder; they will put more effort so that they can hopefully establish the status of equity. The other scenario is where people who are under rewarded are not complacent; they don't work harder but they will sabotage.

Equity Theory is used to predict that low rewards produce dissatisfaction which in turn motivates the employees to act and reduce the presence of discrepancies between their ratio and that of the comparison other. The assessment by an employee on whether they are being given fair treatment improves their motivation (Adams, 1965). Equity Theory posts that motivation of employees will come as a result of equitable treatment whereas demotivation may be as a result of inequitable treatment (Dessler, 2008). This theory is relevant in this study since individuals expect to have something in return; for instance, when individuals input high performance, they expect to be rewarded highly (Cropanzano, 1993). Equity Theory however has some drawbacks such as it does not give who the comparison other is. Also, the theory does not give a particular method which can be used to minimize inequality (Redmond, 2009).

2.1.2 Reinforcement Theory

The theory of reinforcement is normally the work of Skinner (1974), a psychologist who conducted his experiments using operant conditioning theories. According to Skinner, most behaviour is controllable via rewards. Actually, an individual may be able to have behavioural changes after being rewarded. The best performing employees ought to be rewarded for their performances. This will lead to their motivation in doing exceptional jobs occasionally. The employees should be able to relate these rewards with behaviour and should reflect once such behaviour occurs. This reward may be in any form but should be what the employee desires. Among the most treasured rewards are the symbolic ones; that is, the less costly items but those that are quite meaningful to the individuals. Some of these may be certificates, recognition among others. The theory also referred to as behaviour modification is predominantly significant in guiding behaviour if rewards are considerable and highly desired. Reinforcement or operant conditioning is instrumental learning. It advocates that learning is more voluntary and it depends on stimulus. If there is response, this response has to be rewarded. Positive reward is likely to encourage more response and is used to encourage similar response while punishment is likely to discourage undesired response.

This theory can be used to describe what learning is all about and also to develop performance-based compensation systems. This theory differs from classical conditioning in that operant is voluntary. People can decide to do or not to do something. Advocates of this theory prefer to diagnose situations in terms of an "antecedent-behavior-consequence" or A-B-C framework. Antecedents are stimuli that precede behaviors. Consequences are the outcomes, that is, rewards or punishments. These consequences in turn, serve as antecedents for subsequent behavior. By managing the consequences of behavior, organizational behavior modification (OB Mod) theorist seeks to modify later behavior. Reinforcement usually makes use of 4 results. Positive type of reinforcement gives a good result by making use of rewards so as to increase the possibility of a behaviour repetition.

Negative type of reinforcement is when an individual is involved in behaviour with an aim of avoiding results that are unpleasant or even to evade the presence of unpleasant consequences. Punishment is an effort made so as to discourage a targeted behaviour by using a negative result where possible. On the other hand, extinction occurs when there is no reinforcement whether a positive one or a negative one, as a result of a targeted behaviour occurring. Researchers indicate that reinforcement theory appears to have more followers within the field of applied work motivation than expectancy theory because of its simplicity and ease of application. These theories probably explain the use of bonuses and incentive awards in form of compensation to enhance performance through rewards and may further explain the staff complacency attitude towards their regular benefits almost taking them for granted (Kanyita 2003).

2.2 Factors Influencing Reward Strategies

2.2.1 Market Analysis

This is a factor that influences compensation strategy. Groshen (1991) notes that as organizations use an ever-expanding array of rewards to shape employee behaviour towards desired goals, they will need to find new ways to compare their benefits and incentives with those of competitors. Jason (2009) indicates that good employees are likely to leave an organization unless the total reward given is seen to be fairly done internally within the organization and has an aspect of competitiveness externally.

Miner (1995) notes that ability to pay versus attraction of employee is crucial in determining whether to set pay rates at below or above market rate. The crucial consideration is whether to consider the total compensation package (pay plus benefit) when setting compensation level. Base pay alone is often the basis of making market comparison yet, benefits usually comprise a significant portion of compensation.

2.2.2 Organizational Culture and Corporate Strategy

Chiang (2005) contends that a biased argument exists that some cultures give significance to material rewards as effective reward strategies. Reward strategy is a basic feature that may give rise to an organizational culture. The overall organization culture can differ depending on how these reward strategies are established managed and administered to the employees in the workplace (Lawler, 1995). Due to the influence of the reward strategies on motivation, contentment and communication, they highly shape the culture of an organization.

Culture is mostly inferred from what people may do and think within an organization setting. For instance, the presence of high rewards in an organization may cause employees to feel that they work for the best company in the industry. The behaviors developed dominate the patterns adopted within the organization and hence perception and beliefs set in on what the organization is able to advocate for, believes in as well as the values it upholds. For instance, the most common link existing between the reward system as well as the organizational culture is the use of performance-bases reward system. The use of the failure to use this policy in an organization influences its culture as it is interpreted by the employees as the channel through which the organization improves its performance. Lastly, involving employees in decision making on the modes of administering pays helps in creating a culture of participation in the organization and as a result the employees are able to commit themselves towards ensuring the success of both themselves and the organization as well.

2.2.3 Performance Management

Reward and compensation strategy can be based on the expectancy theory which posts that employees are quite motivated once they realize that there exists a strong connection between their actual performance and the anticipated rewards (Mendonca, 2002). The reward system adopted enhances effort and performance since the interest of the employees and the organizational needs are linked (Kling, 2005). Shore and Shore (2005) posit those employees who are recognized at work and rewarded well construe a better perception of the work environment, other employees and the employer. It is therefore critical for the employer to really try in showing that the employees are valuable assets for the organization and that their contribution to the organization is of high value.

Mathias and Jackson (2006) indicate that performance management involves the process of recognizing, assessing, feedback, emerging as well as giving rewards to employees in relation to their performance. The aim of carrying out this review is to ensure employees nurture their talents towards attaining their full potential at their work. The results obtained from this review are then used to develop the areas of weakness of the employees in order to aid in identification of their respecting training needs. Performance review is at the core of reward strategy development as it gives an understanding of the system used for rewarding, succession plans as well as self-development. It aids in evaluating competences of the workforce and in providing the employees with feedback aimed at ensuring their retention.

Nevertheless, due to the element of sentiment in evaluation, it still remains the key item in the reward management. The outcome of an evaluation is normally positive or negative leading to employees either getting rewards or not (Dubrin, 2005). To achieve this, the management ought to put down performance standards and all the employees should state in writing their commitment towards attaining such. The standards are meant to define the acceptable performance limits in the particular organization. Both the management and the employees ought to be able to commit themselves towards adopting the set standards so at to attain organizational goals (Mathias and Jackson, 2006).

Scott (2000) indicates that compensation and reward plans ought to reward behavior that enhances organizational value such as quantity of work and work quality, precision, ingenuity, originality, cooperation and leadership which is tied to performance in some way. Whittlessey and Mauer (1993) note that, for teams to be inspired, appreciation of the link between effort and reward is paramount. Great incentives and reward plans should communicate expected good performance, spot the good performance and appropriately reward it. The reward strategy ought to be unbiased in order to ensure improved retention of employees. Dessler (2008) points out that in this era, tying up pay to performance of employees is extensively becoming prevalent with more weight on competitive advantage, output and delivery of quantifiable results.

