

**THE RELATIONSHIP BETWEEN REWARDS AND JOB
SATISFACTION AT THE NATIONAL CEREALS AND PRODUCE
BOARD**

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FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
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DECLARATION

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

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DEDICATION

This piece of work is dedicated to my dear and loving husband, sons Ryan and Reu. It was your support and encouragement that made my study a success. You endured the divided attention of a wife/mother and never complained when I was pursuing my degree.

ACKNOWLEDGEMENT

The process of this master's project writing has been a wonderful learning experience in my academic life. It was filled with challenges and rewards. The completion of my present study leads to a new beginning and a step forward in my endeavors.

First and foremost I am grateful to God almighty the one above all, who has always been there in my endeavors in life including this study. My profound gratitude to my supervisor Florence Muindi and moderator Professor K'obonyo for their insightful guidance it's through it that I was able to complete this great task. Am thankful for the corrections they made on my error friendly drafts, their continuous encouragement, support and guidance in writing this project. I am also indebted to my family, my boss at my place of work and friends whom I may not mention in person for their material and moral support which enabled me clear my MBA course successfully.

ABSTRACT

Employee satisfaction is an important variable that is able to give an opinion about general emotion and thinking forms of employees about their job and workplace. Understanding employee satisfaction and the factors leading to it are of paramount importance to organization. This is because it may determine the attraction and retention of high caliber employees and in turn increased turnover, improved corporate image for the organization among other benefits. Employees respond best and most effectively not when they are controlled by management, placed in narrowly defined jobs and rated as unwelcome necessity, but instead when they are given broader responsibilities, encouraged to contribute and helped to achieve satisfaction in their work.

The purpose of the study was to establish the relationship between reward and employee satisfaction at the National Cereals and Produce Board. The study adopted a descriptive survey research design. The population of the study was all the employee of National Cereals and Produce Board. A structured questionnaire was prepared and distributed to all selected respondents. The study comprised of two variables, rewards which was the independent variable and job satisfaction which was the dependent variable. A five point scale was used to collect data and analysis was based on averages, percentage and correlation analysis.

The study found out that the rewards which were used by the organization was the basic pay, either allowance or housing, medical cover, leave allowance, sick leave, promotion, training, life insurance, retirement benefits other than the legally required like NSSF, any personal services and performance based pay. There was a strong positive correlation between employee job satisfaction and rewards ($\rho=0.792$). At the same time the results indicates a strong correlation between rewards and job satisfaction in regard to the general working condition ($\rho =0.709$); pay and promotional potential ($\rho =0.854$); job design ($\rho =0.693$) and job feedback ($\rho =0.618$). The findings indicate that the level of employee job satisfaction in the organization is dependent on the rewards.

ABBREVIATIONS

BOARD - National Cereals and Produce Board

FRS - Famine relief stocks

NCPB - National Cereals and Produce Board

SGR - Strategic grain reserve

WRS - Warehouse receipt system

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Employees as a collective workforce are being exhorted to become more efficient, more quality oriented, more flexible and more innovative. In addition, to keep costs down and to ensure organizational survival, they are being forced or encouraged to change the way they work and to accept different ways of being organized and managed in order to gain competitive advantage (Heneman et al., 2002). Clearly within these transformations of working practice there are implications for the employee to be satisfied with the work and all practices should be put in place that will encourage the employees to work towards the attainment of the organizational objective. Employee satisfaction is considered as an overall feeling about the job, or as a related set of attitudes about various aspects of the job (Spector, 1997). Rice et al., (1989, p.88), observed that “satisfaction is determined, in part, by the discrepancies resulting from a psychological comparison process involving the appraisal of current job experiences against some personal standards of comparison.” Job dissatisfaction and low motivation have been appreciated as some of the most dreadful hitches facing organizations today and that lead to reduced productivity.

Organizational reward system has been found to play a critical role in enhancing employee satisfaction. Some authors assert that the primary aim of the reward system is to enhance extrinsic motivation by satisfying an individual employee's needs indirectly through means of pay and bonuses (Anthony and Govindarajan, 2007). This view is in tandem with the expectancy theory that argues that a pay-for-performance system

influences job satisfaction. Further, the philosophy behind pay-for-performance plans draws upon reinforcement theory that suggests that pay be linked to performance by setting specific targets and then rewarding individuals for achieving these targets. Heneman (1992) observe that when employees are satisfied on the basis of the extrinsic rewards gotten from the employer, then they will be able to perform better and will aspire to get to their goals. However, Hackman and Oldman (2005), observe further that in addition to salary and incentives, satisfaction with the job requires satisfaction with different aspects of the work, including variety in the skills and activities required to carry out the tasks, and autonomy in performing work. This is because work itself might provide opportunities for creativity and task variety, allowing employees to increase their knowledge and change in responsibility.

1.1.1 Reward

Reward is defined as all of the monetary, non-monetary, and psychological payments that an organisation provides for its employees (Bartol and Locke, 2000). A reward, tangible or intangible, is presented after the occurrence of an action (i.e. behaviour) with the intent to cause the behaviour to occur again. This is done by associating positive meaning to the behaviour and it represents what the individuals want to obtain from work or what they perceive. A number of researches show that job rewards are strong determinant of job satisfaction and also rewards are significantly related to professionalism and job satisfaction (Gerald and Dorothee (2004), Clifford (1985).

According to Gerhart and Milkovich (1992) a compensation decision should incorporate both environmental and organisational factors, such as the organization's business and

HR strategy. Agency theory provides insight into what reward mix best aligns organisational and individual objectives. It outlines how the separation of organisational activities from ownership presents the problem of ensuring that owners' interests are aligned to those responsible for operating the business (Jensen and Meckling, 1976). Owners look to ensure that employees direct their work effort in line with the owners' interests. This can be achieved through adjusting the reward mix, in particular the balance between fixed and variable rewards, to ensure that appropriate incentives are in place for the employee to act in the owners' interest.

Appropriate rewards and benefits, and also type of compensation program are also important for employees. Financially, the salaries must be fair according to employees' contribution. According to Togia et al., (2004), way of aligning the business' interest with those of the employee is introducing profit-sharing plans that create plans in which employees receive bonuses according to the company's profits. Both employees and employer basically work for a common goal for mutual profit. This gives a great sense of ownership and an interesting financial advantage for the employees. Non financial reward should also be provided to employees for their contributions. Such recognitions include, paid time off, employee of the month programs, access to training programs, and so on.

1.1.2 Job Satisfaction

Employee satisfaction is an important variable that is able to give an opinion about general emotion and thinking forms of employees about their job and workplace. Thus, employee satisfaction refers to expectations of the employee about the workplace and his

attitudes forward his job. Thus, job satisfaction is a function of the extent to which one's needs are satisfied in a job (Togia et al., 2004). According to Lévy-Garboua and Montmarquette (2004, p.21) employee satisfaction is “an index of preference for the experienced job against outside opportunities conditional on information available at time”. This means therefore means that employee satisfaction entails a comparison between the real experience of job in the past and the mental experience of outside opportunities until then. It also contains the comparison between future expectations of own job and outside opportunities in the future.

According to Pearson (1991) employees wait for their job to provide an aggregation of features (e.g. pay, promotion and autonomy) for which the employee has certain favourable values. In terms of employee satisfaction, Luthans (1992) identified five dimensions comprising pay, characteristics of job, working conditions, management politics and working colleagues. While pay has been considered an external function, other factors (factors of job characteristics) have been defined as internal factors. On the other hand, McAfee et al., (1995) investigated effects of discretion, outcome feedback and process feedback on employee job satisfaction. They found that providing discretion and outcome feedback alone does not improve employee satisfaction. Significantly, but providing employees with discretion and both outcome feedback and process feedback concludes in statistically significant developments on job satisfaction of employees.