2.2.4 Trade Unions

Trade unions are vital in influencing the reward strategies adopted by an organization or the amount of pay paid to workers. For the survival of the enterprise, it is paramount that the employer and union work in harmony to attain similar goals. It is recognized that a much as the employees and employer may have differing views on reward strategies and varying ideas, similar goals can be attained through taking a common cause on them (TUC, 2007).

Partnership at the workplace requires a tripartite relationship between the employer, unions and the Government. Employers should value their employees by ensuring that they are paid well, receive adequate training while at the same time offering job security. Employees on the contrary, ought to accept change and ensure that customers are satisfied by businesses (Kling, 2005). The Government strongly believes that the employer becomes competitive only on the basis of partnering with labour market coupled with job security as well as the minimum standards that protect all employees in the organization. The trade union must ensure that they fight for better working condition for the workers and bargain collectively for them.

2.2.5 Business Performance and Financial Circumstances

The business environment should be scanned for economic and legislative factors, among others, that could influence the reward positioning of the organization (Kossek & Lobel, 1996). Implementing a total rewards strategy involves the combination of the 5 elements of the overall reward into tailored reward packages for the different kinds of group of employees that are in the organization in such a way that they can achieve the maximum motivation possible and engagement. In order that the total reward strategy becomes a success; employees should be able to see the value of both monetary as well as non-monetary rewards and business must consider the reward choices to be the best investment in people to serve business objectives (Burack,1985). That is why the rewards strategy is preceded by the business strategy and must link into it.

2.2.6 Inflation and Market Movement

This is a factor that can be taken into consideration when planning compensation strategy to use in an organization (Kanin 1993). The increasing globalization of business for example, has led corporations to shift in organizational structure, jobs and deployment of resources. All of this has directly affected the rewards and incentives policies. Inflation, coupled with economic pressure, has also sparked interest in curbing fixed rewards and incentives and assuring that the investment in rewards procedures increased employee productivity and organizational performance. Pickard (2003) observes that due to increased competitive businesses and demands, organizations have to offer quality services and products at the best price. Institutions have to advance and tap the talents and commitment of all their workers through engaging in effective reward strategies.

Effective reward strategies attempt to improve job contentment, improve teamwork and cooperation, and allow employees participation in issues that affect them at work, such as pay. An honest commitment does not only call for recognition or even for understanding of the organizational expectations but rather requires that the response from the employees be emotional as well as behavioural. In managing change, Burnes (2004) notes that eventually both proprietors and workers will find new and more suitable ways of remunerating and being remunerated. Gradual changes are being seen by basing ones pay to the contribution they make in the organization as opposed to one's position.

2.2.7 Government Regulation and Policies

The Government has a role in influencing reward strategies. This can be done by having legislation on minimum standards and pay for every employee, promote increased competitiveness, promotes democracy at the workplace as well as providing great levels of equality and justice in the employment relationship (Carrell, 1995). However, the government needs to avoid unnecessary regulations at the labour market as it increases unemployment. Promoting flexible labour markets cannot be based on the reduction of employment standards or even in the competition of low wages. Flexibility is usually coupled with improving the active policies in the labour market as well as the ability of employees to be employed due to their possession of new skills (Babakus et al. 2003). They argue that having labour standards that are minimal prevents competition by decreasing the costs associated with employment. These standards bar employers from using wage reduction strategy to create a competitive edge. Alternatively, they give incentives that allow employers to aim for competitive advantage normally by ensuring an improved quality of the inputs employed, for example, embracing new technologies, ensuring improved utilization of labour as well as ensuring that the workforce skills are enhanced.

Employees' participation especially in key areas of decision making such as pay structures is considered to boost the commitment of employees and loyalty to their employer which in turn improves cooperation and team work. The provisions for minimal standards for employee's participation in the decision making of the organization is essential in nurturing co-operative relationship between the employee and the employer as it helps in establishing a competitive edge (TUC, 2007). The intention of the government to grant employees the right for representation as well as recognition is a programme in central bank to develop relationships at the workplace and lessen the industrial unrest.

2.3 Empirical Review on factors influencing Reward Strategies

The term compensation is used interchangeably with wage, and salary administration. Developing a competitive compensation program is an important aspect for any organization in order to have fairness in income for employees. However, compensation activities can be perceived as a wider concept. Compensation should not only be seen as having extrinsic rewards such as salaries as well as benefits, but should also include intrinsic rewards like attainment of individual goals, having opportunities that are challenging as well as autonomy. Wilson (2002) in his study on Innovative Reward Systems for the Changing Workplace espouses that compensation and reward strategies ought to be used by successful organizations in order to boost, and attain high performance through a motivated workforce.

Stovall (2003) researched on non-financial rewards on workers job satisfaction and the research outlined that an effective reward package could have an important influence on the performance of the employees in the organization. The study by Stovall indicated that non-financial rewards are able to motivate workers and thus leads to job satisfaction that results in increase performance. Chen and Hsieh (2006) indicated that the reward trend is often changing from a simplex to a multiplex context as a result of the rapid changes in the environment. Adopting total reward system is believed to help in retention of the best workers and ensures that the organization stays positioned for success. This is shown in five elements which include compensation, benefit, work-life, recognition and performance as well as career opportunities and development. They also take into account the external impacts on a business such as legal or regulatory issues, influences by cultural practices as well as competition.

Mochana (2004) investigated the relationship between pay and performance at the Nairobi stock exchange from selected companies listed. The results showed that unique monetary and non-monetary rewards offered by an organization led to better perception of the organization as well as more commitment to their work. Thorpe and Homan (2000), in his study on Strategic Reward Systems came up with best fit and best practice perspectives. He concluded that reward systems should be aligned to other human resource practices and objectives and strategies of the organization. Lawler (1995) established from his study on the role of having systems of rewards for the strategy of total quality management that there exists a positive correlation among the firm performance as well as the total quality management practices.

Asingo (2014) did a study at South Nyanza Sugar Ltd, on the influence of rewards on retention of employees. The study unearthed that inadequate rewards are a major reason why employees leave an organization. Wood (1996) carried out a research study on performance-based pay. The findings suggested that Performance-based pay schemes are more effective when they incorporate other support initiatives as part of a broader performance management strategy. A study done by Bosire (2007) on the role of reward management in organizational performance among Kenyan public corporations revealed that a suitable reward system led to enhanced organizational performance in the public sector.

Makova and Ford (2011) stated that the ideal success that an organization is able to attain originates from the ability of the employees to accept to make use of their creativity, ability as well as their knowledge in favour of the firm and it is the work of the organization to ensure that these positive employees are encouraged and nourished through instituting a reward system that is efficient. Lotta (2012) also noted that the more motivated employees are, the more productive, efficient as well as willing to work they will be in order to attain the goals of the organization as compared to lowly motivated employees.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research design, study population, sampling design, collection of data as well as the analysis of the collected data.

3.2 Research Design

The study method used in this project is a case study research design. This method is best suited for studies where an in-depth consideration of the phenomena is being sought. In this particular case the study undertakes to thoroughly understand the reward strategies adopted by Kenya Ports Authority (KPA) and to find out any unique aspects through direct interview with the few strategic individuals.

3.3 Target Population

According to Mugenda and Mugenda (2010), target population is used to refer to the entire group of either individuals or items under consideration. It constitutes the totality or all the items being studied (Kothari, 2008). For this study, the target population was 350 staff from KPA; 112 in senior management and 238 in middle level management.

3.4 Sampling Design and Sample Size

Ogula (2005) postulates that sampling is a procedure or technique used choose a sub-set from an entire population that has been selected to participate in a research study. The individuals selected for a study are a representation of the large group. A sample size of 10-50% is acceptable according to Mugenda and Mugenda (2003). In this study we use 30% of the total population as indicated in Table 3.1 below

Table 3.1: Sampling design

Description	Target Population	Sample Size (%)	Sample Size
Senior management	112	30%	34
Middle level management	238	30%	71
Total	**350**	**30%**	**105**

Source: Author, 2018

3.5 Data Collection

Collection of primary data was through self-administered questionnaires. The questionnaire has two sub-sections; Part A and B. Part A contained the bio data, part B the factors perceived to influence reward strategies. The questionnaires were administered by the method of dropping and picking which gave respondents enough time to study the tool and give the desired information.

3.6 Data Analysis

Qualitative analysis was used in analyzing the collected data. To analyze the data, descriptive statistics were used by way of percentages, means and standard deviation. Factor analysis was used to ascertain reward strategies.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter involves data presentation, analysis as well as interpretation with reference to the study objectives. The data collected from all the respondents is presented and summarized using tables.

4.2 Response Rate

Table 4.1: Response Rate

Questionnaires	Frequency	Percentage (%)
Response	97	92
Non-response	8	8
Total	**105**	**100**

Source; Research findings, 2018

Out of the 105 questionnaires presented to the staff of KPA, only 97 filled in and returned the questionnaires giving a response rate of 92% as shown in the table above. This response rate was adequate as it was above 50% according to Groves et al. (2004).

4.3 Biographical Data

4.3.1 Gender Distribution

Table 4.2: Gender of Respondents

Gender	Frequency	Percentage (%)
Male	64	66
Female	33	34
Total	**97**	**100**

Source; Research findings, 2018

The results of this study showed majority of the respondents were males, 66% whereas females were 34%. This means that majority of the senior and the middle level managers were males. This was supported by the fact that KPA is male dominated just like any other organizations with activities that a termed to be ‘for men’.

4.3.2 Position in the Organization

Table 4.3: Position Held in the Firm

Position Held in the Firm	**Frequency**	**Percentage (%)**
Senior Manager	35	36
Middle Level Manager	62	64
Total	**97**	**100**

Source; Research findings, 2018

The findings in Table 4.3 above indicated that majority (64%) were middle level managers then the senior managers (36%). This was because in the organization, the senior managers are heads of specific units and can have several middle level managers under them. The senior managers were also engaged in business meeting and as a result delegated the filling of the questionnaires to their juniors and the middle level managers.

4.3.3 Age Bracket

Table 4.4: Age Bracket

Age	**Frequency**	**Percentage (%)**
25-34 yrs.	19	20
35-44 yrs.	35	36
45-54 yrs.	38	39
Above 55 yrs.	5	5
Total	**97**	**100**

Source; Research findings, 2018

The findings in Table 4.4 above indicated that majority (39%) was aged between 45-54 years, 36% was aged between 35-44 years, 20% was aged between 25-34 years whereas only 5% was aged above 55 years. This shows that most of the senior and middle level managers who responded to the questionnaire were aged between 45-54 years. This is mainly because the most of the employees who joined the organization had move up the ladder over the years as a reward for their good performances.

4.3.4 Work Experience

Table 4.5: Work Experience

Period of Service	**Frequency**	**Percentage (%)**
5 yrs. and below	8	8
6-10 yrs.	20	21
11-15 yrs.	34	35
16 yrs. and above	35	36
Total	**97**	**100**

Source: Research findings, 2018

The findings in Table 4.5 above indicated that majority, 36% had served in the KPA for 16 years and above, 35% had worked for periods between 11-15 years, 21% had worked for periods between 6-10 years whereas 8% and worked for periods below 5 years. These findings revealed that the senior and middle level managers had been working in the firm for longer periods probably because they had good reward systems that allowed them to stay for longer in the firm.

4.3.5 Level of Education

Table 4.6: Level of Education

Education Level	Frequency	Percentage (%)
Certificate	27	28
Diploma	30	31
Bachelor's Degree	29	30
Master's Degree	6	6
Other	5	5
Total	**97**	**100**

Source; Research findings, 2018

The findings in Table 4.6 above indicated that majority, 31% had attained diplomas, 30% were holders of Bachelor's degree, 28% had had pursued certificate courses, 6% had Master's degree whereas 5% were holders of PhD and other professional courses. Thus, the senior managers and the middle level managers were knowledgeable to provide reliable information on reward strategies in their firm.

4.4 Factors Influencing Reward Strategies

The response of the respondents on the various listed factors perceived to influence reward strategies in Kenya Ports Authority were also studied. The following was the outcome: The respondents were asked to indicate the extent to which the following factors influences reward strategies: market analysis, organizational culture abs corporate strategies, performance management, trade unions, inflation and market movement, government regulations and policy and business performance and financial circumstances. The factors influencing reward strategies were measured using descriptive statistics. Different sets of questions were asked on five-point type scale ranging from 1 to 5 where 5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree and 1=Strongly Disagree

4.4.1 Market Analysis

Table 4.7 below shows the results of market analysis as a factor that influences reward strategies. The respondents were asked to indicate the extent to which market analysis influences reward strategies. 5 items were developed to measure the market analysis anchored on a Likert scale of 5-points. From the findings of this study, the total aggregate mean of 3.70 and a standard deviation of 0.52. This means that the respondents agreed that market analysis influences reward strategies. This was a constitute of the five items indicated in the table above where, the respondents agreed that KPA conducts market surveys for reward structures and compares to other companies (mean=4.10, SD=0.445), they also agreed that KPA rewards adequately in order to retain top talent (mean=4.05, SD=0.418) and they agreed that KPA engages in market research for minimum market rates (mean=4.04, SD=0.498).