According to Armstrong (2003) workers respond best and most effectively not when they are controlled by management, placed in narrowly defined jobs and rated as unwelcome necessity, but instead when they are given broader responsibilities, encouraged to

contribute and helped to achieve satisfaction in their work. He argues that it is not job satisfaction that produces high performance but high performance that produces job satisfaction. People are motivated to achieve certain goals and will be satisfied if they achieve these goals through improved performance. They may even be more satisfied if they are rewarded by extrinsic recognition or an intrinsic sense of achievement (Armstrong, 2003). This suggests that giving people the opportunity to perform and rewarding them by financial or non financial means when they perform can achieve improvement of job satisfaction.

1.1.3 Relationship of Rewards and Job Satisfaction

Work rewards have been defined as “potential sources of rewards to the worker (Kalleberg, 1977). It represents what individuals want to obtain from work or what they perceive. Gerald and Dorothee (2004) and Clifford (1985) found that rewards are significantly related to professionalism and job satisfaction. They supported the argument that job satisfaction for professionals is derived in part from what professional perceives from job. Job satisfaction is influenced by rewards (Clifford, 1985). Kalleberg, 1977 and Janet and Lacy (1987) argued that that job satisfaction is affected by both intrinsic and extrinsic benefits that workers receives from their jobs but rewards related to financial part of job rewards are more significantly related to job satisfaction.

Lincoln and Kalleberg (1990) have argued that the rewards offered by an organisation may have a powerful effect on employees’ attitudes towards their job and the company for which they work. In this context, it is important to distinguish between intrinsic and extrinsic rewards. Intrinsic rewards are those that exist in the job itself, such as variety,

challenge, and autonomy. Extrinsic rewards, on the other hand, comprise elements such as pay and fringe benefits, promotion or advancement opportunities within the organisation, the social climate, and physical working conditions. O'Reilly and his colleagues (Caldwell et al., 1990; O'Reilly & Chatman, 1986) have suggested that intrinsic rewards will probably be more salient for affective commitment (and, we would argue, job involvement), whereas extrinsic rewards are more likely to be important in relation to continuance commitment to the organisation. Consistent with this reasoning, it's anticipated that satisfaction with intrinsic rewards would be positively associated with job involvement and with affective commitment.

1.1.4 National Cereals and Produce Board

The National Cereals and Produce Board (NCPB), which shall herein after sometimes be referred to as the Board, is a strategic Public Enterprise established under Cap 338 of the laws of Kenya and falling under the ministry of Agriculture. The mandate of NCPB consists of procuring, managing and distributing strategic grain reserves (SGR) and famine relief stocks (FRS); undertaking price stabilisation in the grain market as a buyer and seller of last resort; trading commercially in grain and related farm products. It also does the distribution of farm inputs (fertilizers, seeds) at affordable process with a view of enhancing agricultural operations. NCPB has a network of 110 stations located all over the country with a total storage of approximately 20 million (90kgs) bags and a staff compliment of 1018. The stations are located in both agricultural high potential and food deficit areas. This was done by design to ensure that the Board was strategically placed to address issues of food procurement and distribution in any part of the country. At the time

of the study NCPB and the grain sector were undergoing a transformation that comprises among other changes introduction of a warehouse receipt systems (WRS) and formation of a commodity exchange.

The Board had two categories of staff, that is management and unionisable. The rewards for management staff are determined from time to time by Boards management in liaison with the Ministry of Agriculture while that of the unionisable staff are negotiated after every two years between the Boards management, employee's representatives and union representatives. This has continued for the last more than twenty five years with no adverse issues arising. According to an internal job satisfaction survey carried out by the Board in year 2011 the employee satisfaction levels index was 76.65% which had increased compared to year 2010 index of 66.11%. The increase in the satisfaction index was attributed to the fact that all staff had received a 40% salary increase and that the Board had introduced performance based pay as the basis of awarding annual salary increments to all employees. An Audit report by independent work environment Experts who had audited the working environments at all Board's work stations declared that the working environment at NCPB as satisfactory with small gaps that can be adequately addressed. This is a factor that can be associated with the levels of job satisfactions at NCPB. For all the years the Board has been in operation it has enjoyed cordial industrial relations with its employees, this can be an indication that there has been an element of satisfaction within its workforce. Beside from the satisfaction surveys it was established that the rewards offered by NCPB are comparable with those offered by other parastatals of its category.

1.2 Research Problem

Organizations in both the public and indeed the private sector consider their employees as a critical asset in the organization towards the attainment of the organizational goals. However, the same objectives can only be attained from a satisfied workforce. Hence employee satisfaction is of importance if organizational goals are to be achieved. According to Ellickson and Logsdon (2001), employee job satisfaction has been associated with increased productivity, organizational commitment, lower absenteeism and turnover, and ultimately with increased organizational effectiveness. However, the same job satisfaction comes as a result of the rewards that the employees receive from the employer. Indeed, Wright and Davis (2003), posit that the benefits that employees receive from their organisations influence the effort, skill, creativity and productivity that they are willing to give in return. Thus organizational interest in job satisfaction should be motivated by humanitarian interests, namely the notion that employees deserve to be treated with respect and have their psychological and physical well-being maximized (Ellickson and Logsdon, 2001).

The National Cereals and Produce Board (NCPB) as a government agency tasked with the duty of procuring, managing and distributing strategic grain reserves in the country plays an important role in stabilization of prices in the grain market and enhancing the country's food security. This critical role can only be achieved through it's over 1000 employees who should be motivated and satisfied with the employer to work towards the attainment of the same goals. One form the organization has been using to improve its employee's satisfaction has been through adapting its reward system to the changing

business environment. Over the last ten years, NCPB has been awarding automatic annual increment to staff and only last year changed and based it on performance appraisal of individual staff. All these changes are aimed at trying to increase employee satisfaction. According to internal job satisfaction surveys conducted by the Board for the years 2010 and 2011 respectively, the employee satisfaction indexes were 66.11% in 2010 and 76.65% in 2011. The increase in the satisfaction in the year 2011 compared to the index the year 2010 was perceived to be due to the fact that employees received a 40% salary increase and the implementation of performance based pay in awarding employees annual salary increments.

Several studies have been undertaken locally on the issue of employee job satisfaction and rewards. Khainga (2006) researched on employee job satisfaction and organization commitment and found that Job satisfaction is so important in that its absence often leads to lethargy and reduced organizational commitment while lack of job satisfaction is a predictor of quitting a job. On his part, Ganale (2010) undertook a research on factors influencing job satisfaction and found that job satisfaction is essentially controlled by external factors. He noted that satisfaction with a job might be motivated by the pervasive social climate and extent to which workers peculiar needs are met. Koech (2005) on her part researched on job satisfaction and career development. She found that in the organizations that she researched on, employees tended to pursue career development with the aim of changing jobs whenever they are not satisfied with the current employer. None of the above studies linked rewards to employee satisfaction while the researcher was unable to find any other study that made such a link leading to the following research

question “what is the role of reward system on employee satisfaction at the National Cereals and Produce Board?

1.3 Research Objective

To establish the relationship between rewards and employee satisfaction at the National Cereals and Produce Board.

1.4 Value of the Study

This study will aid various stakeholders. Top on the list is the government parastatals in the country who will obtain details what impact the reward system in the organizations have on employee satisfaction. In addition the study will be an invaluable source of material and information to the many other organizations operating in the country since they have great role to play in the country’s quest to become a middle income country as envisioned in the Vision 2030. By having a satisfied working force, then these organizations and parastatals will be able to achieve their objectives much faster and also hence employee well being.

The management and staff of NCPB will find this study an invaluable source of material in developing and harnessing their human resource reward system in the present day competitive business environment. This study will provide insight on some of the challenges that may be faced in the developing the reward system in harnessing their employee satisfaction. The management will strive to avoid the pitfalls and capitalize on the strengths.

For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Investors can also gain an insight on the business and its strategic position within the environment, which can assist them in determining their investment viability.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter highlights the major issues relating to reward system and employee satisfaction. It covers the theoretical framework, reward system and its determinants, employee satisfaction and finally the role of employee satisfaction on employee satisfaction.