Table 4.7: Market Analysis

Market Analysis	**N**	**Mean**	**Std. Deviation**
KPA rewards adequately in order to retain top talent	97	4.05	.418
KPA conducts market surveys for reward structures and compares to other companies	97	4.10	.445
KPA engages in market research for minimum market rates	97	4.04	.498
Benchmarking reward strategies with other multinationals is key	97	3.09	.678
KPA has top talent that is competitive and attracts immigrants from other organisations	97	3.21	.539
Total Aggregate		**3.70**	**0.52**

Source; Research findings, 2018

The respondents neutrally stated that KPA has top talent that is competitive and attracts immigrants from other organisations (mean=3.21, SD=0.539) and that Benchmarking reward strategies with other multinationals is key (mean=3.06, SD=0.678). These findings indicate that KPA conducts markets surveys to ensure they reward their employees adequately and hence ensure their continued stay in the firm for longer periods.

4.4.2 Organizational Culture and Corporate Strategy

Table 4.8 below indicates the results of organizational culture and corporate strategy as a factor that influences reward strategies. 4 items were developed to measure the organizational culture and corporate strategy anchored on a Likert scale of 5-points. From the findings of this study, the total aggregate mean is 4.23 and the standard deviation is 0.47. This means that the respondents agreed that organizational culture and corporate strategy influences reward strategies as indicated below.

Table 4.8: Organizational Culture and Corporate Strategy

Organizational Culture and corporate strategy	N	Mean	Std. Deviation
The development, administration and management of rewards cause the culture of an organization to vary	97	4.89	.378
The rewards being at KPA attract, retain and motivate	97	4.06	.496
The culture shapes reward management decisions at KPA	97	4.02	.500
The design and application of reward strategy at KPA is balanced and comprehensive	97	3.93	.525
Total Aggregate		**4.23**	**0.47**

Source: Research findings, 2018

As a constitute of the four items indicated in the table above, the respondents strongly agreed that the development, administration and management of rewards causes organizational culture to change (mean=4.89, SD=0.378). The respondents agreed that the rewards being at KPA attract, retain and motivate (mean=4.06 SD=0.496), they also agreed that the culture shapes reward management decisions at KPA (mean=4.02, SD=0.500) and that the design and application of reward strategy at KPA is balanced and comprehensive (mean=3.93, SD=0.525). These results indicate that the use of reward in KPA leads to a varied organization culture such that KPA can attract, retain and ensure continued motivation of its staff members.

4.4.3 Performance Management

The Table 4.9 below shows the results of performance management as a factor that influences reward strategies. The respondents were asked to indicate the extent to which performance management influences reward strategies. 5 items were developed to measure the performance management anchored on a Likert scale of 5-points.

Table 4.9: Performance Management

Performance Management	**N**	**Mean**	**Std. Deviation**
The company undertakes frequent performance review	97	4.99	.102
KPA incorporates performance management in reward management decision so as to attain managed performance stated as service quality, delivery as well as cost reduction	97	4.08	.373
Variable pay plays a role in boosting performance at KPA	97	4.05	.364
KPA rewards employees for attaining new skills	97	4.01	.468
Total rewards at KPA motivate performance at work	97	4.92	.312
Total Aggregate		**4.41**	**0.32**

Source; Research findings, 2018

From the findings of this study, the total aggregate mean=4.41 and SD=0.32. This means that the respondents were in agreement with the statements that performance management influences reward strategies. This was a constitute of the five items indicated in the table above where, the respondents strongly agreed that the company undertakes frequent performance review (mean=4.99, SD=0.102) and that total rewards at KPA motivate performance at work (mean=4.92, SD=0.312). The respondents agreed that KPA incorporates performance management in reward management decision so as to attain managed performance stated as service quality, delivery as well as cost reduction (mean=4.08, SD=0.373), Variable pay plays a role in boosting performance at KPA (mean=4.05, SD=0.364) and that KPA rewards employees for attaining new skills (mean=4.01, SD=0.648). These findings indicate that KPA employs the use of performance management by fostering performance reviews to ensure that the reward systems motivate their staff.

4.4.4 Trade Unions

Table 4.10 below indicated that the results of trade unions as a factor that influences reward strategies. The respondents were asked to indicate the extent to which trade unions influences reward strategies. 4 items were developed to measure the trade unions anchored on a Likert scale of 5-points.

Table 4.2: Trade Unions

Trade Unions	N	Mean	Std. Deviation
Collaboration with trade unions has influenced reward strategies	97	4.99	.102
Trade unions offer a comprehensive bargaining agenda at KPA	97	4.98	.143
Trade unions impact on KPAs decision on pay	97	4.05	.418
Trade unions are viewed as unfavourable by employers at KPA	97	3.09	.678
Total Aggregate		**4.28**	**0.34**

Source; Research findings, 2018

From the findings of this study, by Table 4.10 above illustrates the total aggregate mean is 4.28 and the standard deviation is 034. This means that the respondents were in agreement with the statements that trade unions influence reward strategies. This was a constitute of the four items indicated in the table above where, the respondents strongly agreed that collaboration with trade unions has influenced reward strategies (mean=4.99, SD=0.102) and that trade unions offer a comprehensive bargaining agenda at KPA (mean=4.98, SD=0.413). Also, the respondents agreed that trade unions impact on KPAs decision on pay (mean=4.05, SD=0.418). However, the respondents were neutral with the statement that trade unions are viewed as unfavourable by employers at KPA (mean=3.09, SD=0.678). The respondents stated that the presence of trade unions has been favourable for it has granted then collective bargaining and ensured that KPA tries to embrace the prevailing market labour rates as well as ensure that the rule of minimum wage is enforced.

4.4.5 Inflation and Market Movement

The Table 4.11 below shows the results of inflation and market movement as a factor that influences reward strategies. The respondents were asked to indicate the extent to which inflation and market movement influences reward strategies. 5 items were developed to measure the inflation and market movement anchored on a Likert scale of 5-points.

Table 4.3: Inflation and Market Movement

Inflation and Market Movement	N	Mean	Std. Deviation
KPA takes into account inflation when adjusting pay structures	97	2.11	.319
KPA compares its rewards to the market movements in the current operating environment	97	2.13	.342
Market rates matter in reward strategies for KPA	97	2.09	.325
The pay structure is dependent on the job evaluation	97	3.01	.306
Economic recession causes KPA to change their reward strategies	97	3.06	.242
Total Aggregate		**2.48**	**0.31**

Source: Research findings, 2018

From the findings of this study, the total aggregate mean is 2.48 and the standard deviation is 0.31. This means that the respondents disagreed that inflation and market movement influences reward strategies. This was a constitute of the five items indicated in the table above where, the respondents were neutral on the economic recession causes KPA to change their reward strategies (mean=3.06, SD=0.242) and that the pay structure is dependent on the job evaluation (mean=3.01, SD=0.306). However, the respondents disagreed with the statements that KPA compares its rewards to the market movements in the current operating environment (mean=2.13, SD=0.342), KPA takes into account inflation when adjusting pay structures (mean=2.11, SD=0.319) and that market rates matter in reward strategies for KPA (mean=2.09, SD=0.325). These findings indicate that KPA does not necessarily adjust the rewards given to the members of staff unless there is economic recession or a law by the ministry of labour to enforce such regulations.