2.2 Reward System

Employee rewards are concerned with both financial and non-financial rewards and embraces the philosophies, strategies, policies, plans and processes used by organisations to develop and maintain reward systems (Armstrong, 2002). Reward management is a key function in HRM systems in modern enterprises, playing an important role in attracting, retaining and motivating employees (Milkovich and Newman, 2004). However, scholars have not reached a consensus on whether reward management can improve innovation and job satisfaction in the workplace. Two theories have as a result come up to explain the appropriate reward system namely the utilitarianism and romanticism. Utilitarianism emphasizes extrinsic incentives such as monetary compensation to motivate the innovative behaviour of employees (Winston and Baker, 1985) while romanticism views rewards as self-motivated psychological behaviour that is typically sparked by intrinsic spiritual rewards (Hennessey and Amabile, 1998).

Utilitarianism provides the foundation for early behaviorist's arguments that suggest that people's behaviours are drivable and changeable and that extrinsic rewards can bring expected behaviours and performance (Pryor et al., 1969). Extrinsic rewards and resource investment have been seen as necessary to satisfy employee, especially in formalised tasks. According to Eisenberger et al., (1999) reveal that performance-linked salary increases and monetary rewards positively influence employee satisfaction. Long-term incentive plans (e.g. stock options), team-based rewards (e.g. profit-sharing plans), and security benefits are also empirically shown to have a positive effect on employee creativity (Laursen and Foss, 2003).

Despite the theoretical and empirical evidence indicating the positive influence of substantial economic rewards on the job satisfaction of individuals, disagreement exists over the effectiveness of this approach. Some classical researchers criticise extrinsic rewards because they undermine intrinsic motivations. Lepper and Green (1978), for instance, stress that excessive monetary rewards may eliminate or deviate people's intrinsic motivations and thus destroy their job satisfaction. Similarly, extrinsic compensations may reduce the autonomy and self-motivation of individuals, diverting their attention to economic benefits and weakening their proactive innovative behaviour (Cooper et al., 1999). This negative effect is especially evident in ambiguously defined and explorative tasks. Extrinsic rewards, then, may be necessary to stimulate employee satisfaction but overly generous economic compensations may divert or reduce the intrinsic motivation of employees and hence damage the same satisfaction.

2.2.1 Reward Strategies and Policies

A reward strategy set out what the organization intends to do in the longer term to develop and implement reward policies, process and procedures that will further the achievement of its business goals. The key aim of reward strategy is to foster the development of a high performance culture and thus helping the organization to achieve its business goals. This therefore means that a reward strategy should create policies and practices that will attract, retain and motivate high quality people. To achieve this, the reward policy should be able to enhance job engagement and encouraging behaviour that deliver the required results and are in line with the organization values.

According to Perrin (2000) the most common goals of a reward strategy include; recruit, motivate and retain high performance, achieve and maintain market competitiveness, attract key talent into the organisation, link pay to key organizations success factors, pay each person based on individual results and also manage rewards on a total remuneration basis. He further observes that for these goals to be achieved, the reward system needs to realize a 'horizontal fit' between all of the pay and reward policies with each other and with all other HR policies. This will therefore require that the HR strategy delivers a consistent message to employees about what is needed for the business to succeed. In addition, Cooper et al., (1999) pointed out that the HR strategy need to have a forward looking change orientation so that it in a rapidly changing environment, the organizations reward strategy delivers what is required for success in the future and stay aligned with the business goals.

The total reward strategy consists of a number of key ingredients. Armstrong (2002) points out that an organizations reward strategy capture a financial rewards such as base pay and benefits which at all the time should remain slightly above the median for the location and benefits are more generous than its rivals. The reward strategy should also capture employee career development which should encourage everyone to develop as far as they are able using on-the-job training and course training. Despite of the importance of an organization having an effective reward strategy, Perrin (2009) provides evidence to demonstrate that organizations are having problems in implementing their reward strategies due to a number of reasons. He pointed out that the major reason for unsuccessful reward system include ineffective communication, lack of support system systems such as market data, poor performance management, the system not matching with organizational needs and a lack of management skills and support. Thus organizations should redesign their reward systems so as to avoid the same pitfalls.

A reward policy involves the selection of a portfolio of rewards and the design of the precise form in which they are offered, with the intention of motivating employees to contribute effectively to a set of organizational objectives. According to Horton (2006), a whole range of rewards and punishment are daily in use within an organization. An employment contract species the remuneration and possibly other benefits, offered to an individual in return for making available to the employer his/her capacity for employment. He further observed that policies on rewards and punishment are intended to elicit this contribution and are essential complement to the process control.

According to Willems et al., (2004), the specific objectives of rewards and punishment are different. Rewards are in principle intended to encourage the type of behaviour which precedes them, while punishment are intended to prevent a repetition of previous behaviour. For the management, the criterion of success for reward policies is that they motivate employees to commit high levels of physical or mental effort towards performing required tasks well. Further, Tiggio et al., (2004), observe that rewards should increase the predictability of employees behaviour so that they can be depended upon to carry out the duties requested of them consistently and to reasonable standards, e.g , opportunities for upgrading or even promotion will tend to increase the predictability among employees who have some ambition if it is apparent that certain types of behaviour enhance the prospect of career development. The management will look at the reward policy to secure a degree of commitment and a level of effort from employees that goes beyond mere predictability.

2.3 Types of Reward

Reward and recognition could be recognized as one of the key factors related to employee satisfaction. Maurer (2001) suggests that rewards and recognition should be linked to organizational success as a result of employee job satisfaction and they are frequently considered as one of the key factors influencing employee satisfaction. Most organizations use different types of rewards. The most common types of rewards include basic pay; incentives and benefits; performance based pay; development opportunities; and Job design.

2.3.1 Base Pay

For most people, the most important reward for work is the pay they receive. According to Cox (2002), money is important because of the things it can buy and it also symbolizes an employee worth. An organization pay is considered important because if managed effectively, money can improve motivation and performance. According to Noe (2007), employee compensation is a major cost of doing business - as much as 50-60% in most organization – and so a poorly designed system can be expensive proposition. Further, a poorly designed pay system can result in problems in other areas such as turnover and low morale.

While pay and benefits alone are not sufficient conditions for high satisfaction, it is an indispensable measurement in job satisfaction evaluation. Noe (2007) argue that for most people work is the primary source of income and financial security and an important indicator of status within the organisation as well as in society. Naturally, employees want pay and benefits reward system that they perceive as just, unambiguous, fair and in line with their expectations (Robbins, 1988). Further, Okumbe (2001) assert that in determining compensation levels organisations must be conscious of the prevailing market rates to ensure fairness and equity in compensation. He asserts that organisational indifference on going rate or going range will affect negatively on efforts put towards attracting and retaining the required staff. When people are paid well they are able to meet their daily needs, concentrate at their places of work and accomplish their tasks (Lawler, 1990).

According to Gagne and Deci (2005), the view that pay increases motivation comes from cognitive evaluation theory, which argues that incentive pay has a negative effect on intrinsic motivation – a “crowding-out” effect. Understanding the design implications of incentive systems is important to understanding of employee motivation and whether these incentive systems are related to satisfaction. The philosophy behind pay-for-performance plans draws upon reinforcement theory that suggests that pay be linked to performance by setting specific targets and then rewarding individuals for achieving these targets (Heneman, 1992). Pay fairness is an important issue in the design of reward systems. Employees often make equity judgments based on comparisons with others who may be co-workers, or based on other similarities, such as organizational status (Greenberg et al., 2007).

2.3.2 Incentive and Benefits

Incentive systems are plans in which employees can earn additional compensation in return for certain types of performance. According to Greenberg et al., (2007), incentive programs will include any of the following programs; piecework programs which tie a workers earnings to the number of units produced; gain-sharing programs which grant additional earnings to employees or work groups for cost – reduction ideas; bonus systems which provide managers with lump-sum payments from a special fund based on the financial performance of the organization or a unit; and long – term compensation, which gives managers additional income based on stock price performance, earnings per share, or return on equity.

Incentive plans that are oriented toward individual employees may cause increased competition for the rewards and some possibly disruptive behaviour such as sabotaging a coworker's performance, sacrificing quality for quantity, or fighting over customers. A group incentive plans on the other hand requires that employees trust one another and work together (Rahman and Bullock's, 2005). Effective teamwork can motivate employees and improve employee performance and self-efficacy. This increases motivation and self-efficacy through teamwork can be a source of employee autonomy, significance, bonding with team members and satisfaction. For example, according to results of Rahman and Bullock's (2005) surveys performed with manufacturing companies in Australia and New Zealand, the use of teams has a significantly positive relationship with employee morale. We expect the same positive relationship between effective teamwork and employee satisfaction in the public sector:

2.3.3 Development Opportunities

Employee training provides opportunities to employees to widen their knowledge and abilities for more efficient teamwork and achieve individual development (Jun et al., 2006). When workers receive self-development training, the level of their job satisfaction is higher than those without such training (Saks, 1996). According to Kerka (1998) career development is an organized approach used to achieve employee goals with the business needs of the agency workforce development initiatives. According to the author, the purpose of career development is to; enhance each employee's current job performance, enable individuals to take advantage of future job opportunities and fulfill agencies' goals for a dynamic and effective workforce.

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

Employee development is therefore a key element for improved organizational performance; it increases the level of individual and organizational competences. It helps to reconcile the gap between what should happen and what is happening – between desired targets or standards and actual levels of work performance. Although many employers continue to have reservations about the cost and extent of tangible business returns from training, the development of skills has been identified as a key factor in sharpening competitiveness. Casio (1989, p.35) puts it this way “The economic and technological trends, the pace of innovation, change and development are growing faster year-by-year and as a result, provide clear signals that training and development are so relevant that both organizations and individual stakeholders must give a serious attention to”

2.3.4 Indirect Compensation

Another major component of the compensation package is indirect compensation, also referred to as the employment benefits plan. According to Armstrong (2010), typical benefits provided by businesses include payment of time not worked such as during vacation, sick leave, holidays and personal days; unemployment compensation for people who have lost their job or are temporarily laid off get a percentage of their wages from an insurance-like program; disability and workers compensation benefits whereby employees contribute funds to help workers who cannot work due to occupational injury or ailment; and pensions or retirement plans in which most organizations offer plans to provide supplementary income to employees after they retire.

A company's social security, unemployment and workers compensation contributions are set by law in some countries (Schermerhorn et al., 2005). However, deciding how much to contribute for other kinds of benefits is up to each company. Some organizations contribute more to the cost of these benefits than others; some companies pay the entire cost; others pay a percentage of the cost of certain benefits, such as health insurance and bear entire cost of other benefits. Further, perquisites are other special forms of indirect compensation (Armstrong, 2010). Perquisites are special privileges awarded to selected members of an organization, usually top management, for example, top executives of many businesses are allowed privileges such as a unlimited use of the company vacation home etc. and notes that perquisites seem to add to the status of their recipients and thus may increase job satisfaction and reduce turnover.

2.3.5 Job design

There is an established body of knowledge supporting the idea that certain jobs and goal setting can enhance performance. Adler (1991) found that systems in which employees reported higher perceptions of skill variety, task significance, autonomy, and feedback reported higher levels of satisfaction and internal work motivation. In their study, Arce (2002) found that the reward from outside activities is affected by the performance on inside activity and the relation between job characteristics and job satisfaction and also found that the relation was stronger for employees high in growth need strength (GNS).

According to Morrison et al. (2005), job designs that provide for high levels of employee control also provide increased opportunities for the development and exercise of skill. Also, meditational influence of perceived skill utilization on job control job satisfaction has been observed. They further concluded that perceived work demands, job control and social support through job design leads to high productivity. This means that the level of job satisfaction is determined by a combination of jobs, work and personal characteristics and rotating managers to different jobs adds the benefit of task variety, resulting in increased performance of employees. Further, Bassey (2002) observed that task identity, task significance, autonomy, feedback, job security and compensation are important factors for the motivation of employees.

The job characteristic has to be considered in designing a job design since they contribute to certain psychological states and that the strength of employees' need for growth has an important moderating effect. The core job characteristics that need to be considered by

an organization in coming up with a job design include employee skill variety, where this refers to the extent to which the job requires the employee to draw from a number of different skills and abilities as well as upon a range of job knowledge. The job design should also have a significance or importance internally how proud employees are to tell their relatives, friends and neighbors what they do and where they work. According to Bassey (2002), the job design should also have job independence. This refers to how much freedom and control employees have to perform their jobs for instance schedule their work, make decisions or determine the means to accomplish the objectives.

2.4 Job Satisfaction

Several definitions of job satisfaction have been expounded. According to Spector (1997, p.7) job satisfaction refers to “the degree to which people like their jobs”. Others have considered the use of a combination of employee feelings towards the different facets of job satisfaction such as the nature of the work itself, level of pay, promotion opportunities, and satisfaction with co-workers to explain job satisfaction (Schermerhorn et al., 2005, p. 158). Locke (1976) defined job satisfactions as “a function of the range of specific satisfactions and dissatisfactions that he/she experiences with respect to the various dimensions of work” It includes what Individuals expect from job and what they receive. Weiss (2002) has further argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which affect (emotion), beliefs and behaviours. According to Luthan (1998), job satisfaction has three dimensions that include: an emotional response to a job situation and as such it cannot be

seen but it can only be inferred; it is often determined by how well outcome meet or exceed expectations and also observed that job satisfaction represents several related attitudes which are most important characteristic of a job which people have effective response. These responses include the work itself, pay, promotion opportunities, supervision and coworkers.

2.4.1 Determinants of Job Satisfaction

Several studies have attempted to classify and determine factors influencing job satisfaction. As a result of the studies, determinants of job satisfaction can be divided into two camps: the content perspective which approaches job satisfaction from the perspective of needs fulfilment, and the process perspective which emphasises the cognitive process leading to job satisfaction (Foster, 2000). The content perspective assumes that all individuals possess the same set of needs and therefore prescribes the characteristics that ought to be present in jobs. Content theories include Maslow's (1954) need hierarchy theory and the motivator-hygiene theory proposed by Herzberg et al., (1959). The process theories, on the other hand, de-emphasize the role of needs, and focus on the cognitive processes leading to job (dis)satisfaction.

Process theories include Vroom's (1964) expectancy theory, and Adams' (1963) equity theory. However, Rollinson (2008) posits that the two perspectives are complementary and advocates that scholars incorporate both of these in the study of those factors that determine job satisfaction. From both needs and content perspectives a number of factors in relation to job satisfaction can be grouped into two categories: demographic factors

that focus on individual attributes and characteristics such as sex, age and job level; and environmental factors which pertain to factors associated with the work itself or work environment such as salary, promotion and supervision (Ellickson and Logsdon, 2001)

2.4.2 Measures of Job Satisfaction

Employee job satisfaction is necessary for providing higher employee commitment and loyalty and contains an evaluation of various characteristics of the job. These characteristics are working conditions, empowerment and participation, reward and recognition, teamwork and training and development.

Empowerment involves creating values for employees to do their job independently without constant intervention of management (Ampofo-Boateng et al., 1997). It is defined as one's belief in his/her ability to employ choice. The aim of the employee empowerment is to develop individual and organizational performance and to help employees achieve their goals by authorizing employees to participate in the decision-making process. Employees think about their own jobs, and find and solve problems related to their job. From an employee's viewpoint, feelings of empowerment should have a positive impact on attitudinal responses and satisfaction from job (Snipes et al, 2005). Further, he points out that organizations must develop formal reward and recognition systems to encourage employee involvement, and support teamwork. Recognition of excellence on related efforts by any employee, department should be rewarded as a means of supporting particular performance level. In order to stimulate employee

satisfaction, performance measures for organization may need to be modified to take the quality efforts into consideration

Physical working conditions contain factors about the job such as comfortable workplace, ventilation, lighting and temperature, bigger, better and cleaner work spaces, and office spaces. These factors influence employee job satisfaction since employees want a work environment that provides more physical comfort. When this is provided by the firm, employee satisfaction increases. Some studies have shown that low job-satisfaction levels can be mainly imputed to the physical working conditions (De Troyer, 2000). In addition, training of workforce provides various benefits to organizations such as fewer production errors, increased productivity, decreased turnover and improved safety. Training and education may also help the organization to develop a learning environment, which may enhance innovation and a better organizational culture. Educating and training the employees, for example, on TQM implementation and its related consequences are crucial for the success of an organization. Training needs of employees should be identified very carefully and considered as a quality awareness workshop.