4.4.6 Government Regulations and Policy

The Table 4.12 below shows the results of government regulations and policy as a factor that influences reward strategies. The respondents indicated the extent at which government regulations and policy influences reward strategies. 4 items were developed to measure the government regulations and policy anchored on a Likert scale of 5-points.

Table 4.4: Government Regulations and Policy

ment Regulations and Policy	**N**	**Mean**	**Std. Deviation**
The government influences reward policy at KPA	97	3.02	.288
Transparent job grades are given by the government and are regulated	97	3.06	.242
The government has checks and balances on KPAs budget and this affects rewards	97	4.00	.408
The government has a policy on minimum wage that is adopted by KPA	97	4.06	.242
Total Aggregate		**3.54**	**0.30**

Source: Research findings, 2018

From the findings above, the total aggregate mean=3.54 and SD=0.30. This means that the respondents agreed that government regulations and policy influences reward strategies. This was a constitute of the four items indicated in the table above where, the respondents agreed that the government has a policy on minimum wage that is adopted by KPA (mean=4.06 and SD=0.242). The respondents also agreed that the government has checks and balances on KPAs budget and this affects rewards (mean=4.00 and SD=0.408). However, the respondents were neutral on the transparent job grades are given by the government and are regulated (mean=3.06, SD=0.242) and similarly the government influences reward policy at KPA (mean=3.02, SD=0.288). These findings indicate that regulates the minimum salaries and wages that organizations should pay their employees. These findings are in support of the findings by Carrell (1995) who stated that this can be done by having legislation on minimum standards and pay for every employee, promote increased competitiveness, promote democracy at the workplace as well as providing great levels of equality and justice in the employment relationship.

4.4.7 Business Performance and Financial Circumstances

The results for business performance and financial circumstances are presented in Table 4.13 below:

Table 4.5: Business performance and Financial Circumstances

	N	Mean	Std. Deviation
KPA has policies on how to pay out bonuses in cases of excellent business performance	97	4.97	.174
Financial rewards boost employee morale at KPA	97	4.02	.203
Outstanding business performance attracts more investors at KPA	97	4.93	.331
Best practice on financial circumstance emphasizes on competitive advantage in a reward system and leads to highly motivated and committed employees	97	4.95	.265
Total Aggregate		**4.72**	**0.24**

Source: Research findings, 2018

The Table 4.13 shows the results of business performance and financial circumstances as a factor that influences reward strategies. The respondents indicated the extent at which business performance and financial circumstances influences reward strategies. 4 items were developed to measure the business performance and financial circumstances anchored on a Likert scale of 5-points.

From the findings of this study, the total aggregate mean=4.72 and SD=0.24. This means that the respondents agreed that business performance and financial circumstances influences reward strategies. This was a constitute of the four items indicated in the table above where, the respondents strongly agreed that KPA has policies on how to pay out bonuses in cases of excellent business performance (mean=4.97, SD=0.174), best practice on financial circumstance emphasizes on competitive advantage in a reward system and leads to highly motivated and committed employees (mean=4.95, SD=0.265) and that outstanding business performance attracts more investors at KPA (mean=4.93, SD=0.331). However, the respondents were neutral on the statement that financial rewards boost employee morale at KPA (mean=4.02, SD=0.203). This means that investors are more attracted to KPA as a result of its performance and hence, out of this performance, its able to set apart bonuses for employees as a way of motivating them.

4.5 Factor Analysis

This study conducted a factor analysis in order to establish to simplify the data by reducing the variables perceived as factors that influence reward strategies in KPA. The following analysis was made.

4.5.1 KMO and Bartlett's Test

The appropriateness of the population data for factor analysis was evaluated through Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity.

Table 4.6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.594
Bartlett's Test of Sphericity	Approx. Chi-Square	247.718
	df	21
	P value.	.000

Source: Research findings, 2018

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a statistic that is used to indicate the variance proportion in the variables as a result of the studied factors. Values close to 1.0 normally show that a factor analysis is suitable with the data that had been obtained. Factors with values below 0.50 indicate that the various factors may not be useful for the study. The KMO value from Table 4.14 was 0.594 and is acceptable in the study. The Bartlett's Test of Sphericity is used to test the hypothesis that there exists an identity matrix in the correlation matrix, hence an indication that the variables are not related and therefore not suitable for detecting the structure. Significant values less than 0.05 show that the factor analysis is useful for the data. The Bartlett's Test indicated a significant level (at 0.000) and hence factor analysis was acceptable for further study.

The KMO measure of sampling adequacy was 0.594 and the Bartlett's Test of Sphericity X = 247.718 at 2 degrees of freedom (dp) with a P value of 0.000 as shown in Table 4.15. If the KMO index is greater than 0.5 and the Bartlett's Test of Sphericity is significant that $p<0.05$ the data is considered suitable for factor analysis.

4.5.2 Eigenvalues of the Factors

Since the perceived factors were many and inter-related, factor analysis was uses to extract the factors responsible for reward strategies in KPA. This study used principle-component analysis to obtain fewer numbers of orthogonal domain metrics. The method used for rotation was varimax. Only values with eigenvalues greater than 1 were retained. As a result, three factors were obtained, with eigenvalues more than 1. All these values summed up to almost 75% of the initial variable's variability. The items under these three factors were thus addressed quite carefully. Table 4.15 shows the communality as well as eigenvalues for these three factors. The scree plot in Figure 4.1 shows the three factors in a plot.

Table 4.7: Eigenvalues of the Factors

Component	**Communality**	**Factor**	**Eigenvalues**	**% of Variance**	**Cumulative % of Variance**
Performance Management	.843	1	2.396	34.229	34.229
Business performance and Financial Circumstances	.684	2	1.831	26.157	60.386
Trade Unions	.755	3	1.001	14.303	74.689
Government regulations and policy	.605				
Organizational Culture and corporate strategy	.503				
Market Analysis	.921				
Inflation and Market Movement	.917				

Source: Research findings, 2018

The Table 4.15 shows that three components had eigenvalues greater than one implying that there are 3 underlying factors in this study. The three components explained 34.229, 26.157 and 14.303 respectively. The cumulative variance explained by the three factors remained at 74.689% before and after rotation of the factors.