2.5 Reward System and Job Satisfaction

Reward can be recognized as one of the key factors related to employee satisfaction. According to Maurer (2001) rewards should be linked to organizational success as a result of employee job satisfaction and it is frequently considered as one of the key factors influencing employee satisfaction. On their part, Pascoe et al. (2002), indicates that the lack of external reward for someone's work is mainly in virtue of the system

because rules and regulations mainly anticipate supervisors from offering “encouragement rewards” in recognition of a job well done. In other words, lack of proper rewarding system decreases job satisfaction of employees. Therefore, management of organizations institutions should develop the systems for providing rewards for jobs well done to increase employee job satisfaction.

Job rewards and job values are the intrinsic and extrinsic benefits that workers receive from their jobs. Janet and Lacy, (1987) argued that job satisfaction is affected by both these factors, but rewards related to financial part of job rewards are more significantly related to job satisfaction vis-à-vis job values which are related to intrinsic part of job rewards. Clifford (1985) had divided job rewards into categories, a conceptual division like intrinsic and extrinsic rewards. It can be subdivided into intrinsic rewards as task autonomy, task significance, and task involvement (Clifford, 1985). Task autonomy refers to the degree of freedom in task performance. Task significance implies the degree to which the task is perceived as a significant contribution to the work process.

Task involvement refers to the degree to which the task is considered interesting or challenging. Extrinsic rewards are financial benefits and organizational rewards. Over and again the findings of different researches suggested that Job rewards are strongly correlated with job satisfaction and no significant difference for male. While assessing the job satisfaction of engineers, the work of James (1991) found that task significance and the intrinsic interest of the work is the major predictor of their job satisfaction. Kalleberg (1980) further studied “differences in job rewards” as result of class and

occupation differences. He found that class and occupation had independent effects on both type of rewards. Ravinder (1977) found that the job satisfaction of lower level employees can be increased by enhancing the autonomy in the jobs. Clifford and Macue (1997) revealed that higher level professionals are not satisfied with their reward system so they report low job satisfaction. Sekaran (1989) found that getting employees deeply involved in jobs is not directly related to job satisfaction. But it increases with increase in task involvement and task significance.

According to Drummond and Stoddard (1991), employee satisfaction contains an evaluation of various characteristics of the job. These characteristics are working conditions, pay, relationships with co-workers and supervisor, organizational policies and the nature of the job itself. Also, according to Dinham and Scott (2000), there are various factors-related job satisfaction, for example job characteristics (e.g. work overload and time pressure), occupational characteristics (e.g. various types of work), organizational characteristics (role ambiguity and role conflict), background characteristics (e.g. age and gender) and personality characteristics. On their part, Kazemzadeh and Bashiri (2005) investigated various studies related to employee satisfaction and identified ten main groups. These are management and personnel relationship, relation between employees, employees' motivation, education, wage and salary, other welfare facilities, employees' commitment, job promotion, performance, organization's systems and processes. Also, Bodur (2002) suggested that work content, age, gender, educational level, working conditions, location (rural or urban), co-workers, salary and working hours are some of the factors related to job satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study adopted a descriptive survey research design. The reason for using this design of study was because descriptive research determines and reports the way things are. Therefore it was ideal design for identifying the relationship between rewards and satisfaction at the National Cereals and Produce Board.

3.2 Target Population

This consisted of all employees of National Cereals and Produce Board. The staff structure of the organization was made up of senior managerial level, middle level and the unionisable staff and all the cadres of employees formed the population of the study. As at May 2012, the staff establishment of National Cereals and produce Board stood at 1008.

Employee category	Population frequency	Percentage
Senior Managers	82	8%
Middle Level Managers	293	29%
Unionisable Staff	633	63%
Total	1008	100.00%

Table 3.1 Population Size

3.3 Sampling Design

The researcher used stratified sampling design. According to Kotter (2002) a sample of 10% of the total population was considered representative. In each strata identified, the researcher obtained the list of the population strata and then took a sample in which every 10th event was picked for the research. Thus a systematic sampling was used in every stratum. Considering the time and budget constraints it was considered an appropriate sampling strategy that will yield representative results.

CATEGORY	POPULATION FREQUENCY	SAMPLE 10%
Senior Managers	82	8
Middle level Managers	293	29
Unionisable	633	63
Total	1008	100

Table 3.2: Sample size

Source: Researcher, 2012

3.4 Data collection

The study used primary data. The primary data was collected through self-administered questionnaires. A semi structured questionnaire was used to collect data on respondent's perception on how rewards influence employee satisfaction. A questionnaire is a useful tool for collecting data from respondents because of the need

to provide a means of expressing their views more openly and clearly. The questionnaire was divided into four sections. Section one dealt with demographics which contained the general information of the respondents, section two was on rewards, section three on reward satisfaction and section four was on the level of job satisfaction. The semi structured questionnaire consisted of open ended and closed ended questions designed to elicit specific responses for qualitative and quantitative analysis respectively. The questionnaires were administered purposeful to the sampled staff. The researcher sends the questionnaires to respondents through email and made a follow up.

3.5 Data Analysis

The data was analyzed by the use of descriptive statistics to summarize and relate variables which were obtained from the administered questionnaires. The data was classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables while tables and graphs were used for presentation of findings. Further, the relationship between rewards and job satisfaction was established using the Pearson Correlation (r). However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. This method of analysis was most desirable as it enabled the researcher to have an insight on how the reward system of the organization influences employee job satisfaction. In accomplishing all analysis details with efficiency and effectiveness, the researcher utilized the Statistical Package for Social Sciences (SPSS) software.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish the relationship between rewards and employee satisfaction at the National Cereals and Produce Board. This chapter presents the analysis and findings with regard to the objective and discussion of the same. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 101 questionnaires were issued out. The completed questionnaires were edited for completeness and consistency. Of the 101 questionnaires issued out, only 87 were returned. This represented a response rate of 86%.

4.2 Demographic and Respondents profile

The demographic information considered in this study for the staff of National Cereals and Produce Board included the staff cadres, gender of the respondents, level of education, age bracket and the length of continuous service with the organization.

4.2.1 Staff Cadres

The respondents were to indicate the cadres they belong to in the organization.

	Frequency	Percent	Cumulative percent
Senior Management	8	8.8	8.8
Middle level management	25	28.4	37.3
Unionisable	54	62.7	100.0
Total	87	100.0	

Table 4.1: Staff Cadres

The results on the staff cadres indicate that 62.7% of the respondents were Unionisable employees, 28.4% were middle level managers while 8.8% were senior managers. The results shows that all the categories in the organization were taken into consideration and thus the findings are representative of all cadres.

4.2.2 Respondents Gender

The respondents were to indicate their gender and out of the 87 respondents, 56.9 percent were female while 43.1% were male. This therefore means that majority of the respondents were female but the difference is not significant.