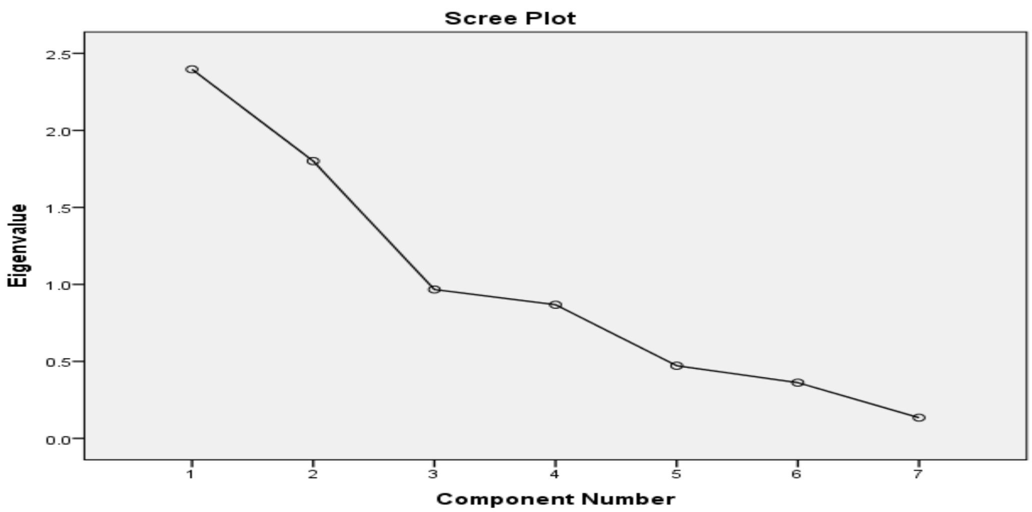

Figure 4.1: Scree Plot of Extracted Component in Factor Analysis

4.5.3 Component Matrix[a]

The factors that were extracted for further study were three and are as shown in Table 4.16 below:

Table 4.8: Component Matrix

	Component		
	1	**2**	**3**
Performance Management	.909	-.077	-.105
Trade Unions	.866	-.036	.060
Business performance and Financial Circumstances	.784	.065	-.254
Market Analysis	-.017	.957	.037
Inflation and Market Movement	-.022	.954	.102
Government regulations and policy	.025	.044	.776
Organizational Culture and corporate strategy	-.211	.074	.673

Source: Research findings, 2018

The three components rotated matrix shown in the table above reveals an interpretable, simple solution. Each component has a number of variables with high loadings and also a number of very low loadings. There are few significant overlapping variables. Termed cross loading by Costello and Osborne (2005), variables that load at 0.32 or higher on two or more components warrant additional questioning by the researcher relative to the appropriateness of the variable in contributing to meaningful factorial solution.

By eliminating loadings less than .30, Table 4.17 provides a clearer way to focus on the strongest relationships.

Table 4.9: Component Matrix II

	Component		
	1	**2**	**3**
Performance Management	.909		
Trade Unions	.866		
Business performance and Financial Circumstances	.784		
Market Analysis		.957	
Inflation and Market Movement		.954	
Government regulations and policy			.776
Organizational Culture and corporate strategy			.673

Source: Research findings, 2018

Component 1 contains the highest loadings for performance management at 0.909, trade unions at 0.866 and business performance and financial circumstances at 0.784. Component two consists of market analysis at 0.957 and inflation and market movement at 0.954. On the other hand, component 3 consists of government regulations and policy at 0.776 and finally organizational culture at 0.673.

4.6 Discussions of the Findings

All the seven variables were checked and placed to one of the three factors depending on the percentage of variability, which was used to explain the total variability of each of the factors. For a variable to belong to a factor that it explains, it has to have more variation than any other factor. Performance management is the factor that was considered to affect reward strategies the most, followed by business performance and financial circumstances and then trade unions.

According to Mathias and Jackson Performance Management includes recognizing, assessing, feedback, emerging as well as giving rewards to employees in relation to their performance (Mathias & Jackson, 2006). The findings established that Performance Management influences 34.229% of the total variability. This concurs with the findings by Mathias and Jackson (2006) that there ought to be a commitment between the employees as well as the management in accepting these standards as the key targets in an organization. To achieve this, the management ought to put down performance standards and all the employees should state in writing their commitment towards attaining such. The outcome of an evaluation is normally positive or negative leading to employees either getting rewards or not on which the later may often result in poor performance (Dubrin, 2005).

The business environment should be scanned for economic and legislative factors, among others, that could influence the reward positioning of the organization (Kossek & Lobel, 1996). From the findings of this study, business performance and financial circumstances influences 26.157% of the total variability. According to Burack, for the total rewards strategy to be successful; employees must see the monetary and non-monetary rewards as valuable and business must consider the reward choices to be the best investment in people to serve business objectives (Burack, 1985). This attracts investors to the organization as a result of its performance and hence, out of this performance, it’s able to set apart bonuses for employees as a way of motivating them.

Trade unions are vital in influencing the reward strategies adopted by an organization or the amount of pay paid to workers. The results indicated that trade unions influence up to 14.303% of the total variability. According to TUC (2007), the employees and employer may have differing views on reward strategies and varying ideas, but similar goals can be attained through taking a common cause on them through the trade unions (TUC, 2007). For the survival of the enterprise, it is paramount that the employer and union work in harmony to attain similar goals. Collaboration with trade unions influences reward strategies as they offer a comprehensive bargaining agenda at an organization.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter entails the presentation of the study summary, conclusions drawn from the findings as well as the recommendations with regard to the study objective considered.

5.2 Summary of the Findings

The objective of the study was to determine the factors influencing reward strategies at Kenya Ports Authority. Primary data was obtained through the use of 105 questionnaires among which 97 were filled and returned. The majority of the respondents of this study were males aged between 45-54 years with a working experience at KPA of more than 16 years and had attained Bachelor's degrees. This implied that majority of the senior and the middle level managers had worked in KPA for long period and thus the information they provided was reliable for making conclusions.

The respondents responded to statements on the perceived factors that influence rewards in KPA and from the findings on market analysis, the total aggregate mean of 3.70 and a standard deviation of 0.52. This means that the respondents agreed that market analysis influences reward strategies. This was a constitute of the five items indicated in the table above where, the respondents agreed that KPA conducts market surveys for reward structures and compares to other companies (mean=4.10, SD=0.445), they also agreed that KPA rewards adequately in order to retain top talent (mean=4.05, SD=0.418) and they agreed that KPA engages in market research for minimum market rates (mean=4.04, SD=0.498). The respondents neutrally stated that KPA has top talent that is competitive and attracts immigrants from other organisations (mean=3.21, SD=0.539) and that Benchmarking reward strategies with other multinationals is key (mean=3.06, SD=0.678). These findings also show that KPA conducts market surveys for reward structures and compares to other companies in order to offer adequate rewards that are able to motivate employees into staying in the firm. The findings also show that the firm normally conducts a market research in order to determine the minimum rates especially for wages and salaries, benchmarks with other organizations and thus able to attract immigrants from other organizations.

On organizational culture, the total aggregate mean is 4.23 and the standard deviation is 0.47. This means that the respondents agreed that organizational culture and corporate strategy influences reward strategies. This was a constitute of the four items indicated in the table above where, the respondents strongly agreed that the development, administration and management of rewards causes organizational culture to change (mean=4.89, SD=0.378). The respondents agreed that the rewards being at KPA attract, retain and motivate (mean=4.06 SD=0.496), they also agreed that the culture shapes reward management decisions at KPA (mean=4.02, SD=0.500) and that the design and application of reward strategy at KPA is balanced and comprehensive (mean=3.93, SD=0.525). The overall outcome is that the firm is able to attract, retain and motivate their staff as their reward management decisions are well balance and comprehensive. From the findings, the respondents to a high extent indicated that KPA frequently performs performance reviews on its employees such that their performance determines their total rewards and hence a motivation strategy.

On performance management, the total aggregate mean=4.41 and SD=0.32. This means that the respondents were in agreement with the statements that performance management influences reward strategies. This was a constitute of the five items indicated in the table above where, the respondents strongly agreed that the company undertakes frequent performance review (mean=4.99, SD=0.102) and that total rewards at KPA motivate performance at work (mean=4.92, SD=0.312). The respondents agreed that KPA incorporates performance management in reward management decision so as to attain managed performance stated as service quality, delivery as well as cost reduction (mean=4.08, SD=0.373), Variable pay plays a role in boosting performance at KPA (mean=4.05, SD=0.364) and that KPA rewards employees for attaining new skills (mean=4.01, SD=0.648). The performance management conducted incorporates reward management in order to achieve effective service delivery, quality service as well a reduction in cost. Although variable pay helps to boost the performance of staff, there is moderate reward of staff especially with regard to new skills attained. This can be used to explain the reason as to why majority of the respondents have bachelor's degree, diplomas and certificate courses.

The findings on trade unions indicated that the total aggregate mean is 4.28 and the standard deviation is 034. This means that the respondents were in agreement with the statements that trade unions influence reward strategies. This was a constitute of the four items indicated in the table above where, the respondents strongly agreed that collaboration with trade unions has influenced reward strategies (mean=4.99, SD=0.102) and that trade unions offer a comprehensive bargaining agenda at KPA (mean=4.98, SD=0.413). Also, the respondents agreed that trade unions impact on KPAs decision on pay (mean=4.05, SD=0.418). However, the respondents were neutral with the statement that trade unions are viewed as unfavourable by employers at KPA (mean=3.09, SD=0.678). Generally, the presence of trade unions has been favourable to the employees but the employer views then as compelling force towards ensuring that employees get what they deserve from the employer. They are normally viewed as a threat by the employer. However, employers should value their employees by ensuring they are paid well, receive adequate training as well as provision of job security.

With regard to inflation and market movement, the total aggregate mean is 2.48 and the standard deviation is 0.31. This means that the respondents disagreed that inflation and market movement influences reward strategies. This was a constitute of the five items indicated in the table above where, the respondents were neutral on the economic recession causes KPA to change their reward strategies (mean=3.06, SD=0.242) and that the pay structure is dependent on the job evaluation (mean=3.01, SD=0.306). However, the respondents disagreed with the statements that KPA compares its rewards to the market movements in the current operating environment (mean=2.13, SD=0.342), KPA takes into account inflation when adjusting pay structures (mean=2.11, SD=0.319) and that market rates matter in reward strategies for KPA (mean=2.09, SD=0.325). Thus, during economic recessions, KPA changes their reward strategies as a fall back to regain financial strength. During such times, the payment structure adopted is largely determined by job evaluation.

On the government regulations and policies, the total aggregate mean=3.54 and SD=0.30. This means that the respondents agreed that government regulations and policy influences reward strategies. This was a constitute of the four items indicated in the table above where, the respondents agreed that the government has a policy on minimum wage that is adopted by KPA (mean=4.06 and SD=0.242). The respondents also agreed that the government has checks and balances on KPAs budget and this affects rewards (mean=4.00 and SD=0.408). However, the respondents were neutral on the transparent job grades are given by the government and are regulated (mean=3.06, SD=0.242) and similarly the government influences reward policy at KPA (mean=3.02, SD=0.288). The findings indicated a neutral response on the presence of transparent job grades regulated by the government as well as policies by the government that influence reward strategies. This may be as a result of the constrict labour laws by the government that deter many from securing employments in the firm. These findings support the statement by Babakus which stated that, the government needs to eliminate excessive regulations in the labour market as it increases unemployment (Babakus et al. 2003). Promotion of flexible labour markets cannot be based on the reduction of the standards of employment or even on the competitions of having minimal wages. As a result, combination of flexibility with improvement, having active policies in the labour market, the ability of the employees to be employed due to them possessing new skills.

The research findings on business performance and financial circumstances also indicate that the total aggregate mean=4.72 and SD=0.24. This means that the respondents agreed that business performance and financial circumstances influences reward strategies. This was a constitute of the four items indicated in the table above where, the respondents strongly agreed that KPA has policies on how to pay out bonuses in cases of excellent business performance (mean=4.97, SD=0.174), best practice on financial circumstance emphasizes on competitive advantage in a reward system and leads to highly motivated and committed employees (mean=4.95, SD=0.265) and that outstanding business performance attracts more investors at KPA (mean=4.93, SD=0.331). However, the respondents were neutral on the statement that financial rewards boost employee morale at KPA (mean=4.02, SD=0.203). Thus, KPA has put in place policies that address the payment of bonusses especially during excellent business performance. This performance also attracts more investors to the firm which are able to invest and hence increase the capital base of the firm. As a result of this performance, the firm is able to embrace a competitive advantage in its reward system that is able to lead to a highly motivated and committed employees that have morale to effectively and efficiently do their assigned duties. In general, the business environment should be scanned for economic and legislative factors, among others, that could influence the reward positioning of the organization.

The findings on factor analysis indicate that the factors considered were significant in influencing the reward strategies of KPA. However, only three of the perceived factors were the key influences of reward strategies. These are, performance management, business performance and financial circumstances and trade unions.

5.3 Conclusions

In Kenya Ports Authority, reward systems account for the periods that employees are willing to serve in the firm. That is to say, the better the reward system, the more the firm is able to retain top talent employees. The development, administration and management of rewards vary the organizational culture. This is in support of the findings by Lawler that, the overall organization culture can differ depending on how these reward strategies are established managed and administered to the employees in the workplace (Lawler, 1995). Frequent performance reviews in the firm have been the basis for determining the rewards that accrue to each individual. The more highly the employees are able to perform, the more rewards they accrue to themselves and as a result, they remain motivated to do their duties.

According to Mathias and Jackson (2006) Performance Management includes recognizing, assessing, feedback, emerging as well as giving rewards to employees in relation to their performance. Employees who are recognized at work and rewarded well construe a better perception of the work environment, other employees and the employer (Shore and Shore, 2005).

It is also apparent from the study results that the presence of trade unions in Kenya Ports Authority influences the reward strategies. This is because they are sanctioned to offer collective bargaining power for employees by ensuring that they fight for better working condition for the workers and bargain collectively for them. According to the literature review of this study, the government definitely accepts that the employer only becomes competitive based on their relationship with flexible labour markets inter-related to job security as well as the presence of minimal standards that protect all employees. Although inflation has not been a factor influencing the adjustment of reward strategies in KPA especially through salaries and wages, these are bound to change during economic recessions and as a result, employees may be affected on their job performance. From the literature of this study, inflation, coupled with economic pressure, has also sparked interest in curbing fixed rewards and incentives and assuring that the investment in rewards procedures increased employee productivity and organizational performance.