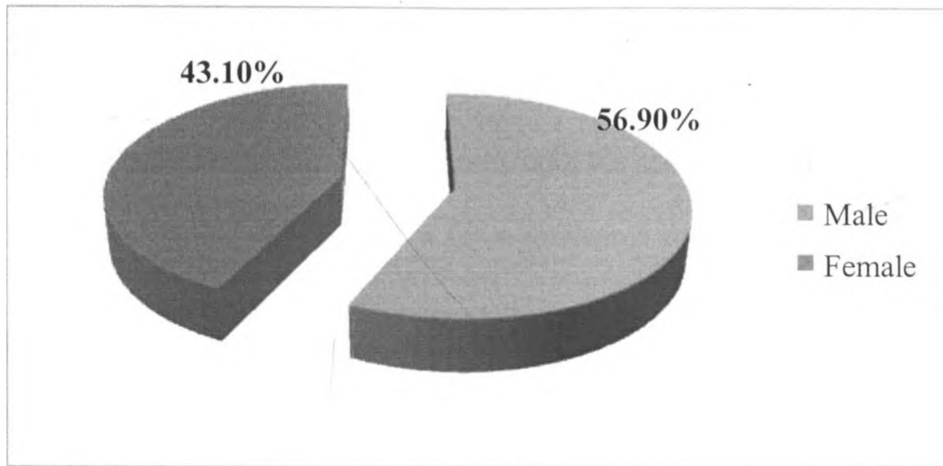


Figure 4.1: Respondents Gender

4.2.3 Highest level of education and Training

The respondents were asked to indicate the highest level of education which they have attained and the results as presented in table 4.2.

	Frequency	Percent	Cumulative percent
Primary	3	3.9	3.9
Secondary	30	33.3	37.3
Certificate or diploma	35	41.2	78.4
Bachelors degree	12	13.7	92.2
Masters degree	7	7.8	100.0
Total	87	100.0	

Table 4.2: Highest level of education and Training

The findings on the highest education level attained was that 41.2% of the respondents had certificate or diploma, 33.3% had attained secondary level, 13.7% indicated that they

had bachelor's degree while 7.8% said they had master's degree and the other 3.9% had attained primary level of education as their highest education. The analysis indicates that there are a high number of employees with no specific training or skills. Majority has diploma/certificate and only a few have got degree and masters.

4.2.4 Respondents age bracket

The respondents were asked to indicate their age brackets and the results are as shown in figure 4.2.

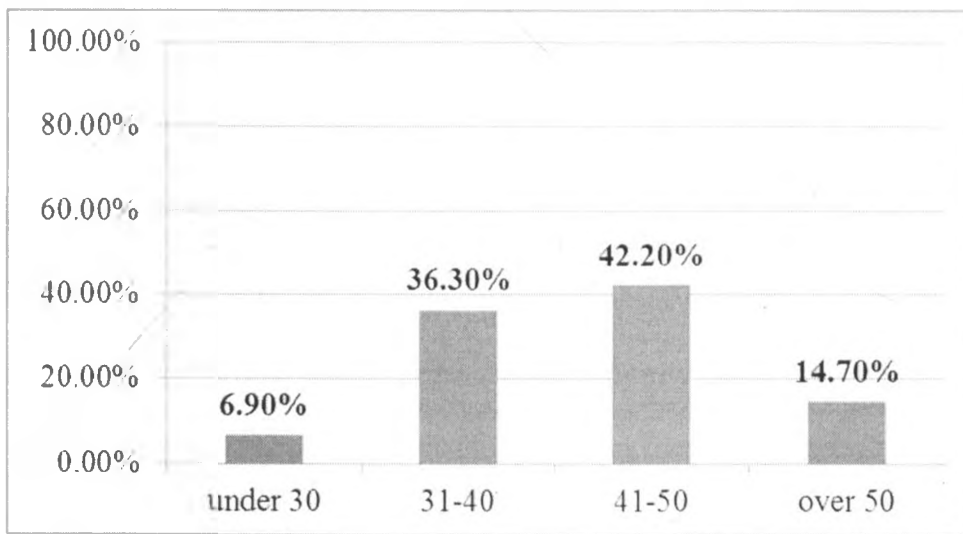


Figure 4.2: Respondents age bracket

The results on the respondents age bracket was that 42.2% of the respondents were 41 – 50 years old, 36.3% were 31 – 40 years old while 6.9% were under 30 years old. Majority of the respondents were over 40 years an indication that they have been in employment for some time and they understand the need for employee satisfaction at any work place. The data also shows that many have got a few years to retirement.



4.2.5 Length of continuous service

The respondents were to indicate the duration of time that they have been working in the organization.

	Frequency	Percent	Cumulative percent
Less than 5 years	17	19.6	19.6
5-10 years	25	28.4	48.0
Over 10 years	45	52.0	100.0
Total	87	100.0	

Table 4.3: Length of continuous service

The findings above on table 4.3 indicates that 52% of the respondents had worked in the organization for more than 10 years, 28.4% indicated that they have worked in the organization for 5-10 years while 19.6% said they have worked in the organization for less than 5 years. The findings indicate that majority of the respondents have worked for more than five years in the organization and thus they understand the organization well in regard to the rewards and whether they satisfy the organization employees.

4.3 Rewards

Employee rewards are concerned with both financial and non-financial rewards and embraces the philosophies, strategies, policies, plans and processes used by organizations to develop and maintain reward systems. A reward, tangible or intangible, is presented after the occurrence of an action (behaviour) with the intent to cause the behaviour to occur again.

4.3.1 Use of rewards by the organization

Type of reward	Yes	No	Total
Base pay	100.0	0.0	100.0
Either house allowance or Housing	100.0	0.0	100.0
Medical cover	100.0	0.0	100.0
Leave allowance	100.0	0.0	100.0
Sick leave	100.0	0.0	100.0
Promotion	100.0	0.0	100.0
Training	100.0	0.0	100.0
Life Insurance	100.0	0.0	100.0
Retirement benefits other than the legally required like NSSF	100.0	0.0	100.0
Any personal services(negotiated bank loans, cafeteria, transport, mortgages among others)	100.0	0.0	100.0
Performance based pay	100.0	0.0	100.0

Table 4.4: Use of rewards by the organization

The analysis in table 4.4 shows that the respondents were aware of the rewards which were used by the organization which was the basic pay, either allowance or housing, medical cover, leave allowance, sick leave, promotion, training, life insurance, retirement benefits other than the legally required like NSSF, any personal services and performance based pay.

4.4 Reward Satisfaction

Reward can be recognized as one of the key factors related to employee satisfaction. Job rewards and job values are the intrinsic and extrinsic benefits that workers receive from their jobs. Job satisfaction is affected by both these factors, but rewards related to financial part of job rewards are more significantly related to job satisfaction vis-à-vis job values which are related to intrinsic part of job rewards.

4.4.1 Satisfaction with reward-related issues

The respondents were requested to give their independent opinion on reward related issues satisfaction in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous likert scale; ($0 \leq S.E. < 2.4$). The scores of 'neutral' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale: ($2.5 \leq M.E. < 3.4$) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; ($3.5 \leq L.E. < 5.0$). According to Jaros (2007) a standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents. The results are presented in table 4.5 below.

	Mean	Standard Deviation
The rewards received from employer are commensurate to work hence job satisfaction	3.6460	.6453
The organizations pay is at par with other equivalent players in the market	3.3103	.6525
There is fairness and equity in the organizations compensation practices	3.5759	.6230
The promotion policy of organization is fair and equitable	3.5414	.6281
Satisfied with the rewards offered by organization	3.3793	.6861
Commitment to employer is as a result of the appreciation demonstrated through the benefits received	2.4299	.6594
The rewards offered by the employer are comparable with what the market offers	2.8529	.5949
The incentive plans offered by my employer are adequate	3.6839	.6009
The retirement benefit scheme offered by the employer is satisfactory	2.2759	.6040
The medical scheme offered by the employer is comparable to what is in the market	2.1839	.4948
The employer embraces new compensation trends in the market	2.5747	.8301
Overall mean	3.0412	

Table 4.5: Satisfaction with reward-related issues

The findings on the reward satisfaction indicates that the respondents agreed that the promotion policy of organization is fair and equitable (mean 3.5414), that there is fairness and equity in the organizations compensation practices (mean 3.5759) and that the

rewards received from employer are commensurate to work hence job satisfaction (3.6460) and that the incentive plans being offered by the organization was adequate (mean 3.6839).

The results indicates that the respondents were neutral as to the commitment of the employees to the employer being as a result of the appreciation demonstrated through the benefits received (mean 2.4299), the employer embraces new compensation trends in the market (mean 2.5747), rewards being offered by the employer are comparable with what the market offers (mean 2.8529), the organization pay being at par with other equivalent players in the market (mean 3.3103) and the staff being satisfied with the rewards being offered by organization (mean 3.3793).

On the other hand, the respondents disagreed that the medical scheme offered by the employer is comparable to what is in the market (mean 2.1839) and that there retirement benefit scheme offered by the employer is satisfactory (2.2759). The standard deviation indicates that there was a general consensus among the respondents on their level of satisfaction. The findings indicates that the respondents agreed with issues regarding the various reward policies which have been undertaken in the organization though they were in disagreement with others, the management of the organization should take into consideration the issues raised by the employees so that they can satisfy all its employees. The overall mean was found to be 3.0413 and these indicates that the respondents were neutrally satisfied with the rewards being offered by the organization.

4.5 Level of job satisfaction

Employee satisfaction contains an evaluation of various characteristics of the job. These characteristics are working conditions, pay, relationships with co-workers and supervisor, organizational policies and the nature of the job itself

4.5.1 General working conditions

The respondents were requested to give their opinion on the level of satisfaction with the general working conditions in a five point likert scale. The range was 'not satisfied at all (1)' to 'extremely satisfied' (5). The scores of not satisfied at all and not satisfied have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous likert scale; ($0 \leq S.E < 2.4$). The scores of 'neutral' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale: $2.5 \leq M.E. < 3.4$) and the score of both very satisfied and extremely satisfied have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; $3.5 \leq L.E. < 5.0$). According Jaros (2007) a standard deviation of >1.0 implies a significant difference on the impact of the variable among respondents.

	Mean	Standard Deviation
The physical work environment (lighting, ventilation, equipment, office size)	2.8149	1.1041
Quantity of work expected from you	2.3448	.9254
Amount of paid vacation time/sick leave offered	2.5644	.9457
Discipline handling procedure	2.1529	.9671
Nature of supervision	2.2297	1.0309
Overall mean	2.4213	

Table 4.6: General working conditions

The results on the level of job satisfaction with respect to general working conditions indicates that the respondents were neutral as to the amount of paid vacation time/sick leave (mean 2.3448) and the physical work environment (lighting, ventilation, equipment and office size) (mean 2.8149). The low variation in the standard deviation indicates that the respondents were unanimously agreeing on the effect of working conditions on their job satisfaction level.

On the other hand the respondents were dissatisfied with the discipline handling procedure (mean 2.1529), nature of supervision in the organization (mean 2.2297) and the quantity of work expected from the respondents (mean 2.3448). The overall mean was found to be 2.4213, indicating that the respondents were neutral as to the level of satisfaction with the general working conditions. The level of satisfaction among the respondents on the general working conditions differed due to the respondents working in different parts of the country where the working conditions differ.

4.5.2 Pay and Promotional Potential

	Mean	Standard Deviation
Salary	2.1387	1.0693
Opportunities for Promotion	1.9004	.9167
Benefits (Health insurance, life insurance)	2.5563	.8349
Job security	3.2529	.9303
Recognition for work accomplished	1.3793	.8659
Overall mean	2.2455	

Table 4.7: Pay and Promotional Potential

The findings on the level of satisfaction on pay and promotional potential indicates that the respondents were dissatisfied with the recognition being accorded to them for the work accomplished (mean 1.3793), opportunities available for promotion (mean 1.9004), salary they are given (mean 2.1387) while they were neutral on the benefits such as health insurance and life insurance, and the job security (mean 2.5563 and 3.2529 respectively). The overall mean was 2.2455, an indication that the respondents were neutral with the pay and promotion potential of the organization.

4.5.3 Job Design Satisfaction

	Mean	Standard Deviation
Variety of job responsibilities	3.1299	1.1175
Degree of and independence associated with your work roles (autonomy)	3.2943	.8609
Adequate opportunity for periodic changes in duties	3.9644	.8821
The significance of your job (the extent to which your job adds value to the entire organization)	3.5138	.9219
Ability to identify where job begins and ends (how well defined your tasks are)	3.2759	1.0308
The challenging and interesting tasks that make up your job	3.6678	.9658
Overall mean	3.4744	

Table 4.8: Job Design Satisfaction

The respondents indicated that they were satisfied with the significance of their job (mean 3.5138) and the challenging and interesting tasks that make up the respondents job (3.6678) and adequacy of opportunity for periodic changes in their duties (mean 3.9644).

On the other hand the respondents were somewhat satisfied with their job design relating to the variety of job responsibilities which they are given (mean 3.1299), degree of and independence associated with your work roles (autonomy) (mean 3.2943) ability to identify where job begins and ends (mean 3.2759). The overall mean was 3.4744, an indication that the respondents were satisfied with the job design in the organization and this goes a long way in improving the performance of the organization.

4.5.4 Level of satisfaction with feedback

	Mean	Standard Deviation
Immediacy of the feedback (how soon the feedback is given)	1.9080	1.1874
The manner in which the feedback is given	2.1977	1.1562
Overall mean	2.0529	

Table 4.9: Level of satisfaction with feedback

The findings on the level of satisfaction with the feedback from the respondents job indicates that they were not satisfied with the immediacy of the feedback (1.9080) and the manner in which the feedback is given (mean 2.1977). The results indicate that the organization management was slow in responding to matters pertaining to the employees. The overall mean was 2.0529 an indication that the respondents were not satisfied with the way and the duration of the feedback by the organization.

4.5.5 Correlation Statistics

The findings on the correlation between job satisfaction and rewards indicate that, there is significantly strong positive correlation between employee job satisfaction and rewards ($\rho=0.792$). At the same time the results indicates a strong correlation between rewards and job satisfaction in regard to the general working condition ($\rho =0.709$); pay and promotional potential ($\rho =0.854$); job design ($\rho =0.693$) and job feedback ($\rho =0.618$). The findings indicate that the level of employee job satisfaction in the organization is dependent on the rewards.

		Rewards	Job Satisfaction	General working conditions	Pay and promotional potential	Job design	Feedback
Rewards	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	87					
Job Satisfaction	Pearson Correlation	.792**	1				
	Sig. (2-tailed)	.000					
	N	87	87				
General working conditions	Pearson Correlation	.709**	.655**	1			
	Sig. (2-tailed)	.000	.000	.000			
	N	87	87	87			

Pay and promotion potential	Pearson Correlation	.854**	.617**	.598**	1		
	Sig. (2-tailed)	0	0	0	0		
	N	87	87	87	87		
Job design	Pearson Correlation	.693**	.325**	.444**	.534**	1	
	Sig. (2-tailed)	0	0	0	0	0	
	N	87	87	87	87	87	
Feedback	Pearson Correlation	.618**	.831**	.228**	.456**	.361	1
	Sig. (2-tailed)	0	.025	.033	0	0	0
	N	87	87	87	87	87	87

Table 4.10: Pearson Correlation Coefficients Matrix

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

* . Correlation is significant at the 0.05 level (2-tailed).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Findings

The study shows that majority of the respondents have worked in the organization for a longer period of time and therefore they understand the organizations' needs in terms of effect job rewards on job satisfaction. The respondents were from all the cadres in the organization and thus the results represent the views of the whole organization. According to the findings majority of the respondents were female although the difference was not significant. The study established that majority of respondents had diploma/certificate, a large number had no specific skills or training, only a few had degree and masters and that there still were a minority number of employees holding primary certificates as far as level of education was concerned, these affected the level of satisfaction for each. It was also found that majority of respondents were over 40 years an indication that they have a few years to retirement and that most of the employees had served the organization for more than five years thus they understood how rewards in the organization related with satisfaction.