The study concludes that the existing government policies and regulations on the minimum wage have been implemented in Kenya Ports Authority ensuring that the government is able to influence rewards policies through the checks and balances. The presence of minimum wage has helped in promoting increased competitiveness, enhanced democracy at the workplace and provided higher equality and justice in the employment relationship. Nevertheless, the government needs eliminate extreme regulations in the labour market, as it increases unemployment. Similarly, during excellent business performance, Kenya Ports Authority has been able to pay out bonuses as the performance is able to attract more investors and hence an increased capital base of the firm. The more the firm makes profits, the more its flexible in paying out bonuses to employees for their great performances. For a better reward strategy, there ought to be an existing outstanding business performance. That is, the rewards strategy is preceded by the business strategy and must link into it.

In conclusion, Kenya Ports Authority should focus more on the perceived performance management, business performance and financial circumstances as well as trade unions as these are better placed in influencing their reward strategies. the strategies studied are not the only influencers of reward strategies and hence, the presence of other factors not controlled by the employer or the employee may also be present. These conclusions concur with those of Thorpe and Homan (2000), that reward systems should be aligned to other human resource practices and objectives and strategies of the organization. That it, reward strategies should not be solely considered as they should be incorporated to other firm strategies.

5.4 Recommendations

Employee reward systems should be expanded to incorporate the reward of employees who are able to attain new skills as a way of motivating them. This should also be followed hand in hand by promotions of the qualified members of staff as this helps in retaining employees especially where their efforts are recognized.

On performance management, the study recommends that the senior and the middle level managers should scrutinize its policies on dealing with poor performance to enforce then in order to limit others. The mode of appraisal used during performance management should be geared towards highlighting strengths and weaknesses in employees' performance.

The organizational culture ought to be scrutinized for appropriateness fit. The managers should aim at changing any unhealthy cultural practices that are in existence and emphasize more on nurturing new ones through contribution and constant learning. The firm should aim at creating a culture that is stable in ensuring perpetual change that is able to maintain its strength and constantly adapt to the changes in the environment. The incorporated new culture should be able to ensure a healthy culture that deters employees from considering the operations as a norm.

The study recommends a focus on the financial as well as non-financial rewards and how they influence employee motivation in Kenya Ports Authority. These can also be considered in relation to how the management has employed their use in the firm as reward strategies.

5.5 Limitations of Study

Since the study was undertaken in KPA which operates its services on a daily basis, it was not easy to get in touch with the middle-level managers out of schedule so as to fill in the questionnaires. It was also difficult to get responses from the senior managers who are most of the times out of office. Also, successful appointments with these managers were often disrupted by abrupt meetings and hence the research plan was most of the times disrupted.

The limitation as a result of generalization. This study was conducted on Kenya Ports Authority and hence the result, findings and conclusions drawn may not be applicable to other organization. This is because this firm deals mainly with exports and imports other firm for example, hospitality, tourism, etc. may not be using same reward strategies of even be influence by the same factors. These conclusions are thus not generalizable.

5.6 Research Areas for Further Study

This study was based on perception involving Kenya Ports Authority and thus a study will be required in future where the variables can be tested empirically and not based on perception. Further, the variables used in the study are not exhaustive and hence there are many other factors that influence reward strategies that needs to be considered.

The researcher suggests that other studies be carried out in different organizations that deal with different products and services so as to obtain generalizable findings. A comparable study ought to be carried out on private companies in Kenya to compare the outcomes with those of this study and enable generalization. Further, studies should be done on financial and non-financial rewards and the factors that influence then in both public and private sectors.

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APPENDIX ONE: QUESTIONNAIRE

Part A: Biographical Data

1. What is your Gender?

    a) Male [ ]

    b) Female [ ]

2. Position in the organization

    a) Senior Manager [ ]

    b) Middle level manager [ ]

3. Age Bracket

    a) 25-34 Years [ ]

    b) 35-44years [ ]

    c) 45-54 years [ ]

    f) Above 55 years [ ]

4. Working Experience

    a) 5 years and below [ ]

    b) 6- 10 Years [ ]

    c) 11 - 15 Years [ ]

    d) 16 years and above [ ]

5. Education Background

    a) Certificate [ ]

    b) Diploma [ ]

    c) Bachelor’s Degree [ ]

    d) Master’s Degree [ ]

    e) Any other, Specify ________________________

<u>Part B:</u> Factors Influencing Reward Strategies

1. Please indicate the extent to which your organization uses the following practices by ticking your level of agreement where *5= Strongly Agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly Disagree*

Reward Strategies	**5**	**4**	**3**	**2**	**1**
Market Analysis					
KPA rewards adequately in order to retain top talent					
KPA conducts market surveys for reward structures and compares to other companies					
KPA engages in market research for minimum market rates					
Benchmarking reward strategies with other multinationals is key					
KPA has top talent that is competitive and attracts immigrants from other organisations					
Organizational Culture and corporate strategy	**5**	**4**	**3**	**2**	**1**
The development, administration and management of rewards cause the culture of an organization to vary					
The rewards being at KPA attract, retain and motivate					
The culture shapes reward management decisions at KPA					
The design and application of reward strategy at KPA is balanced and comprehensive					
Performance Management	**5**	**4**	**3**	**2**	**1**
The company undertakes frequent performance review					
KPA incorporates performance management in reward management decision so as to achieve managed performance framed as service quality, service delivery and cost reduction					
Variable pay plays a role in boosting performance at KPA					
KPA rewards employees for attaining new skills					
Total rewards at KPA motivate performance at work					

Trade Unions	**5**	**4**	**3**	**2**	**1**
Collaboration with trade unions has influenced reward strategies					
Trade unions offer a comprehensive bargaining agenda at KPA					
Trade unions impact on KPAS decision on pay					
Trade unions are viewed as unfavourable by employers at KPA					
Inflation and Market Movement	**5**	**4**	**3**	**2**	**1**
KPA takes into account inflation when adjusting pay structures					
KPA compares its rewards to the market movements in the current operating environment					
Market rates matter in reward strategies for KPA					
The pay structure is dependent on the job evaluation					
Economic recession causes KPA to change their reward strategies					
Government regulations and policy	**5**	**4**	**3**	**2**	**1**
The government influences reward policy at KPA					
Transparent job grades are given by the government and are regulated					
The government has checks and balances on KPAs budget and this affects rewards					
The government has a policy on minimum wage that is adopted by KPA					
Business performance and Financial Circumstances	**5**	**4**	**3**	**2**	**1**
KPA has policies on how to pay out bonuses in cases of excellent business performance					
Financial rewards boost employee morale at KPA					
Outstanding business performance attracts more investors at KPA					
Best practice on financial circumstance emphasizes on competitive advantage in a reward system and leads to highly motivated and committed employees					

THANK YOU FOR YOUR CO-OPERATION.