The respondents unanimously agreed that the rewards which were used by the organization was basic pay, either allowance or housing, medical cover, leave allowance, sick leave, promotion, training, life insurance, retirement benefits other than the legally required like NSSF, any personal services and performance based pay. The findings of the study showed that there was a fairly high level of satisfaction among respondents on

aspects relating to reward satisfaction. The findings revealed that the general working conditions in the organization was satisfactory regarding to the amount of paid vacation time/sick leave and the physical work environment (lighting, ventilation, equipment and office size). The correlation analysis established that there was a positive correlation between the rewards and job satisfaction in the organization.

Regarding the pay and promotional potential the respondents were neutral on the benefits such as health insurance and life insurance, and the job security. The job design in the organization and the feedback on the respondents job have not been done to the satisfactory of the respondents.

On aspects relating to reward satisfaction the respondents were dissatisfied with the promotion policy of organization being fair and equitable, there being fairness and equity in the organizations compensation practices, the rewards received from employer being commensurate to work hence job satisfaction and the incentive plans being offered by the organization being adequate. On the general working conditions, the respondents were dissatisfied with the discipline handling procedure, nature of supervision in the organization and the quantity of work expected from the respondents. In regard to pay and promotional potential the respondents were dissatisfied with the lack of recognition being accorded to them for the work accomplished, opportunities available for promotion, salary they are given.

5.2 Conclusion

The study found out that the employees at the National Cereals and Produce Board were satisfied with the various reward systems which are being used by the organization. The results established that the employees' job satisfaction was being influenced by the medical scheme offered, the retirement benefit scheme offered, appreciation by employer demonstrated through the benefits received, employer embracing new compensation trends in the market, rewards being offered by the employer being comparable with what the market offers, the organization pay and staff being satisfied with the rewards. The level of job satisfaction was found to be influenced by the working conditions, pay and promotional potential, job design and feedback. Generally the satisfaction levels of the employees of NCPB have a significant relationship with the rewards offered this has been shown by the correlations findings.

5.3 Recommendations

The study found out that the employee job satisfaction in the organization was being affected by the rewards which the employees were being given. It is therefore recommended that the management of the board should work to ensure that promotion policy of organization is fair and equitable, there being fairness and equity in the organizations compensation practices, the rewards received from employer is commensurate to work hence job satisfaction and the incentive plans being offered by the organization is adequate.

The job design in the organization was found to be affecting the level of job satisfaction of the employees and it is therefore recommended that the National Cereals and Produce Board should ensure that the employees have independence in their work, have adequate periodic changes in duties and there being well defined tasks for each employee in order to ensure employees carries out their duties satisfactorily.

5.4 Recommendations for Further Research

The study confined itself to National Cereals and Produce Board. This research therefore should be replicated in other state corporations and the results be compared so as to establish whether there is consistency among the state corporations on relationship between rewards and job satisfaction.

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APPENDIXES

APPENDIX I

COVER LETTER

Mary M. Musyoki

School of Business, University of Nairobi

P.O BOX 30197, Nairobi

May, 2012

Dear Respondent,

I am a postgraduate student at the University of Nairobi, School of Business. I am carrying out research on “The relationship between Rewards and Job Satisfaction in the National Cereals and Produce Board”. This is in partial fulfillment of the requirement for the degree of Masters in Business Administration (Human Resource Management) Degree program at the University of Nairobi.

This study uses National Cereals and Produce Board as a case study. The success of this research substantially depends on your help and co-operation.

I hereby request you to respond to the questionnaire as honestly as possible and the best of your knowledge. The information provided will exclusively be treated with utmost confidence; neither your name nor any other details shall appear in my report.

Thank you in advance,

Yours sincerely,

Mary M. Musyoki
(Student)

Florence Muindi
(Supervisor)

APPENDIX II

QUESTIONNAIRE

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

PART A: DEMOGRAPHIC AND RESPONDENTS PROFILE

- 1) Name of the respondent (Optional):
2. What cadre of staff do you fall under?
 - a) Senior Management ()
 - b) Middle level Management ()
 - c) Unionisable ()
3. Gender: male () Female ()
4. Highest level of Education and training attained?
Primary [] Secondary [] Certificate/Diploma []
Bachelors Degree [] Masters Degree []
5. What is your age bracket? (Tick as applicable)
 - a) Under 30 years () b) 31 – 40 years ()
 - c) 41 – 50 years () d) Over 50 years ()
6. Length of continuous service with the organization?
 - a) Less than five years ()
 - b) 5-10 years ()
 - c) Over 10 years ()

PART B: REWARDS

7) Please indicate whether your organization uses the following rewards by ticking (✓) yes where it is used **or** no where it is not used:

NO.	TYPE OF REWARD	RESPONSE	
		YES	NO
a	Base pay		
b	Either House allowance or Housing		
c	Medical cover		
d	Leave allowance		
e	Sick leave		
f	Promotion		
g	Training		
h	Life Insurance		
i	Retirement benefits other than the legally required like NSSF		
j	Any Personal services (e.g. negotiated bank loans, cafeteria, transport, mortgages among others)		
k	Performance based pay		

PART C: REWARD SATISFACTION

8). I am satisfied with the following reward-related issues: Please indicate the extent to which you agree with the issues (Tick in the appropriate space)

KEY: SA– Strongly agree (5) A –Agree (4) N–Neutral 3) **D** – Disagree (2) **SD-** Strongly Disagree (1)

Seq	issue	Response				
		Strongly agree	Agree	Neutral	disagree	Strongly disagree
a	The rewards I receive from my employer are commensurate to my work hence my job satisfaction					
b	The organizations pay is at par with other equivalent players in the market					
c	There is fairness and equity in the organizations compensation practices					
d	The promotion policy of my organization is fair and equitable					
e	Generally speaking I am satisfied with the rewards offered by my organisation					

f	My commitment to my employer is as a result of the appreciation demonstrated through the benefits I receive				
g	The rewards offered by my employer are comparable with what the market offers				
h	The incentive plans offered by my employer are adequate				
i	The retirement benefit scheme offered by my employer is satisfactory				
j	The medical scheme offered by my employer is comparable to what is in the market				
k	My employer embraces new compensation trends in the market				

PART D: LEVEL OF JOB SATISFACTION

1	2	3	4	5
Not Satisfied at all	Satisfied	somewhat satisfied	Very Satisfied	extremely satisfied

Using the scale shown above, rate your level of satisfaction with respect to the following aspects of your job. Use a tick () or a cross () to indicate your choice.

a) The General Working Conditions

How satisfied are you with the following aspects of your general working conditions?		Not Satisfied at all [1]	Satisfied [2]	Somewhat Satisfied [3]	Very Satisfied [4]	Extremely Satisfied [5]
1	The physical work environment (lighting, ventilation, equipment,, office size etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Quantity of work expected from you	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Amount of paid vacation time/sick leave offered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Discipline handling procedure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Nature of supervision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b) Pay and Promotion Potential

How satisfied are you with the following aspects of your pay and promotion potential?		Not Satisfied at all [1]	Satisfied [2]	Somewhat Satisfied [3]	Very Satisfied [4]	Extremely Satisfied [5]
1	Salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Opportunities for Promotion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3	Benefits (Health insurance, life insurance, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Job Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Recognition for work accomplished	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

c) Job Design

<i>How satisfied are you with the following aspects of your job?</i>		Not Satisfied at all [1]	Satisfied [2]	Somewhat Satisfied [3]	Very Satisfied [4]	Extremely Satisfied [5]
1	Variety of job responsibilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Degree of and independence associated with your work roles (autonomy)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Adequate opportunity for periodic changes in duties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The significance of your job (i.e. the extent to which your job adds value to the entire organization)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Ability to identify where your job begins and ends (i.e. how well defined your tasks are)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The challenging and interesting tasks that make up your job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

d) Feedback

<i>How satisfied are you with the following aspects of the feedback from your job?</i>		Not Satisfied at all [1]	Satisfied [2]	Somewhat Satisfied [3]	Very Satisfied [4]	Extremely Satisfied [5]
1	Immediacy of the feedback (i.e. how soon the feedback is given)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The manner in which the feedback is given	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THANK YOU FOR YOUR TIME